

Small Business Management and Technical Assistance Training Programs

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Summary

The Small Business Administration (SBA) has provided technical and managerial assistance to small businesses since it began operations in 1953. Initially, the SBA provided its own small business management and technical assistance training programs. Over time, the SBA has relied increasingly on third parties to provide that training.

Congressional interest in the SBA's management and technical assistance training programs has increased in recent years, primarily because these programs are viewed as a means to assist small businesses create and retain jobs. The SBA is expected to spend about \$210.1 million on these programs in FY2016. These programs fund about "14,000 resource partners," including 63 lead small business development centers (SBDCs) and more than 900 SBDC local outreach locations, 105 women's business centers (WBCs), and 320 chapters of the mentoring program, SCORE. The SBA reports that more than 1 million aspiring entrepreneurs and small business owners receive training from an SBA-supported resource partner each year. The SBA argues that these programs contribute "to the long-term success of these businesses and their ability to grow and create jobs."

The Department of Commerce also provides management and technical assistance training for small businesses. For example, its Minority Business Development Agency provides training to minority business owners to assist them in obtaining contracts and financial awards.

Some have argued that the SBA could improve program efficiency by eliminating the duplication of services or increasing cooperation and coordination both within and among SCORE, WBCs, and SBDCs. Congress has also explored ways to improve the SBA's measurement of the programs' effectiveness.

This report examines the historical development of federal small business management and technical assistance training programs; describes their current structures, operations, and budgets; and assesses their administration and oversight and the measures used to determine their effectiveness. It also discusses legislation considered during the 114th Congress to improve program performance and oversight, including

- P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), which, among other things, authorizes the SBA to provide up to two years of additional funding to its resource partners to assist small businesses located in a presidentially declared major disaster area and authorizes SBDCs to provide assistance outside the SBDC's state, without regard to geographical proximity to the SBDC, if the small business is in a presidentially declared major disaster area. This assistance can be provided "for a period of not more than two years after the date on which the President" has declared the area a major disaster.
- H.R. 207, the Developing the Next Generation of Small Businesses Act of 2016, which, as ordered to be reported by the House Committee on Small Business on March 23, 2016, includes the Small Business Development Centers Improvement Act of 2016, the Women's Business Centers Improvements Act of 2016, and the SCORE for Small Business Act of 2016. The bill would require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) "to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training"; add data collection and reporting requirements for SBDCs; authorize to be appropriated \$21.75 million for WBCs for each of FY2017-FY2020 (WBCs were appropriated

- \$17 million in FY2016); increase the WBC annual grant award from not more than \$150,000 to not more than \$185,000 (adjusted annually to reflect change in inflation); authorize the award of an additional \$65,000 to WBCs under specified circumstances; authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances; modify SCORE program requirements with respect to the role of participating volunteers, program plans and goals, and reporting; authorize to be appropriated \$10.5 million for SCORE in each of FY2017 and FY2018; and add language concerning the provision and reporting of online counseling by SCORE.
- H.R. 2670 the Microloan Modernization Act of 2015, and its Senate companion bill (S. 1857), which would, among other provisions, require the SBA administrator to establish a rule enabling intermediaries to apply for a waiver to the requirement that no more than 25% of Microloan technical assistance grant funds may be used to provide technical assistance to prospective borrowers.

This report also discusses legislation introduced in the Senate concerning SBDCs (S. 999, the Small Business Development Centers Improvement Act of 2015), WBCs (S. 2126, the Women's Small Business Ownership Act of 2015), and SCORE (S. 1000, the SCORE for Small Business Act of 2015).

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Federal Management and Technical Assistance Training Programs

The Small Business Administration (SBA) administers several programs to support small businesses, including loan guaranty programs to enhance small business access to capital; programs to increase small business opportunities in federal contracting; direct loans for businesses, homeowners, and renters to assist their recovery from natural disasters; and access to entrepreneurial education to assist with business formation and expansion. The SBA has provided “technical and managerial aides to small-business concerns, by advising and counseling on matters in connection with government procurement and on policies, principles and practices of good management” since it began operations in 1953.¹

Initially, the SBA provided its own management and technical assistance training programs. Over time, the SBA has relied increasingly on third parties to provide that training. More than 1 million aspiring entrepreneurs and small business owners receive training from an SBA-supported resource partner each year.²

The SBA has argued that its support of management and technical assistance training for small businesses has contributed “to the long-term success of these businesses and their ability to grow and create jobs.”³ It currently provides financial support to about 14,000 resource partners, including 63 small business development centers (SBDCs) and more than 900 SBDC local outreach locations, 105 women’s business centers (WBCs), and 320 chapters of the mentoring program, SCORE (Service Corps of Retired Executives).⁴

The SBA receives an annual appropriation for entrepreneurial development/noncredit programs collectively (\$231.1 million for FY2016). The SBA uses these funds for its management and training programs (\$210.1 million), the administration of the HUBZone program (\$3.0 million), and, for FY2016, the temporary State Trade and Export Promotion program (\$18.0 million).⁵ Congress specified the appropriation amount for SBDCs (\$117.0 million) and the Microloan Technical Assistance Program (\$25.0 million) in P.L. 114-113, the Consolidated Appropriations Act, 2016, and included recommended appropriation amounts for the SBA’s other management and training programs in the explanatory statement that accompanied the act. The SBA is not legally required to adhere to the recommended amounts but has traditionally done so in the past.

Table 1 shows the appropriation amounts Congress specified for SBDCs and the Microloan Technical Assistance Program and the appropriation amounts Congress recommended for the SBA’s other management and training programs in FY2014 (\$185.915 million), FY2015

¹ U.S. Congress, Senate Committee on Banking and Currency, *Extension of the Small Business Act of 1953*, report to accompany S. 2127, 84th Cong., 1st sess., July 22, 1955, S.Rept. 84-1350 (Washington: GPO, 1955), p. 17.

² U.S. Small Business Administration (SBA), “FY2017 Congressional Budget Justification and FY2015 Annual Performance Report,” pp. 41, 55-69, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

³ SBA, “Fiscal Year 2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification.pdf.

⁴ SBA, “FY2017 Congressional Budget Justification and FY2015 Annual Performance Report,” pp. 41, 55-69, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf; SBA, “Women’s Business Centers Directory,” at <http://www.sba.gov/about-offices-content/1/2895/resources/13729>; and SCORE, “About SCORE,” at <https://www.score.org/about-score>.

⁵ P.L. 114-113, the Consolidated Appropriations Act, 2016. For additional information and analysis of the SBA’s HUBZone program see CRS Report R41268, *Small Business Administration HUBZone Program*, by (name redacted) .

(\$198.600 million), and FY2016 (\$210.100 million). The table also provides the Obama Administration's FY2017 budget request for these programs.

Table 1. SBA Management and Technical Assistance Training Programs, Specified and Recommended Appropriations, FY2014-FY2017

(\$ in millions)

Training Program	FY2014	FY2015	FY2016	FY2017 (request)
Small Business Development Center Grants Program	\$113.625	\$115.000	\$117.000	\$115.000
Microloan Technical Assistance Program	\$20.000	\$22.300	\$25.000	\$31.000
Women's Business Center Grants Program	\$14.000	\$15.000	\$17.000	\$16.700
Veterans Outreach (Veterans Business Outreach Centers, Boots to Business Initiative, Boots to Business Reboot Initiative, Veteran-Women Igniting the Spirit of Entrepreneurship [V-Wise], and Entrepreneurship Bootcamp for Veterans with Disabilities [EBV])	\$9.500 ^a	\$10.500 ^b	\$12.300	\$12.300
SCORE (Service Corps of Retired Executives)	\$7.000	\$8.000	\$10.500	\$10.300
Entrepreneurial Education Initiative	\$5.000	\$7.000	\$10.000	\$10.000
Entrepreneurial Development Initiative (Regional Innovation Clusters)	\$5.000	\$6.000	\$6.000	\$6.000
PRIME Technical Assistance Program	\$3.500	\$5.000	\$5.000	_____
7(j) Technical Assistance Program	\$2.790	\$2.800	\$2.800	\$2.800
Native American Outreach Program	\$2.000	\$2.000	\$2.000	\$2.000
National Women's Business Council	\$1.000	\$1.000	\$1.500	\$1.500
Growth Accelerators Initiative	\$2.500	\$4.000	\$1.000	\$5.000
Total	\$185.915	\$198.600	\$210.100	\$212.600

Sources: P.L. 113-76, the Consolidated Appropriations Act, 2014; "Explanatory Statement" accompanying the Consolidated Appropriations Act, 2014 (Division E - Financial Services and General Government Appropriations Act, 2014), pp. 37-39, at <http://docs.house.gov/billssthisweek/20140113/113-HR3547-JSOM-D-F.pdf>; P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015; Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; P.L. 114-113, Consolidated Appropriations Act, 2016; Rep. Harold Rogers, "Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act," *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139; and U.S. Small Business Administration, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 19, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

- a. Includes \$2.5 million for Veterans Business Outreach Centers and \$7.0 million for the Boots to Business Initiative. Funding for other veterans outreach activities was provided through the SBA's salaries and expenses account.
- b. Includes \$3.0 million for Veterans Business Outreach Centers and \$7.5 million for the Boots to Business Initiative. Funding for other veterans outreach activities was provided through the SBA's salaries and expenses account.

The Department of Commerce also provides management and technical assistance training for small businesses. For example, the Department of Commerce's Minority Business Development

Agency (MBDA) provides training to minority business owners to assist them in obtaining contracts and financial awards.⁶ In addition, the Department of Commerce's Economic Development Administration's Local Technical Assistance Program promotes efforts to build and expand local organizational capacity in economically distressed areas. As part of that effort, it funds projects that focus on technical or market feasibility studies of economic development projects or programs, which often include consultation with small businesses.⁷

For many years, a recurring theme at congressional hearings concerning the SBA's management and technical assistance training programs has been the perceived need to improve program efficiency by eliminating duplication of services and increasing cooperation and coordination both within and among its training resource partners. For example, the Obama Administration recommended in its FY2012-FY2017 budget recommendations that funding for the PRIME technical assistance program end. The Administration argued that PRIME overlaps and duplicates "the technical assistance provided by SBA's microlending intermediaries."⁸

The House Committee on Small Business has argued that the SBA's various management and technical assistance training programs should be "folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies" because they "overlap each other and duplicate the educational services provided by other agencies."⁹ Congress has also explored ways to improve the SBA's measurement of these programs' effectiveness.

This report examines the historical development of federal small business management and technical assistance training programs; describes their current structures, operations, and budgets; and assesses their administration and oversight, including the measures used to determine their effectiveness.

This report also examines legislation considered during the 114th Congress to improve SBA program performance and oversight, including

- P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), which, among other things, authorizes the SBA to provide up to two years of additional financial assistance, on a competitive basis, to SBDCs, WBCs, SCORE, or any proposed consortium of

⁶ U.S. Department of Commerce, Minority Business Development Agency, "Annual Performance Report, Fiscal Year 2012; A Catalyst for Global Business Expansion," p. 1, at <http://www.mbda.gov/sites/default/files/APR2012.pdf>.

⁷ 13 C.F.R. §306.

⁸ SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf. Also, see SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p. 22, at <https://www.sba.gov/sites/default/files/files/1-508-Compliant-FY-2014-CBJ%20FY%202012%20APR.pdf>; and SBA, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 19, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

⁹ U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014," communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf. Previously, the House Committee on Small Business had recommended that funding for Women Business Centers, PRIME technical assistance, HUBZone outreach, and the Offices of Native American Affairs and International Trade be eliminated; and funding for 7(j) technical assistance, Microloan technical assistance, and the National Women's Business Council be reduced. See U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2013," communication to the Chairman, House Committee on the Budget, 112th Cong., 2nd sess., March 7, 2012, at http://smallbusiness.house.gov/uploadedfiles/views_and_estimates_fy_2013.pdf.

- such individuals or entities to assist small businesses located in a presidentially declared major disaster area and authorizes SBDCs to provide assistance to small businesses outside the SBDC's state, without regard to geographical proximity to the SBDC, if the small business is in a presidentially declared major disaster area. This assistance can be provided "for a period of not more than two years after the date on which the President" has declared the area a major disaster.¹⁰
- H.R. 207, the Developing the Next Generation of Small Businesses Act of 2016, which, as ordered to be reported by the House Committee on Small Business on March 23, 2016, includes the Small Business Development Centers Improvement Act of 2016, the Women's Business Centers Improvements Act of 2016, and the SCORE for Small Business Act of 2016. The bill would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) "to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training"; add data collection and reporting requirements for SBDCs; authorize to be appropriated \$21.75 million for WBCs for each of FY2017-FY2020 (WBCs were appropriated \$17 million in FY2016); increase the WBC annual grant award from not more than \$150,000 to not more than \$185,000 (adjusted annually to reflect change in inflation); authorize the award of an additional \$65,000 to WBCs under specified circumstances; authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances; modify SCORE program requirements with respect to the role of participating volunteers, program plans and goals, and reporting; authorize to be appropriated \$10.5 million for SCORE in each of FY2017 and FY2018; and add language concerning the provision and reporting of online counseling by SCORE.
 - S. 999, the Small Business Development Centers Improvement Act of 2015, which, among other provisions, would require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) "to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training."¹¹
 - S. 2126, the Women's Small Business Ownership Act of 2015, which, among other provisions, would authorize to be appropriated \$21.75 million for WBCs for each of FY2016-FY2020 (WBCs were appropriated \$17 million in FY2016); increase the WBC annual grant award from not more than \$150,000 to not more than \$250,000; and authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances.¹²

¹⁰ P.L. 114-88 also, among other things, increases, for three years, the minimum disaster loan amount for which the SBA may require collateral, from \$14,000 to \$25,000 (or, as under existing law, any higher amount the SBA determines appropriate in the event of a disaster); provides a contracting preference for small businesses located in a disaster area if the small business concern will perform the work required under the contract in the disaster area; and doubles the value of the contract for purposes of determining agency compliance with federal small business procurement goals.

¹¹ This requirement would not apply to services provided to assist small businesses owned by an Indian tribe.

¹² The specified circumstances include the consideration of the economic conditions affecting the recipient (continued...)

- H.R. 4027, the Women’s Small Business Ownership Act of 2015, which, among other provisions, would increase the WBC annual grant award from not more than \$150,000 to not more than \$250,000 and authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances.¹³
- H.R. 2670, the Microloan Modernization Act of 2015, and its Senate companion bill (S. 1857), which, among other provisions, would require the SBA administrator to establish a rule enabling intermediaries to apply for a waiver to the requirement that no more than 25% of Microloan technical assistance grant funds may be used to provide technical assistance to prospective borrowers.¹⁴
- S. 1000, the SCORE for Small Business Act of 2015, and H.R. 4788, the SCORE for Small Business Act of 2016, which would, among other provisions, reauthorize the program and modify program requirements with respect to the role of participating volunteers, program plans and goals, and reporting.

In addition, the Obama Administration has recommended that legislation be enacted to add to the list of circumstances when SBDCs and WBCs may disclose their client’s name, address, or telephone number to the SBA without the client’s consent to include “for the purpose of conducting a program evaluation.”¹⁵

SBA Management and Technical Assistance Training Programs

The SBA supports a number of management and technical assistance training programs, including the following:

- Small Business Development Center Grants Program,
- Microloan Technical Assistance Program,
- Women’s Business Center Grants Program,
- Veterans Business Development Programs,
- SCORE (Service Corps of Retired Executives),
- PRIME Technical Assistance Program,
- 7(j) Technical Assistance Program,
- Native American Outreach Program, and

(...continued)

organization; the waiver’s impact on the women’s business center program’s credibility; the recipient organization’s demonstrated ability to raise nonfederal funds; and the recipient organization’s performance.

¹³ The specified circumstances are the same as those listed in S. 2126.

¹⁴ The bills would also increase the Microloan program’s aggregate loan limit for intermediaries after their first year of participation in the program from \$5 million to \$6 million and its repayment terms from not more than 6 years to not more than 10 years for loans greater than \$10,000.

¹⁵ U.S. Office of Management and Budget, *Budget of the United States Government, FY2017: Appendix, Small Business Administration*, p. 1223, at <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/sba.pdf>.

- Several initiatives, including the Entrepreneurial Development Initiative (Regional Innovation Clusters), Boots to Business, Entrepreneurial Education, and Growth Accelerators.

The legislative history and current operating structures, functions, and budget for each of these programs is presented in this report. In addition, if the data are available, the program's performance based on outcome-based measures, such as their effect on small business formation, survivability, and expansion, and on job creation and retention, is also presented. Also, a brief description of each of these programs is provided in the **Appendix**.

Small Business Development Centers

In 1976, the SBA created the University Business Development Center pilot program to establish small business centers within universities to provide counseling and training for small businesses. The first center was founded at California State Polytechnic University at Pomona in December 1976. Seven more centers were funded over the next six months at universities in seven different states. By 1979, 16 SBDCs received SBA funding and were providing management and technical training assistance to small businesses.¹⁶

The SBDC program was provided statutory authorization by P.L. 96-302, the Small Business Development Center Act of 1980.¹⁷ SBDCs were to “rely on the private sector primarily, and the university community, in partnership with the SBA and its other programs, to fill gaps in making quality management assistance available to the small business owner.”¹⁸ Although most SBDCs continued to be affiliated with universities, the legislation authorized the SBA to provide funding

to any State government or any agency thereof, any regional entity, any State-chartered development, credit or finance corporation, any public or private institution of higher education, including but not limited to any land-grant college or university, any college or school of business, engineering, commerce, or agriculture, community college or junior college, or to any entity formed by two or more of the above entities.¹⁹

SBDC funding is allocated on a pro rata basis among the states (defined to include the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa) by a statutory formula “based on the percentage of the population of each State, as compared to the population of the United States.”²⁰ If, as is currently the case, SBDC funding exceeds \$90 million, the minimum funding level is “the sum of \$500,000, plus a percentage of \$500,000 equal to the percentage amount by which the amount made available exceeds \$90 million.”²¹

In 1984, P.L. 98-395, the Small Business Development Center Improvement Act of 1984, required SBDCs, as a condition of receiving SBA funding, to contribute a matching amount equal

¹⁶ Association of Small Business Development Centers, “A Brief History of America’s Small Business Development Center Network,” Burke, VA, at http://www.asbdc-us.org/About_Us/aboutus_history.html.

¹⁷ Ibid.; and U.S. Congress, Senate Committee on Small Business, *Oversight of the Small Business Administration’s Small Business Development Center Program*, 98th Cong., 1st sess., February 8, 1983, S.Hrg. 98-31 (Washington: GPO, 1983), p. 2.

¹⁸ U.S. Congress, Senate Committee on Small Business, *Oversight of the Small Business Administration’s Small Business Development Center Program*, 98th Cong., 1st sess., February 8, 1983, S.Hrg. 98-31 (Washington: GPO, 1983), p. 2.

¹⁹ Ibid., p. 4.

²⁰ 15 U.S.C. 648(a)(4)(C).

²¹ Ibid., and P.L. 106-554, the Consolidated Appropriations Act, 2001.

to the grant amount, and that the match must be provided by nonfederal sources and be comprised of not less than 50% cash and not more than 50% of indirect costs and in-kind contributions.²² It also required SBDCs to have an advisory board and a full-time director who has authority to make expenditures under the center's budget. It also required the SBA to implement a program of onsite evaluations for each SBDC and to make those evaluations at least once every two years.

Today, the SBA provides grants to SBDCs that are "hosted by leading universities, colleges, and state economic development agencies" to deliver management and technical assistance training "to small businesses and nascent entrepreneurs (pre-venture) in order to promote growth, expansion, innovation, increased productivity and management improvement."²³ These services are delivered, in most instances, on a nonfee, one-on-one confidential counseling basis and are administered by 63 lead service centers, one located in each state (four in Texas and six in California), the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.²⁴ These lead centers manage more than 900 service centers located throughout the United States and the territories.²⁵

In FY2015, SBDCs provided technical assistance training services to 267,420 clients and counseling services to 187,478 clients.²⁶ Also, 13,123 new businesses were formed with assistance from SBDC counselors in FY2015.²⁷

SBDCs received an appropriation of \$113.0 million for FY2010, \$113.0 million for FY2011 (plus an additional \$50 million under P.L. 111-240, the Small Business Jobs Act of 2010),²⁸ \$112.5 million for FY2012, \$112.5 million for FY2013 (\$103.44 million after sequestration and account transfers), \$113.625 million for FY2014, \$115.0 million for FY2015, and \$117.0 million for

²² For American Samoa, Guam, and the U.S. Virgin Islands, the SBA is required to waive the matching requirements on awards less than \$200,000 and has discretion to waive the match for awards exceeding \$200,000. See 48 U.S.C. Section 1469a. Also, there is one exception to the disallowance of federal funds as a cash match. Community Development Block Grant (CDBG) funds received from the Department of Housing and Urban Development are allowed when: (1) the SBDC activities are consistent with the authorized CDBG activities for which the funds were granted; and (2) the CDBG activities are identified in the Consolidated Plan of the CDBG grantee or in the agreement between the CDBG grantee and the subrecipient of the funds.

²³ SBA, "Small Business Development Center Fy/Cy 2011 Program Announcement for Renewal of the Cooperative Agreement for Current Recipient Organizations," p. 3, at <https://www.sba.gov/sites/default/files/files/2011%20Program%20Announcement.pdf>.

²⁴ Ibid.

²⁵ Association of Small Business Development Centers, "Welcome," Burke, Virginia, at <http://www.asbdc-us.org/>; and SBA, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 57, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

²⁶ SBA, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 58, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

²⁷ Ibid.

²⁸ P.L. 111-240, the Small Business Jobs Act of 2010, appropriated \$50 million in additional funds for SBDCs with each state guaranteed not less than \$325,000 of these additional funds. The act also waived the nonfederal matching requirement for these additional funds. About \$16.2 million of these funds were awarded to SBDCs in FY2010, and the remainder was awarded to SBDCs during FY2011. See SBA, "FY2011 Congressional Budget Justification and FY2009 Annual Performance Report," p. 21, at http://www.sba.gov/sites/default/files/Congressional_Budget_Justification.pdf; SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," pp. 25, 47, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf; and SBA, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," p. 45, at [https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR\(1\).pdf](https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR(1).pdf).

FY2016.²⁹ The Obama Administration has requested \$115.0 million for SBDCs in FY2017 (see **Table 1**).

In addition, as mentioned earlier, P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), expanded the role of SBDCs by, among other things,

- authorizing the SBA to provide up to two years of additional financial assistance, on a competitive basis, to SBDCs, WBCs, SCORE, or any proposed consortium of such individuals or entities to assist small businesses located in a presidentially declared major disaster area;³⁰ and
- authorizing SBDCs to provide assistance to small businesses outside the SBDC's state, without regard to geographical proximity to the SBDC, if the small business is located in a presidentially declared major disaster area. This assistance can be provided "for a period of not more than two years after the date on which the President" has declared the area a major disaster.³¹

During FY2015, the SBDC program focused on programs and services "designed to help underserved markets" and continued "to focus on export assistance given the mandate of the Small Business Jobs Act to maintain a cadre of certified trade specialists."³² The SBA anticipates that the SBDC program will continue to focus on international trade assistance in FY2016 and FY2017.³³

As part of its legislative mandate to evaluate each SBDC, in 2003, the SBA's Office of Entrepreneurial Development designed "a multi-year time series study to assess the impact of the programs it offers to small businesses."³⁴ The survey has been administered annually in partnership with a private firm.

The 2014 survey was sent to 70,262 SBDC clients who had received five or more hours of counseling assistance in calendar year 2012. The survey was administered in the spring and summer of 2013.³⁵ A total of 10,407 surveys (14.8% return rate) were completed either by mail, email, or the Internet.³⁶

²⁹ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; P.L. 112-175, the Continuing Appropriations Resolution, 2013; P.L. 113-6, the Consolidated and Further Continuing Appropriations Act, 2013; SBA, "General Statement Regarding the Implications of Sequestration," provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76, the Consolidated Appropriations Act, 2014; P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015; and P.L. 114-113, the Consolidated Appropriations Act, 2016.

³⁰ P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), §2101. The SBA administrator may make one extension of a grant, contract, or cooperative agreement under this paragraph for a period of not more than one year, upon a showing of good cause and need for the extension.

³¹ P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), §2103. The SBA administrator is authorized to extend the two-year limitation.

³² SBA, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 58, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

³³ *Ibid.*, p. 59.

³⁴ SBA, Office of Entrepreneurial Development, "Impact Study of Entrepreneurial Development Resources," September 10, 2009, p. 2.

³⁵ SBA, Office of Entrepreneurial Development, "Correspondence with the author," November 4, 2015.

³⁶ *Ibid.*

The 2014 survey indicated that, of the SBDC clients,

- 90.7% reported that the services they received from SBDC counselors were beneficial;³⁷
- 87.8% reported that the knowledge and expertise of their SBDC counselor was excellent (66.0%) or above average (21.8%);³⁸
- 86.2% reported that their overall working relationship with their SBDC counselor was excellent (68.9%) or above average (17.3%);³⁹ and
- 94.4% reported that they would recommend that other businesspersons contact the SBDC.⁴⁰

Legislation

H.R. 207, the Small Business Development Centers Improvement Act of 2015, as originally introduced, would, among other provisions, require the SBA to use only authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) “to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training.”⁴¹ The bill also would add data collection and reporting requirements for SBDCs.

As mentioned previously, on March 23, 2016, the House Committee on Small Business ordered H.R. 207 to be reported with an amendment in the nature of a substitute. The substitute amendment, “Developing the Next Generation of Small Businesses Act of 2016,” includes the Small Business Development Centers Improvement Act of 2015 (retitled the Small Business Development Centers Improvement Act of 2016), the Women’s Business Centers Improvements Act of 2016, and the SCORE for Small Business Act of 2016.

S. 999, the Small Business Development Centers Improvement Act of 2015, as amended and reported by the Senate Committee on Small Business and Entrepreneurship on June 10, 2015, would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) to deliver entrepreneurial development services, entrepreneurial education, support for the development and maintenance of clusters, or business training; and allow (as enacted under P.L. 114-88) the SBA administrator to authorize a SBDC to provide assistance to small businesses outside the state of that SBDC, without regard to geographical proximity, if the small business concern is located in an area for which the President has declared a major disaster under Section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. This assistance was to be limited to “a period of not more than two years after the date on which the President” had declared the area a major disaster.⁴²

³⁷ Ibid.

³⁸ Ibid. 8.7% of SBDC clients reported that the knowledge and expertise of their SBDC counselor was average, 1.5% of SBDC clients reported that the knowledge and expertise of their SBDC counselor was below average, and 1.9% of SBDC clients reported that the knowledge and expertise of their SBDC counselor was poor.

³⁹ Ibid. 9.3% of SBDC clients reported that their overall working relationship with their SBDC counselor was average, 2.0% of SBDC clients reported that their overall working relationship with their SBDC counselor was below average, and 2.4% of SBDC clients reported that their overall working relationship with their SBDC counselor was poor.

⁴⁰ Ibid.

⁴¹ This requirement would not apply to services provided to assist small businesses owned by an Indian tribe.

⁴² Like P.L. 114-88, S. 999 included a provision allowing the SBA administrator to waive the limitation.

Microloan Technical Assistance Program

Congress authorized the SBA's Microloan lending program in 1991 (P.L. 102-140, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1992) to address the perceived disadvantages faced by women, low-income, veteran, and minority entrepreneurs and business owners gaining access to capital for starting or expanding their business. The program became operational in 1992. Its stated purpose is

to assist women, low-income, veteran ... and minority entrepreneurs and business owners and other individuals possessing the capability to operate successful business concerns; to assist small business concerns in those areas suffering from a lack of credit due to economic downturns; ... to make loans to eligible intermediaries to enable such intermediaries to provide small-scale loans, particularly loans in amounts averaging not more than \$10,000, to start-up, newly established, or growing small business concerns for working capital or the acquisition of materials, supplies, or equipment; [and] to make grants to eligible intermediaries that, together with non-Federal matching funds, will enable such intermediaries to provide intensive marketing, management, and technical assistance to microloan borrowers.⁴³

Initially, the SBA's Microloan program was authorized as a five-year demonstration project. It was made permanent, subject to reauthorization, by P.L. 105-135.

The SBA's Microloan Technical Assistance Program, which is part of the SBA's Microloan program but receives a separate appropriation, provides grants to Microloan intermediaries to provide management and technical training assistance to Microloan program borrowers and prospective borrowers.⁴⁴ There are 159 intermediaries participating in the program, located in 46 states, the District of Columbia, and Puerto Rico.⁴⁵

Intermediaries are eligible to receive a Microloan technical assistance grant "of not more than 25% of the total outstanding balance of loans made to it" under the Microloan program.⁴⁶ Grant funds may be used only to provide marketing, management, and technical assistance to Microloan borrowers, except that up to 25% of the funds may be used to provide such assistance to prospective Microloan borrowers.⁴⁷ Grant funds also may be used to attend training required by the SBA.⁴⁸

⁴³ 15 U.S.C. §636 7(m)(1)(A).

⁴⁴ For further analysis of the SBA's Microloan program, see CRS Report R41057, *Small Business Administration Microloan Program*, by (name redacted) .

⁴⁵ There are no Microloan intermediaries located in Alaska, Idaho, Mississippi, and Rhode Island. SBA, "Microloan Program: Partner Identification & Management System Participating Microloan Intermediary Report," September 21, 2015, at https://www.sba.gov/sites/default/files/articles/microlenderrpt_150921.pdf. An intermediary may not operate in more than one state unless the SBA determines that it would be in the best interests of the small business community for it to operate across state lines. For example, the microloan intermediary located in Washington, Pennsylvania is allowed to service ten West Virginia counties due to its proximity to these counties and the distance to the only other intermediary serving West Virginia, which is located in Charleston, West Virginia. Also, a microloan intermediary located in Laguna Niguel, California, which focuses on the capital needs of disabled veteran-owned businesses, serves many jurisdictions throughout the nation that lack a participating intermediary.

⁴⁶ 15 U.S.C. §636(m)(4)(A).

⁴⁷ Congress directed the SBA in the explanatory statement accompanying P.L. 113-235 to "assess the impact of the requirement that only 25 percent of funds for microloan technical assistance may be used for prospective buyers, and to submit any recommendations for statutory changes to improve the microloan technical assistance program to the Committees on Appropriations and Small Business of the House and Senate within 90 days of enactment of this Act." See Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional* (continued...)

In most instances, intermediaries must contribute, solely from nonfederal sources, an amount equal to 25% of the grant amount.⁴⁹ In addition to cash or other direct funding, the contribution may include indirect costs or in-kind contributions paid for under nonfederal programs.⁵⁰ Intermediaries that make at least 50% of their loans to small businesses located in or owned by residents of an Economically Distressed Area are not subject to the 25% contribution requirement.⁵¹ Intermediaries may expend no more than 25% of the grant funds on third-party contracts for the provision of management and technical assistance.⁵²

The SBA does not require Microloan borrowers to participate in the Microloan Technical Assistance Program. However, intermediaries typically require Microloan borrowers to participate in the training program as a condition of the receipt of a microloan. Combining loan and intensive management and technical assistance training is one of the Microloan program's distinguishing features.⁵³

The Microloan Technical Assistance Program provided counseling services to 17,200 small businesses in FY2015.⁵⁴ It was appropriated \$46.0 million for FY2010, including \$24.0 million in additional temporary funding provided by P.L. 111-5, the American Recovery and Reinvestment Act of 2009. It received a \$22.0 million appropriation for FY2011, \$20.0 million for FY2012, \$20.0 million for FY2013 (\$19.809 million after sequestration and account transfers), \$20.0 million for FY2014, \$22.3 million for FY2015, and \$25.0 million for FY2016.⁵⁵ The Obama Administration has requested that the program's appropriation be increased to \$31.0 million in FY2017 (see **Table 1**).

(...continued)

Record, vol. 160, part 151 (December 11, 2014), p. H9741.

⁴⁸ 13 C.F.R. §120.712.

⁴⁹ *Ibid*.

⁵⁰ *Ibid*. Intermediaries may not borrow their contribution.

⁵¹ An economically distressed area is a county or equivalent division of local government which, according to the most recent available data from the U.S. Bureau of the Census, 40% or more of the residents have an annual income that is at or below the poverty level. See 13 C.F.R. §120.701.

⁵² 13 C.F.R. §120.712.

⁵³ Intermediaries that make at least 25% of their loans to small businesses located in or owned by residents of an Economically Distressed Area (defined as having 40% or more of its residents with an annual income that is at or below the poverty level), or have a portfolio of loans made under the program that averages not more than \$10,000 during the period of the intermediary's participation in the program are eligible to receive an additional training grant equal to 5% of the total outstanding balance of loans made to the intermediary. Intermediaries are not required to make a matching contribution as a condition of receiving these additional grant funds. See 13 C.F.R. §120.712; and 15 U.S.C. §636(m)(4)(C)(i).

⁵⁴ SBA, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 99, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

⁵⁵ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; P.L. 112-175, the Continuing Appropriations Resolution, 2013; P.L. 113-6, the Consolidated and Further Continuing Appropriations Act, 2013; SBA, "General Statement Regarding the Implications of Sequestration," provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76, the Consolidated Appropriations Act, 2014; P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015; and P.L. 114-113, the Consolidated Appropriations Act, 2016.

Legislation

H.R. 2670, the Microloan Modernization Act of 2015, and its Senate companion bill (S. 1857), would, among other provisions, require the SBA administrator to establish a rule enabling intermediaries to apply for a waiver to the requirement that no more than 25% of Microloan technical assistance grant funds may be used to provide technical assistance to prospective borrowers.⁵⁶

Women's Business Centers

The Women's Business Center (WBC) Renewable Grant Program was initially established by P.L. 100-533, the Women's Business Ownership Act of 1988, as the Women's Business Demonstration Pilot Program. The act directed the SBA to provide financial assistance to private, nonprofit organizations to conduct demonstration projects giving financial, management, and marketing assistance to small businesses, including start-up businesses, owned and controlled by women. Since its inception, the program has targeted the needs of socially and economically disadvantaged women.⁵⁷ The WBC program was expanded and provided permanent legislative status by P.L. 109-108, the Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006.

Since the program's inception, the SBA has awarded WBCs a grant of up to \$150,000 per year. Initially, the grant was awarded for one year, with the possibility of being renewed twice, for a total of up to three years. Also, as a condition of the receipt of funds, the WBC was required to raise at least one nonfederal dollar for each two federal dollars during the grant's first year (1:2), one nonfederal dollar for each federal dollar during year two (1:1), and two nonfederal dollars for each federal dollar during year three (2:1).⁵⁸ Over the years, Congress has extended the length of the WBC program's grant award and reduced the program's matching requirement.

Today, WBC initial grants are awarded for up to five years, consisting of a base period of 12 months from the date of the award and four 12-month option periods.⁵⁹ The SBA determines if

⁵⁶ H.R. 2670 was passed by the House on July 13, 2015. S. 1857 was ordered to be reported by the Senate Committee on Small Business and Entrepreneurship on July 29, 2015, and subsequently reported and placed on the Senate Legislative Calendar under General Orders on September 15, 2015. The bills would also increase the Microloan program's aggregate loan limit for intermediaries after their first year of participation in the program from \$5 million to \$6 million and the program's repayment terms from not more than 6 years to not more than 10 years for loans greater than \$10,000. For additional information, see CRS Report R41057, *Small Business Administration Microloan Program*, by (name redacted) .

⁵⁷ U.S. Congress, House Committee on Small Business, *Review of Women's Business Center Program*, 106th Cong., February 11, 1999, Serial No. 106-2 (Washington: GPO, 1999), p. 4.

⁵⁸ Matching contributions must come from nonfederal sources such as state and local governments, private individuals, corporations and foundations, and program income. Community Development Block Grant funds, when permissible under the terms of that program, may also be used as a match. At least half of the nonfederal match must be in the form of cash. SBA, "Women's Business Center (Initial Grant), FY2011" at <http://www.sba.gov/sites/default/files/files/Program%20Announcement%20OWBO-2011-01-1%20-%20New%20WBC%20in%20Idaho.pdf>.

⁵⁹ P.L. 105-135, the Small Business Reauthorization Act of 1997, authorized the SBA to award grants to WBCs for up to five years—one base year and four option years. P.L. 106-165, the Women's Business Centers Sustainability Act of 1999, provided WBCs that had completed the initial five-year grant an opportunity to apply for an additional five-year sustainability grant. Thus, the act allowed successful WBCs to receive SBA funding for a total of 10 years. Because the program has permitted permanent three-year funding intervals since 2007, the sustainability grants would be phased out by FY2012, leaving the initial five-year grants with the continuous three-year option. See SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 49, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf.

the option periods are exercised and makes that determination subject to the continuation of program authority, the availability of funds, and the recipient organization's compliance with federal law, SBA regulations, and the terms and conditions specified in a cooperative agreement. WBCs that successfully complete the initial five-year grant period may apply for an unlimited number of three-year funding intervals.⁶⁰

During their initial five-year grant period, WBCs are now required to provide a nonfederal match of one nonfederal dollar for each two federal dollars in years one and two (1:2), and one nonfederal dollar for each federal dollar in years three, four and five (1:1).⁶¹ After the initial five-year grant period, the matching requirement in subsequent three-year funding intervals is not more than 50% of federal funding (1:1).⁶² The nonfederal match may consist of cash, in-kind, and program income.⁶³

Today, there are 105 WBCs located throughout most of the United States and the territories.⁶⁴ In FY2015, WBCs provided technical assistance training services to 120,341 clients and counseling services to 20,375 clients.⁶⁵ They also assisted in the formation of 766 new businesses in FY2015.⁶⁶

Congress recommended that the WBC program receive \$14.0 million for FY2010, \$14.0 million for FY2011, \$14.0 million for FY2012, \$14.0 million for FY2013 (\$12.888 million after sequestration and account transfers), \$14.0 million for FY2014, \$15.0 million for FY2015, and \$17.0 million in FY2016.⁶⁷ The Obama Administration has requested \$16.7 million for the WBC program in FY2017 (see **Table 1**).

In addition, as mentioned previously, P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), expanded the role of WBCs by authorizing the SBA to provide up to two years of additional financial assistance, on a

⁶⁰ P.L. 110-28, the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, allowed WBCs that successfully completed the initial five-year grant to apply for an unlimited number of three-year funding renewals.

⁶¹ P.L. 105-135 reduced the program's matching to one nonfederal dollar for each two federal dollars in years one through three rather than just during the first year (1:2), one nonfederal dollar for each federal dollar in year four rather than during year two (1:1), and two nonfederal dollars for each federal dollar in year five rather than in year three (2:1). P.L. 106-17, the Women's Business Center Amendments Act of 1999, reduced the program's matching requirement to one nonfederal dollar for each two federal dollars in years one and two (1:2), and one nonfederal dollar for each federal dollar in years three, four and five (1:1).

⁶² P.L. 110-28 reduced the federal share to not more than 50% for all grant years (1:1) following the initial five-year grant.

⁶³ P.L. 105-135 specified that not more than one-half of the nonfederal sector matching assistance may be in the form of in-kind contributions that are budget line items only, including office equipment and office space.

⁶⁴ SBA, "Women's Business Centers Directory," at <https://www.sba.gov/tools/local-assistance/wbc>.

⁶⁵ SBA, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 61, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

⁶⁶ Ibid.

⁶⁷ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, "General Statement Regarding the Implications of Sequestration," provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; and Rep. Harold Rogers, "Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act," *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

competitive basis, to SBDCs, WBCs, SCORE, or any proposed consortium of such individuals or entities to assist small businesses located in a presidentially declared major disaster area.⁶⁸

P.L. 105-135, the Small Business Reauthorization Act of 1997, required the SBA to “develop and implement an annual programmatic and financial examination of each” WBC.⁶⁹ As part of its legislative mandate to implement an annual programmatic and financial examination of each WBC, the SBA’s Office of Entrepreneurial Development includes WBCs in its previously mentioned multi-year time series study of its programs.

Data from the SBA’s 2014 client survey concerning WBCs are not yet available. The firm administering the 2013 survey of SBA management and training clients contacted 2,997 WBC clients and received 529 completed surveys (17.7% return rate).⁷⁰ The survey indicated that

- 80% of WBC clients reported that the services they received from counselors were useful or very useful, 2% had no opinion, and 18% reported that the services they received from counselors were somewhat useful or not useful;⁷¹
- 61% of WBC clients reported that they changed their management practices/strategies as a result of the assistance they received;⁷² and
- the top five changes to management practices involved their business plan (56%), marketing plan (46%), general management (36%), cash flow analysis (31%), and financial strategy (30%).⁷³

Legislation

During the 113th Congress, S. 2693, the Women’s Small Business Ownership Act of 2014, would have authorized to be appropriated \$26.75 million for WBCs for each of FY2015-FY2019, nearly double the amount they were appropriated in FY2014 (\$14 million); increased the WBC annual grant award from not more than \$150,000 to not more than \$250,000; and authorized the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances. The bill, with some modifications, was reintroduced during the 114th Congress.

S. 2126, the Women’s Small Business Ownership Act of 2015, was reported favorably by the Senate Committee on Small Business and Entrepreneurship on October 8, 2015, and placed on the Senate Legislative Calendar under General Orders. The bill would authorize to be appropriated \$21.75 million for WBCs for each of FY2016-FY2020 (WBCs were appropriated \$17 million in FY2016); increase the WBC annual grant award from not more than \$150,000 to not more than \$250,000; and authorize the SBA to waive, in whole or in part, the WBC

⁶⁸ P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), §2101. The SBA administrator may make one extension of a grant, contract, or cooperative agreement under this paragraph for a period of not more than one year, upon a showing of good cause and need for the extension.

⁶⁹ P.L. 105-135, §29. Women’s Business Center Program.

⁷⁰ SBA, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners’ Face-to-Face Counseling,” September 2013, p. 8, at https://www.sba.gov/sites/default/files/files/OED_ImpactReport_09302013_Final.pdf.

⁷¹ Ibid., p. 19.

⁷² Ibid., p. 20.

⁷³ Ibid., p. 21.

nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances.⁷⁴

H.R. 4027, the Women's Small Business Ownership Act of 2015, would, among other provisions, increase the WBC annual grant award from not more than \$150,000 to not more than \$250,000 and authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances.⁷⁵

As mentioned previously, on March 23, 2016, the House Committee on Small Business ordered H.R. 207, the Small Business Development Centers Improvement Act of 2015, to be reported with an amendment in the nature of a substitute. The substitute amendment, "Developing the Next Generation of Small Businesses Act of 2016," includes the Small Business Development Centers Improvement Act of 2015 (retitled the Small Business Development Centers Improvement Act of 2016), the Women's Business Centers Improvements Act of 2016, and the SCORE for Small Business Act of 2016. The Women's Business Centers Improvements Act of 2016 would, among other provisions, authorize to be appropriated \$21.75 million for WBCs for each of FY2017-FY2020 (WBCs were appropriated \$17 million in FY2016); increase the WBC annual grant award from not more than \$150,000 to not more than \$185,000 (adjusted annually to reflect change in inflation); authorize the award of an additional \$65,000 to WBCs under specified circumstances;⁷⁶ and authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances.⁷⁷

Veterans Business Development Programs

The SBA has supported management and technical assistance training for veteran-owned small businesses since its formation as an agency. However, during the 1990s, some in Congress noted that a direct loan program for veterans was eliminated by the SBA in 1995 and that the "training and counseling for veterans dropped from 38,775 total counseling sessions for veterans in 1993 to 29,821 sessions in 1998."⁷⁸ Concerned that "the needs of veterans have been diminished systematically at the SBA," Congress adopted P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999.⁷⁹ It authorized the establishment of the National Veterans Business Development Corporation (now also known as the Veterans Corporation)⁸⁰ to

⁷⁴ The specified circumstances include the consideration of the economic conditions affecting the recipient organization; the waiver's impact on the women's business center program's credibility; the recipient organization's demonstrated ability to raise nonfederal funds; and the recipient organization's performance.

⁷⁵ The specified circumstances are the same as those listed in S. 2126.

⁷⁶ The specified circumstances include the recipient agreeing to obtain cash contributions from non-federal sources of one non-federal dollar for each federal dollar; is in good standing with the Women's Business Center program; and has met performance goals for the previous project year. In addition, the additional grant award is available only during the third and fourth quarters of the fiscal year and from unobligated funds available to the SBA Administrator to carry out the awards.

⁷⁷ The specified circumstances are the same as those listed in S. 2126.

⁷⁸ U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), pp. 14, 15.

⁷⁹ Ibid.

⁸⁰ The National Veterans Business Development Corporation was initially provided a federal charter. The organization's federal charter was statutorily removed by P.L. 112-239, the National Defense Authorization Act for Fiscal Year 2013.

(1) expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation's veterans; and (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the Small Business Administration, the Department of Veterans Affairs, the Department of Labor, the Department of Commerce, the Department of Defense, the Service Corps of Retired Executives ..., the Small Business Development Centers ..., and the business development staffs of each department and agency of the United States.⁸¹

The act re-emphasized the SBA's responsibility "to reach out to and include veterans in its programs providing financial and technical assistance."⁸² It also included veterans as a target group for the SBA's 7(a), 504/CDC, and Microloan programs. In addition, it required the SBA to enter into a memorandum of understanding with SCORE to, among other things, establish "a program to coordinate counseling and training regarding entrepreneurship to veterans through the chapters of SCORE throughout the United States."⁸³ The act also directed the SBA to enter into a memorandum of understanding with SBDCs, the Department of Veteran Affairs, and the National Veterans Business Development Corporation "with respect to entrepreneurial assistance to veterans, including service-disabled veterans."⁸⁴ It specified, among other things, that the SBA conduct and distribute studies on the formation, management, financing, marketing, and operation of small business concerns by veterans; provide training and counseling on these topics to veterans; assist veterans regarding procurement opportunities with federal, state, and local agencies, especially agencies funded in whole or in part with federal funds; and provide Internet or other distance-learning academic instruction for veterans in business subjects, including accounting, marketing, and business fundamentals.⁸⁵

The SBA's Office of Veterans Business Development (OVBD) was established to address these statutory requirements.⁸⁶ The OVBD currently administers several management and training programs to assist veteran-owned businesses, including

- the Entrepreneurship Bootcamp for Veterans with Disabilities Consortium of Universities, which provides "experiential training in entrepreneurship and small business management to post-9/11 veterans with disabilities" at eight universities;⁸⁷
- the Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) program, which is administered through a cooperative agreement with Syracuse University, offers women veterans a 15-day, online course focused on entrepreneurship skills and the "language of business," followed by a 3-day conference (offered twice a

⁸¹ P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, §33. National Veterans Business Development Corporation.

⁸² U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), p. 14.

⁸³ P.L. 106-50, §301. Score Program.

⁸⁴ Ibid., §302. Entrepreneurial Assistance.

⁸⁵ Ibid.

⁸⁶ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 97, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

⁸⁷ Syracuse University, "About the EBV," Syracuse, NY, at <http://whitman.syr.edu/ebv/about/>; and SBA, "SBA Expands Entrepreneurship Boot Camp for Vets: Announces Two New Programs for Women Vets, Guard, Reservists and Families," November 10, 2010, at https://www.sba.gov/sites/default/files/news_release_10-63.pdf.

- year at varying locations) in which participants “are exposed to successful entrepreneurs and CEOs of Fortune 500 companies and leaders in government” and participate in courses on business planning, marketing, accounting and finance, operations and production, human resources, and work-life balance;⁸⁸
- the Operation Endure and Grow Program, which is administered through a cooperative agreement with Syracuse University, offers an eight-week online training program “focused on the fundamentals of launching and/or growing a small business” and is available to National Guard and reservists and their family members;⁸⁹
 - the Boots to Business program (started in 2012), which is “an elective track within the Department of Defense’s revised Training Assistance Program called Transition Goals, Plans, Success (Transition GPS) and has three parts: the Entrepreneurship Track Overview—a 10-minute introductory video shown during the mandatory five-day Transition GPS course which introduces entrepreneurship as a post-service career option; Introduction to Entrepreneurship—a two-day classroom course on entrepreneurship and business fundamentals offered as one of the three Transition GPS elective tracks; and Foundations of Entrepreneurship—an eight-week, instructor-led online course that offers in-depth instruction on the elements of a business plan and tips and techniques for starting a business”;⁹⁰
 - the Boots to Business Reboot program (started in 2014), which assists veterans who have already transitioned to civilian life;⁹¹ and
 - the Veterans Business Outreach Centers (VBOC) program, which provides veterans and their spouses management and technical assistance training at 14 locations, including assistance with the Boots to Business program, the development and maintenance of a 5-year business plan, and referrals to other SBA resource partners when appropriate for additional training or mentoring services.⁹²

⁸⁸ Syracuse University, “Women Veterans Igniting the Spirit of Entrepreneurship (V-WISE),” Syracuse, NY, at <http://whitman.syr.edu/vwise/about.aspx>; and SBA, “SBA Expands Entrepreneurship Boot Camp for Vets: Announces Two New Programs for Women Vets, Guard, Reservists and Families,” November 10, 2010, at https://www.sba.gov/sites/default/files/news_release_10-63.pdf.

⁸⁹ Syracuse University, “About Operation Endure and Grow,” Syracuse, NY, at <http://vets.syr.edu/education/endure-grow/>.

⁹⁰ SBA, “Operation Boots to Business: From Service to Startup,” at <https://www.sba.gov/offices/headquarters/ovbd/resources/160511>; and SBA, “Operation Boots to Business: Fact Sheet,” at https://www.sba.gov/sites/default/files/files/B2B_Fact%20Sheet.pdf.

⁹¹ *Ibid.*, pp. 90, 99.

⁹² SBA, “Veterans Business Outreach Centers,” at <https://www.sba.gov/offices/headquarters/ovbd/resources/362341>. VBOC grants, starting at \$180,000, “are made for up to a three-year period of performance, consisting of a base period of 12 months from the date of award and up to two renewal option periods of 12 months each. Exercise of the option periods will be solely at SBA’s discretion and is subject to continuing program authority, the availability of funds, and the recipient’s continued satisfactory performance and compliance.” Also, “funding per VBOC will vary based on proposed Boots to Business (B2B) program delivery and associated outreach.” See SBA, Office of Veterans Business Development, “FY 2015 Program Announcement No. VBOC-2015-02,” pp. 6-7, at <https://www.sba.gov/offices/headquarters/ovbd/spotlight>. In FY2013, the Veterans Business Outreach Centers Program conducted its ninth annual “Customer Satisfaction Survey.” The FY2013 survey found that 91% of the clients using the centers were satisfied or highly satisfied with the quality, relevance, and timeliness of the assistance provided. See SBA, “FY2015 Congressional Budget Justification and FY2013 Annual Performance Report,” p. 81, at <https://www.sba.gov/sites/> (continued...)

Prior to FY2016, Congress recommended appropriations for VBOCs (\$2.5 million in FY2014 and \$3.0 million in FY2015) and, in FY2014 and FY2015, for the Boots to Business initiative (\$7.0 million in FY2014 and \$7.5 million in FY2015). Funding for the OVBD's other veterans assistance programs was provided through the SBA's salaries and expenses account.

In FY2016, Congress did not provide separate recommended appropriations for VBOCs and the Boots to Business initiative. Instead, Congress provided a recommended appropriation of \$12.3 million for the OVBD's programs as a whole.⁹³ The Obama Administration has requested \$12.3 million for these programs in FY2017 (see **Table 1**).

In a related development, the SBA has announced that during FY2016 it intends to fund eight new VBOCs to serve Alaska, Arizona, Southern California, Colorado, Georgia, Hawaii, New England, and North/Central Texas.⁹⁴

SCORE (Service Corps of Retired Executives)

The SBA has partnered with various voluntary business and professional service organizations to provide management and technical assistance training to small businesses since the 1950s. On October 5, 1964, using authority under the Small Business Act to provide "technical and managerial aids to small business concerns" in cooperation with "educational and other nonprofit organizations, associations, and institutions," then-SBA administrator Eugene P. Foley officially launched SCORE (Service Corps of Retired Executives) as a national, volunteer organization with 2,000 members, uniting more than 50 independent nonprofit organizations into a single, national nonprofit organization.⁹⁵ Since then, the SBA has provided financial assistance to SCORE to provide training to small business owners and prospective owners.⁹⁶

Over the years, Congress has authorized the SBA to take certain actions relating to SCORE. For example, P.L. 89-754, the Demonstration Cities and Metropolitan Development Act of 1966, authorized the SBA to permit members of nonprofit organizations use of the SBA's office facilities and services. P.L. 90-104, the Small Business Act Amendments of 1967, added the authority to pay travel and subsistence expenses "incurred at the request of the Administration in connection with travel to a point more than fifty miles distant from the home of that individual in providing gratuitous services to small businessmen" or "in connection with attendance at

(...continued)

default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508(1).pdf.

⁹³ Rep. Harold Rogers, "Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act," *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

⁹⁴ SBA, "SBA To Provide Funding to Support Expansion of Veterans Business Outreach Center Program," February 24, 2016, at <https://www.sba.gov/content/sba-provide-funding-support-expansion-veterans-business-outreach-center-program>.

⁹⁵ P.L. 83-163, the Small Business Act of 1953; and U.S. Congress, Senate Select Committee on Small Business, *Small Business Administration - 1965*, 89th Cong., 1st sess., May 19, 1965 (Washington: GPO, 1965), pp. 21, 45; and SCORE (Service Corps of Retired Executives), "Milestones in SCORE History," Washington, DC, at <https://www.score.org/node/147953>.

⁹⁶ U.S. Congress, Senate Select Committee on Small Business and House Select Committee on Small Business, *1966 Federal Handbook for Small Business: A Survey of Small Business Programs in the Federal Government Agencies*, committee print, 89th Cong., 3rd sess., January 31, 1966 (Washington: GPO, 1966), p. 5; and U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship, and Trade, *Subcommittee Hearing on Legislative Initiatives to Modernize SBA's Entrepreneurial Development Programs*, 111th Cong., 1st sess., April 2, 2009 (Washington: GPO, 2009), p. 6.

meetings sponsored by the Administration.”⁹⁷ P.L. 93-113, the Domestic Volunteer Service Act of 1973, was the first statute to mention SCORE directly, providing the Director of ACTION authority to work with SCORE to “expand the application of their expertise beyond Small Business Administration clients.”⁹⁸ P.L. 95-510, a bill to amend the Small Business Act, provided the SBA explicit statutory authorization to work with SCORE (Section 8(b)(1)(B)). P.L. 106-554, the Consolidated Appropriations Act, 2001 (Section 1(a)(9)—the Small Business Reauthorization Act of 2000) authorized SCORE to solicit cash and in-kind contributions from the private sector to be used to carry out its functions.

The SBA currently provides grants to SCORE to provide in-person mentoring, online training, and “nearly 9,000 local training workshops annually” to small businesses.⁹⁹ SCORE’s 320 chapters and more than 800 branch offices are located throughout the United States and partner with more than 11,000 volunteer counselors, who are working or retired business owners, executives and corporate leaders, to provide management and training assistance to small businesses “at no charge or at very low cost.”¹⁰⁰

In FY2015, SCORE’s volunteer network of business professionals provided technical assistance training services to 212,229 clients and counseling services to 137,310 clients.¹⁰¹ They also assisted in the formation of 5,339 new businesses in FY2014 (FY2015 data is not currently available).¹⁰²

Congress recommended that SCORE receive \$7.0 million for FY2010, \$7.0 million for FY2011, \$7.0 million for FY2012, \$7.0 million for FY2013 (\$6.444 million after sequestration and account transfers), \$7.0 million for FY2014, \$8.0 million for FY2015, and \$10.5 million for FY2016.¹⁰³ The Obama Administration has requested \$10.3 million for SCORE in FY2017 (see **Table 1**).

⁹⁷ U.S. Congress, Senate Select Committee on Small Business, *Small Business Act*, 90th Cong., 1st sess., November 22, 1967 (Washington: GPO, 1967), pp. 13, 14.

⁹⁸ P.L. 93-113, the Domestic Volunteer Service Act of 1973, §302. Authority to Establish, Coordinate, and Operate Programs. ACTION was created on July 1, 1971, by President Richard M. Nixon (Reorganization Plan Number One and Executive Order 11603) to oversee several federal volunteer agencies, including the Peace Corps, VISTA (Volunteers in Service to America); and SCORE. P.L. 103-82, the National and Community Service Trust Act of 1993, directed that ACTION be merged with the Commission on National and Community Service to form the Corporation for National and Community Service, which became operational in 1994. See Corporation for National and Community Service, “National Service Timeline,” Washington, DC, at http://www.nationalservice.gov/about/role_impact/history_timeline.asp.

⁹⁹ SBA, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 45, at [https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR\(1\).pdf](https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR(1).pdf).

¹⁰⁰ SCORE (Service Corps of Retired Executives), “About SCORE,” Washington, DC, at <https://www.score.org/about-score>.

¹⁰¹ SBA, “FY2017 Congressional Budget Justification and FY2015 Annual Performance Report,” p. 63, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

¹⁰² Ibid.

¹⁰³ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; and Rep. Harold Rogers, “Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act,” *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

As mentioned previously, P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), expanded SCORE's role by authorizing the SBA to provide up to two years of additional financial assistance, on a competitive basis, to SBDs, WBCs, SCORE, or any proposed consortium of such individuals or entities to assist small businesses located in a presidentially declared major disaster area.¹⁰⁴

The SBA Office of Entrepreneurial Development includes SCORE in its multi-year time series study to assess its programs' effectiveness. The 2014 survey was sent to 124,612 SCORE clients who had a valid email address and received at least one mentoring session in any form (telephone, online/email, in-person, or other form) during FY2013 (October 2012-September 2013). The survey was initially distributed by email, and telephone calls were used as a follow-up to ensure at least 30 responses were received from each responding SCORE chapter. The survey was administered between October 2013 and December 2013.¹⁰⁵ A total of 13,548 surveys (10.9% return rate) were completed either by email or telephone, representing 318 of SCORE's then-330 chapters.¹⁰⁶

The 2014 survey indicated that, of the SCORE clients,

- 60.9% reported that they strongly agreed (32.2%) or agreed (28.7%) with the following statement: SCORE is important to my success;¹⁰⁷
- 44.8% reported that they strongly agreed (18.4%) or agreed (26.4%) with the following statement: As a result of working with SCORE, I have changed my business strategies or practices;¹⁰⁸
- 32.6% reported that they strongly agreed (12.1%) or agreed (20.5%) with the following statement: Working with SCORE helped me add employees in the past year;¹⁰⁹ and
- 51.8% reported that they strongly agreed (17.0%) or agreed (34.8%) with the following statement: Working with SCORE helped me grow my business revenue.¹¹⁰

Legislation

S. 1000, the SCORE for Small Business Act of 2015, as amended and reported by the Senate Committee on Small Business and Entrepreneurship on June 10, 2015, would authorize to be appropriated \$10.5 million for SCORE each of FY2016-FY2018; includes an offset—limiting obligations for the Entrepreneurship Education Program; and modifies program requirements

¹⁰⁴ P.L. 114-88, the Recovery Improvements for Small Entities After Disaster Act of 2015 (RISE After Disaster Act of 2015), §2101. The SBA administrator may make one extension of a grant, contract, or cooperative agreement under this paragraph for a period of not more than one year, upon a showing of good cause and need for the extension.

¹⁰⁵ SBA, Office of Entrepreneurial Development, "Correspondence with the author," November 4, 2015.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid. 23.8% reported that they were neutral in response to the following statement: SCORE is important to my success; 7.2% disagreed, and 8.1% strongly disagreed.

¹⁰⁸ Ibid. 20.9% reported that they were neutral in response to the following statement: As a result of working with SCORE, I have changed my business strategies or practices; 8.2% disagreed, 9.8% strongly disagreed, and 6.4% did not reply or indicated they don't know.

¹⁰⁹ Ibid. 27.0% reported that they were neutral in response to the following statement: Working with SCORE helped me add employees in the past year; 17.4% disagreed, and 13.6% strongly disagreed.

¹¹⁰ Ibid. 26.9% reported that they were neutral in response to the following statement: Working with SCORE helped me grow my business revenue; 10.1% disagreed, and 11.2% strongly disagreed.

with respect to the role of participating volunteers, program plans and goals, reporting, and participant privacy. For example, the bill would require the SBA, in consultation with the SCORE Association, to ensure that the SCORE program and each SCORE chapter “develop and implement plans and goals to more effectively and efficiently provide services to individuals in rural areas, economically disadvantaged communities, and other traditionally underserved communities, including plans for electronic initiatives, web-based initiatives, chapter expansion, partnerships, and the development of new skills by volunteers participating in the SCORE program.”

H.R. 4788, the SCORE for Small Business Act of 2016, was introduced on March 17, 2016. It would authorize to be appropriated \$10.5 million for SCORE in each of FY2017 and FY2018; specifies that SCORE shall make use of online counseling, including the use of webinars and an electronic mentoring platform; would require SCORE to develop a strategic plan for meeting client needs over the course of the next five years; and includes provisions similar to those in S. 1000 concerning program requirements with respect to the role of participating volunteers, program plans and goals, reporting, and participant privacy. The bill does not include an offset.

As mentioned previously, on March 23, 2016, the House Committee on Small Business ordered H.R. 207, the Small Business Development Centers Improvement Act of 2015, to be reported with an amendment in the nature of a substitute. The substitute amendment, “Developing the Next Generation of Small Businesses Act of 2016,” includes the Small Business Development Centers Improvement Act of 2015 (retitled the Small Business Development Centers Improvement Act of 2016), the Women’s Business Centers Improvements Act of 2016, and the SCORE for Small Business Act of 2016.

Program for Investment in Micro-entrepreneurs (PRIME)

P.L. 106-102, the Gramm-Leach-Bliley Act (of 1999) (Subtitle C—Microenterprise Technical Assistance and Capacity Building Program), amended P.L. 103-325, the Riegle Community Development and Regulatory Improvement Act of 1994, to authorize the SBA to “establish a microenterprise technical assistance and capacity building grant program.”¹¹¹ The program was to “provide assistance from the Administration in the form of grants” to

nonprofit microenterprise development organizations or programs (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs; an intermediary; a microenterprise development organization or program that is accountable to a local community, working in conjunction with a state or local government or Indian tribe; or an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.”¹¹²

The SBA was directed “to ensure that not less than 50% of the grants ... are used to benefit very low-income persons, including those residing on Indian reservations.”¹¹³ It was also directed to

(1) provide training and technical assistance to disadvantaged entrepreneurs; (2) provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services; (3) aid in researching and developing

¹¹¹ P.L. 106-102, the Gramm-Leach-Bliley Act, §173. Establishment of Program.

¹¹² P.L. 106-102, §173. Establishment of Program and §175. Qualified Organizations.

¹¹³ P.L. 106-102, §176. Allocation of Assistance; Subgrants.

the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and (4) for such other activities as the Administrator determines are consistent with the purposes of this subtitle.¹¹⁴

The SBA's PRIME was designed to meet these legislative requirements by providing assistance to organizations that "help low-income entrepreneurs who lack sufficient training and education to gain access to capital to establish and expand their small businesses."¹¹⁵ The program offers four types of grants:

- *Technical Assistance Grants* support training and technical assistance to disadvantaged micro-entrepreneurs,
- *Capacity Building Grants* support training and capacity building services to micro-enterprise development organizations and programs to assist them in developing micro-enterprise training and services,
- *Research and Development Grants* support the development and sharing of best practices in the field of micro-enterprise development and technical assistance programs for disadvantaged micro-entrepreneurs, and
- *Discretionary Grants* support other activities determined to be consistent with these purposes.¹¹⁶

Grants are awarded on an annual basis. Applicants may be approved for option year funding for up to four subsequent years. Award amounts vary depending on the availability of funds. However, no single grantee may receive more than \$250,000 or 10% of the total funds made available for the program in a single fiscal year, whichever is less. The minimum grant award for technical assistance and capacity building grants is \$50,000. There is no minimum grant award amount for research and development or discretionary grants.¹¹⁷ The SBA typically awards at least 75% of the grant funds for technical assistance, at least 15% for capacity building, and the remainder for research and development or discretionary activities.¹¹⁸

Recipients must match 50% of the funding from nonfederal sources. Revenue from fees, grants, and gifts; income from loan sources; and in-kind resources from nonfederal public or private sources may be used to comply with the matching requirement.¹¹⁹ SBA regulations indicate that "applicants or grantees with severe constraints on available sources of matching funds may request that the Administrator or designee reduce or eliminate the matching requirements."¹²⁰ Any reductions or eliminations must not exceed 10% of the aggregate of all PRIME grant funds made available by SBA in any fiscal year.¹²¹

¹¹⁴ P.L. 106-102, §174. Uses of Assistance.

¹¹⁵ SBA, "What is PRIME?" at <https://www.sba.gov/offices/headquarters/oca/resources/11416>.

¹¹⁶ *Ibid.*

¹¹⁷ *Ibid.*

¹¹⁸ *Ibid.* For Technical Assistance and Capacity Building Grants, after the initial grant, funding for additional year(s) must be no more than 67% of the initial grant amount. For Research and Development and Discretionary Grants, after the initial grant, funding for additional year(s) will be approved at the SBA's discretion.

¹¹⁹ SBA, "Program for Investment in Microentrepreneurs Act ("PRIME"): Microenterprise and Technical Assistance Programs to Disadvantaged Entrepreneurs, Fiscal Year 2010," June 2010, pp. 2, 8, at https://www.sba.gov/sites/default/files/files/serv_fa_2010_primetrack123.pdf.

¹²⁰ 13 C.F.R. §119.8.

¹²¹ *Ibid.*

In FY2012, the SBA awarded 67 PRIME grants totaling just over \$3.07 million to management and technical assistance service providers, ranging from \$20,200 to \$227,000.¹²² The SBA did not award any PRIME grants in FY2013. In FY2014, the SBA awarded 24 PRIME grants, totaling \$3.5 million in FY2014, ranging from \$94,000 to \$250,000; and in FY2015 it awarded 39 PRIME grants, totaling \$5 million, ranging from \$35,000 to \$200,000.¹²³ The number of clients served by the program is unavailable.

Congress recommended that the PRIME program receive \$8.0 million for FY2010, \$8.0 million for FY2011, \$3.5 million for FY2012, \$3.5 million for FY2013 (no funding was provided after sequestration and account transfers), \$3.5 million for FY2014, \$5.0 million for FY2015, and \$5.0 million for FY2016.¹²⁴ As mentioned previously, the Obama Administration recommended in its FY2012-FY2017 budget requests that funding for the PRIME program be eliminated. The Administration has argued that the PRIME program overlaps and duplicates the SBA's Microloan Technical Assistance Program.¹²⁵

7(j) Management and Technical Assistance Program

Using what it viewed as broad statutory powers granted under Section 8(a) of the Small Business Act of 1958, as amended, the SBA issued regulations in 1970 creating the 8(a) contracting program to “assist small concerns owned by disadvantaged persons to become self-sufficient, viable businesses capable of competing effectively in the market place.”¹²⁶ Using its statutory authority under Section 7(j) of the Small Business Act to provide management and technical assistance through contracts, grants, and cooperative agreement to qualified service providers, the regulations specified that “the SBA may provide technical and management assistance to assist in the performance of the subcontracts.”¹²⁷

¹²² USASpending.gov, search terms: CFDA number 59.050 and FY2012.

¹²³ SBA, “SBA PRIME Grantees (by State), Fiscal Year 2014,” at https://www.sba.gov/sites/default/files/prime_grantees_2014.pdf; and SBA, “SBA Awards \$5 Million in PRIME Grants,” September 18, 2015, at <https://www.sba.gov/content/sba-awards-5-million-prime-grants>.

¹²⁴ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; and Rep. Harold Rogers, “Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act,” *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

¹²⁵ SBA, “FY2012 Congressional Budget Justification and FY2010 Annual Performance Report,” p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf; SBA, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” pp. 8, 15, at [https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR\(1\).pdf](https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR(1).pdf); SBA, “FY2014 Congressional Budget Justification and FY2012 Annual Performance Report,” p. 22, 27, at <https://www.sba.gov/sites/default/files/files/1-508-Compliant-FY-2014-CBJ%20FY%202012%20APR.pdf>; and SBA, “FY2017 Congressional Budget Justification and FY2015 Annual Performance Report,” p. 19, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

¹²⁶ 13 C.F.R. §124.8-1(b) (1970); and Notes, “Minority Enterprise, Federal Contracting, and the SBA’s 8(a) Program: A New Approach to an Old Problem,” *Michigan Law Review*, vol. 71, no. 2 (December 1972), pp. 377, 378. For further analysis of the Minority Small Business and Capital Ownership Development Program, also known as the 8(a) program, see CRS Report R40744, *The “8(a) Program” for Small Businesses Owned and Controlled by the Socially and Economically Disadvantaged: Legal Requirements and Issues*, by (name redacted).

¹²⁷ 13 C.F.R. §124.8-1(d) (1970).

On October 24, 1978, P.L. 95-507, to amend the Small Business Act and the Small Business Investment Act of 1958, provided the SBA explicit statutory authority to extend financial, management, technical, and other services to socially and economically disadvantaged small businesses. The SBA's current regulations indicate that the 7(j) Management and Technical Assistance Program, named after the section of the Small Business Act of 1958, as amended, authorizing the SBA to provide management and technical assistance training, will, "through its private sector service providers" deliver "a wide variety of management and technical assistance to eligible individuals or concerns to meet their specific needs, including: (a) counseling and training in the areas of financing, management, accounting, bookkeeping, marketing, and operation of small business concerns; and (b) the identification and development of new business opportunities."¹²⁸ Eligible individuals and businesses include "8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment, or low income or firms owned by low income individuals."¹²⁹

In FY2015, the 7(j) Management and Technical Assistance Program awarded 11 contracts to 8 service providers totaling \$1.75 million, ranging from \$17,387 to \$313,651.¹³⁰ The 7(j) program assisted 5,360 small business owners in FY2015.¹³¹

Congress recommended that the 7(j) program receive \$3.4 million for FY2010, \$3.4 million for FY2011, \$3.1 million for FY2012, \$3.1 million for FY2013 (\$2.854 million after sequestration and account transfers), \$2.79 million for FY2014, \$2.8 million for FY2015, and \$2.8 million for FY2016.¹³² The Obama Administration has requested \$2.8 million for the program in FY2017 (see **Table 1**).

Native American Outreach Program

The SBA established the Office of Native American Affairs in 1994 to "address the unique needs of America's First people."¹³³ It oversees the Native American Outreach Program, which provides management and technical educational assistance to American Indians, Alaska Natives, Native Hawaiians, and "the indigenous people of Guam and American Samoa ... to promote entity-owned and individual 8(a) certification, government contracting, entrepreneurial education, and

¹²⁸ 13 C.F.R. §124.702.

¹²⁹ SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 75, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf.

¹³⁰ USASpending.gov, search terms: CFDA number 59.007 and FY2015.

¹³¹ SBA, "FY2017 Congressional Budget Justification and FY2015 Annual Performance Report," p. 101, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

¹³² H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, "General Statement Regarding the Implications of Sequestration," provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740 and Rep. Harold Rogers, "Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act," *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

¹³³ U.S. Congress, House Committee on Small Business, Subcommittee on Workforce, Empowerment, and Government Programs, *Oversight of the Small Business Administration's Entrepreneurial Development Programs*, 109th Cong., 2nd sess., March 2, 2006, Serial No. 109-40 (Washington: GPO, 2006), pp. 5, 37. H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, would have provided statutory authorization for the Office of Native American Affairs. It was passed by the House on May 20, 2009.

capital access.”¹³⁴ The program’s management and technical assistance services are available to members of these groups living in most areas of the nation.¹³⁵ However, “for Native Americans living in much of Indian Country, actual reservations communities where the land is held in trust by the U.S. federal government, SBA loan guaranties and technical assistance services are not available.”¹³⁶

In FY2015, the SBA’s Office of Native American Affairs assisted 2,209 small businesses. It provided workshops on business development and financial literacy, training webinars, incubator training, and online classes for Native American entrepreneurs.¹³⁷

Congress recommended that the Native American Outreach Program receive \$1.25 million for FY2010, \$1.25 million for FY2011, \$1.25 million for FY2012, \$1.25 million for FY2013 (\$932,000 after sequestration and account transfers), \$2.0 million for FY2014, \$2.0 million for FY2015, and \$2.0 million for FY2016.¹³⁸ The Obama Administration has requested \$2.0 million for the program in FY2017 (see **Table 1**).

SBA Initiatives

In addition to the Boots to Business initiative discussed under “Veterans Business Development Programs,” the Obama Administration requested, and Congress recommended, appropriations for the following three major SBA management and training initiatives for FY2016: the Entrepreneurial Development Initiative (Regional Innovation Clusters), Entrepreneurial Education, and Growth Accelerators.

Entrepreneurial Development Initiative (Regional Innovation Clusters)

The SBA has supported regional innovative clusters since FY2009, when it partnered with small business suppliers working in the field of robotics in Michigan. In FY2010, the SBA was involved in the rollouts of two additional clusters: another robotics cluster in southeast Virginia and a cluster involving a partnership with the Department of Energy and several other federal agencies with the goal of developing a regional cluster in energy efficiency homes and businesses.¹³⁹ In FY2011, SBA awarded funds to 10 regional innovative clusters. In FY2012, these clusters “spurred \$48 million in private capital raised through venture and angel capital sources, \$6.5 million in early stage investment from SBIR [Small Business Innovation Research

¹³⁴ SBA, “FY2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 65, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification.pdf.

¹³⁵ Ibid.

¹³⁶ Ibid.

¹³⁷ SBA, “FY2017 Congressional Budget Justification and FY2015 Annual Performance Report,” p. 108, at https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf.

¹³⁸ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; and Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; and Rep. Harold Rogers, “Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act,” *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

¹³⁹ SBA, “FY2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 59, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification.pdf.

program] and STTR [Small Business Technology Transfer program] awards, and over \$217 million in contracts or subcontracts from the federal government.”¹⁴⁰

President Obama requested, and Congress recommended, an appropriation of \$5 million for the SBA’s Entrepreneurial Development Initiative (Regional Innovation Clusters) for FY2014. Congress recommended that the program receive \$6.0 million for FY2015 and \$6.0 million for FY2016.¹⁴¹ The Obama Administration has requested \$6.0 million for the program in FY2017 (see **Table 1**).

The SBA reports that there are currently 56 federally supported regional innovation clusters, with the SBA directly involved in 40 of them.¹⁴²

The SBA describes regional innovation clusters as “on-the-ground collaborations between business, research, education, financing and government institutions that work to develop and grow a particular industry or related set of industries in a particular geographic region.”¹⁴³ Targeted activities for the 40 clusters currently being supported by the SBA include “business development, intellectual property matters, export and import development, finance, marketing, commercialization of new technology and federal and private-sector supply chain opportunities.”¹⁴⁴

Entrepreneurial Education

The SBA started its Entrepreneurship Education initiative in 2008. At that time, it was called the Emerging 200 Underserved initiative (E200), reflecting the initiative’s provision of assistance to 200 inner city small businesses. In FY2009, it was renamed the Emerging Leaders initiative to reflect the SBA’s decision to increase the number of small businesses participating in the

¹⁴⁰ SBA, “FY2014 Congressional Budget Justification and FY2012 Annual Performance Report,” p. 60, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>. The Small Business Innovation Research (SBIR) program is a competitive program that encourages domestic small businesses to engage in federal research and development that has the potential for commercialization. For additional information and analysis concerning the SBIR program, see CRS Report R43695, *Small Business Innovation Research and Small Business Technology Transfer Programs*, by (name redacted). The Small Business Technology Transfer (STTR) program is a competitive program that reserves a specific percentage of federal research and development funding for awards to small business and nonprofit research institutions. For additional information and analysis concerning the STTR program, see CRS Report RL33527, *Technology Transfer: Use of Federally Funded Research and Development*, by (name redacted).

¹⁴¹ Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; and Rep. Harold Rogers, “Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act,” *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

¹⁴² The SBA is the lead agency supporting 10 SBA Pilot Contract-Based clusters; partners with the Economic Development Agency, Employment and Training Agency, National Institute of Standards and Technology, and Department of Energy to support 10 Jobs Accelerator Advanced Manufacturing clusters; and partners with the Economic Development Agency and Employment and Training Agency to support 20 Jobs Accelerator Collaboration Clusters. See SBA, “SBA Supports 56 Federally Funded Cluster Initiatives,” at <https://www.sba.gov/sba-clusters>; and SBA, “56 Federally Supported Cluster Initiatives,” at https://www.google.com/url?q=https://www.sba.gov/sites/default/files/SBA%2520Supports%252056%2520Federally%2520Funded%2520Cluster%2520Initiatives_1.pdf&sa=U&ved=0CBMQFjAHahUKEwjinvOB9rXIAhULPD4KHZ_ODFA&client=internal-uds-cse&usg=AFQjCNEcVUjShZkcIYqIUrn7ma3IZBRQg.

¹⁴³ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 63, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁴⁴ *Ibid.*, p. 64.

initiative. It was renamed the Entrepreneurial Education initiative in FY2013. The initiative currently

offers high-growth small businesses in underserved communities a seven-month executive leader education series that elevates their growth trajectory, creates jobs, and contributes to the economic well-being of their local communities. Participants receive more than 100 hours of specialized training, technical resources, a professional networking system, and other resources to strengthen their business model and promote economic development within urban communities. At the conclusion of the training, participants produce a three-year strategic growth action plan with benchmarks and performance targets that help them access the necessary support and resources to move forward for the next stage of business growth.¹⁴⁵

The Entrepreneurial Education initiative was initially offered in 10 communities (Albuquerque, Atlanta, Baltimore, Boston, Chicago, Des Moines, Memphis, Milwaukee, New Orleans, and Philadelphia) and provided training to 200 inner city small businesses. The program was funded through the SBA's Office of Entrepreneurship Education.¹⁴⁶ Since the initiative's inception, the SBA has requested separate appropriations to fund and expand the initiative. In FY2012, the initiative offered training in 27 communities, with more than 450 small businesses participating.¹⁴⁷

The Obama Administration requested \$40 million in its FY2014 budget request to sponsor entrepreneur training in 40 locations and to create an online entrepreneurship training program.¹⁴⁸ As mentioned previously, Congress included the Entrepreneurship Education initiative in its list of SBA entrepreneurial development/noncredit programs to be funded in FY2014. This was the first time that the initiative was included in the list. In the Explanatory Statement accompanying the Consolidated Appropriations Act, 2014, Congress recommended that the initiative receive \$5 million for FY2014.¹⁴⁹ Congress recommended that the program receive \$7.0 million for FY2015 and \$10.0 million for FY2016.¹⁵⁰ The Obama Administration has requested \$10.0 million for the program in FY2017 (see **Table 1**).

The Entrepreneurship Education initiative was offered in 27 cities in FY2014, and 48 cities in FY2015.¹⁵¹ Small business owners are required to have been in business for at least three years,

¹⁴⁵ SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p. 71, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁴⁶ SBA, "FY2010 Congressional Budget Justification," p. 67, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification_2010.pdf.

¹⁴⁷ SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p. 71, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁴⁸ *Ibid.*, p. 10.

¹⁴⁹ Recommended funding levels for the SBA's noncredit programs in FY2014 are provided in the "Explanatory Statement" accompanying the Consolidated Appropriations Act, 2014 (Division E - Financial Services and General Government Appropriations Act, 2014), pp. 37-39, at <http://docs.house.gov/bills/thisweek/20140113/113-HR3547-JSOM-D-F.pdf>.

¹⁵⁰ Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹⁵¹ *Ibid.*, p. 67; Rep. Harold Rogers, "Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act," *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139; and SBA, "SBA Launches 2015 Emerging Leaders Initiative," December 19, 2014, at <https://www.sba.gov/content/sba-launches-2015-emerging-leaders-initiative>.

have annual revenue of at least \$400,000, and have at least one employee, other than the owner, to participate in the initiative. There is no cost to the participants.¹⁵²

Growth Accelerators

The SBA describes growth accelerators as “organizations that help entrepreneurs start and scale their businesses.”¹⁵³ Growth accelerators are typically run by experienced entrepreneurs and help small businesses access seed capital and mentors. The SBA claims that growth accelerators “help accelerate a startup company’s path towards success with targeted advice on revenue growth, job, and sourcing outside funding.”¹⁵⁴

In FY2012, the SBA sponsored several meetings with university officials and faculty, entrepreneurs, and representatives of growth accelerators to discuss mentoring and how to best assist “high-growth” entrepreneurs. These meetings “culminated with a White House event co-hosted by the SBA and the Department of Commerce to help formalize the network of universities and accelerators, provide a series of ‘train the trainers’ events on various government programs that benefit high-growth entrepreneurs, and provide a playbook of best practices on engaging universities on innovation and entrepreneurship.”¹⁵⁵

The Obama Administration requested \$5 million, and Congress recommended an appropriation of \$2.5 million, for the SBA’s growth accelerator initiative for FY2014. The Administration proposed to use the funding to provide matching grants to universities and private sector accelerators “to start a new accelerator program (based on successful models) or scale an existing program.”¹⁵⁶ The Administration also indicated that it planned to request funding for five years (\$25 million in total funding) and feature a required 4:1 private-sector match.¹⁵⁷ However, because it received half of its budget request (\$2.5 million), the SBA decided to reconsider the program’s requirements. As part of that reconsideration, the SBA decided to drop the 4:1 private-sector match in an effort to enable the program to have a larger effect.¹⁵⁸

The SBA announced the availability of 50 growth accelerator grants of \$50,000 each on May 12, 2014, and received more than 800 applications by the August 2, 2014, deadline. The 50 awards were announced in September 2014.¹⁵⁹

¹⁵² SBA, “SBA Emerging Leaders Initiative,” at https://www.sba.gov/about-sba/sba_initiatives/sba_emerging_leaders_initiative.

¹⁵³ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 81, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁵⁴ *Ibid.*

¹⁵⁵ SBA, “FY2014 Congressional Budget Justification and FY2012 Annual Performance Report,” p. 60, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁵⁶ *Ibid.*

¹⁵⁷ *Ibid.*

¹⁵⁸ SBA, Office of Congressional and Legislative Affairs, “Correspondence with the author,” May 6, 2014.

¹⁵⁹ SBA, “SBA Launches Accelerator Competition to Award \$2.5 million for Small Business Startups,” May 12, 2014, at <https://www.sba.gov/content/sba-launches-accelerator-competition-award-25-million-small-business-startups-0>; SBA, “More than 800 Small Business Startups Compete for 50 Cash Prizes in SBA’s Growth Accelerator Competition,” August 4, 2014, at <https://www.sba.gov/content/more-800-small-business-startups-compete-50-cash-prizes-sbas-growth-accelerator-competition>; and SBA, “SBA Spurs Economic Growth, Announces 50 Awards to Accelerators,” September 4, 2014, at <https://www.sba.gov/content/sba-spurs-economic-growth-announces-50-awards-accelerators>.

Congress recommended that the program receive \$4.0 million for FY2015 and \$1.0 million for FY2016.¹⁶⁰ Congress also directed the SBA in its explanatory statements accompanying P.L. 113-235 and P.L. 114-113 to “require \$4 of matching funds for every \$1 awarded under the growth accelerators program.”¹⁶¹ The Obama Administration has requested \$5.0 million for the program in FY2017 (see **Table 1**).

The SBA awarded a second round of 80 growth accelerator grants of \$50,000 each on August 4, 2015, from more than 400 applicants.¹⁶²

Department of Commerce Small Business Management and Technical Assistance Training Programs

As mentioned previously, the Department of Commerce’s Minority Business Development Agency (MBDA) provides training to minority business owners to assist them in obtaining contracts and financial awards.¹⁶³ In addition, the Department of Commerce’s Economic Development Administration’s Local Technical Assistance Program promotes efforts to build and expand local organizational capacity in distressed areas. As part of that effort, it funds projects that focus on technical or market feasibility studies of economic development projects or programs, which often include consultation with small businesses.¹⁶⁴

The Minority Business Development Agency

The MBDA was established by President Richard M. Nixon by Executive Order 11625, issued on October 13, 1971, and published in the *Federal Register* the next day. It clarified the authority of the Secretary of Commerce to

- implement federal policy in support of the minority business enterprise program,
- provide additional technical and management assistance to disadvantaged businesses,

¹⁶⁰ Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; and Rep. Harold Rogers, “Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act,” *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10139.

¹⁶¹ Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9741; and Rep. Harold Rogers, “Explanatory Statement Submitted By Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act,” *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H10140.

¹⁶² SBA, “SBA Boosts Economic Impact of Accelerators with \$4.4 Million in Prizes,” August 4, 2015, at <https://www.sba.gov/content/sba-boosts-economic-impact-accelerators-44-million-prizes-0>.

¹⁶³ U.S. Department of Commerce, Minority Business Development Agency (MBDA), “Annual Performance Report, Fiscal Year 2011; America: Built to Last,” p. 76, at <http://www.mbda.gov/sites/default/files/APR2011.pdf>.

¹⁶⁴ 13 C.F.R. §306.

- assist in demonstration projects, and
- coordinate the participation of all federal departments and agencies in an increased minority enterprise effort.¹⁶⁵

The MBDA received an appropriation of \$31.5 million for FY2010, \$30.4 million for FY2011, \$30.3 million for FY2012, \$30.5 million (prior to sequestration) for FY2013, \$28.0 million for FY2014, \$30.0 million for FY2015, and \$32.0 million for FY2016.¹⁶⁶ The Obama Administration has requested \$35.613 million for the MBDA in FY2017.¹⁶⁷

As part of its mission, the MBDA seeks to train minority business owners to become first- or second-tier suppliers to private corporations and the federal government. Progress is measured in the business's increased gross receipts, number of employees, and size and scale of the firms associated with minority business enterprises.

The MBDA reported that in FY2014 it helped to create and retain 30,656 jobs and assisted minority-owned and operated businesses in obtaining more than \$6.9 billion in contracts and capital awards.¹⁶⁸

The EDA Local Technical Assistance Program

P.L. 89-186, the Public Works and Economic Development Act of 1965, authorized the Department of Commerce's Economic Development Administration (EDA) to provide financial assistance to economically distressed areas in the United States that are characterized by high levels of unemployment and low per-capita income. The EDA currently administers seven Economic Development Assistance Programs (EDAPs) that award matching grants for public works, economic adjustment, planning, technical assistance, research and evaluation, trade adjustment assistance, and global climate change mitigation.¹⁶⁹

Grants awarded under the EDA's Local Technical Assistance Program are designed to help solve specific economic development problems, respond to development opportunities, and build and

¹⁶⁵ The Executive Office of the President, "Executive Order 11625," 36 *Federal Register* 11625, October 14, 1971; and 3 C.F.R., 1971-1975 Comp. 9. 616. The MBDA superseded the Office of Minority Business Enterprise, which was established by Executive Order 11458 signed by President Richard Nixon on March 5, 1969.

¹⁶⁶ P.L. 111-117; P.L. 112-10; P.L. 112-55, the Consolidated and Further Continuing Appropriations Act, 2012; P.L. 112-175; U.S. Department of Commerce, MBDA, "Budget Estimates, FY2014: Congressional Submission," p. 3, at http://www.osec.doc.gov/bmi/budget/FY14CJ/MBDA_FY_2014_CJ_Final_508_Compliant.pdf; "Explanatory Statement" accompanying the Consolidated Appropriations Act, 2014 (Division B – Commerce, Justice, Science, and Related Industries Appropriations Act, 2014), p. 5, at <http://docs.house.gov/billsthisweek/20140113/113-HR3547-JSOM-FM-B.pdf>; P.L. 113-235; and P.L. 114-113.

¹⁶⁷ U.S. Department of Commerce, "Minority Business Development Agency, Fiscal Year 2017 Congressional Budget Submission," at <http://www.osec.doc.gov/bmi/budget/FY17CBJ/FY%202017%20MBDA%20Congressional%20Request%20508%20Compliant.pdf>.

¹⁶⁸ U.S. Department of Commerce, MBDA, "45 Years of Strengthening American Lives: Annual Performance Report, Fiscal Year 2014," p. 40, at http://www.mbda.gov/sites/default/files/2014APR_MBDA.pdf.

¹⁶⁹ In addition, since 1970, Congress has periodically allocated supplemental funds for the Economic Development Administration (EDA) to assist with disaster mitigation and economic recovery. Also, EDA grant applicants must be designated by EDA as part of an EDD—a multijurisdictional consortium of county and local governments—to be eligible for EDA funding and grants. To be designated as an EDD, an area must meet the definition of economic distress, under 13 C.F.R. 303.3: "(i) An unemployment rate that is, for the most recent twenty-four (24) month period for which data are available, at least one (1) percentage point greater than the national average unemployment rate; (ii) Per capita income that is, for the most recent period for which data are available, eighty (80) percent or less of the national average per capita income; or (iii) A Special Need, as determined by Economic Development Administration (EDA)."

expand local organizational capacity in distressed areas.¹⁷⁰ The majority of local technical assistance projects focus on technical or market feasibility studies of economic development projects or programs, including consultation with small businesses. The EDA's Local Technical Assistance Program received a \$9.8 million appropriation for FY2010, \$9.8 million for FY2011, \$12.0 million for FY2012, \$12.0 million (prior to sequestration and account transfers) for FY2013, \$11.0 million for FY2014, \$11.0 million for FY2015, and \$10.5 million for FY2016.¹⁷¹ The Obama Administration has requested \$12.0 million for this program in FY2017.¹⁷²

Congressional Issues

For many years, a recurring theme at congressional hearings concerning the SBA's management and technical assistance training programs has been the perceived need to improve program efficiency by eliminating duplication of services or increasing cooperation and coordination both within and among SCORE, WBCs, and SBDCs.¹⁷³ For example, the House Committee on Small Business has argued that the SBA's various management and technical assistance training programs should be "folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies" because they "overlap each other and duplicate the educational services provided by other agencies."¹⁷⁴ Also, as mentioned previously, the Obama

¹⁷⁰ 13 C.F.R. §306.

¹⁷¹ U.S. Department of Commerce, EDA, "FY2012 Congressional Budget Request," p. 33, at http://www.osec.doc.gov/bmi/budget/12CJ/EDA_FY_2012_Congressional_Submission.pdf; P.L. 111-117; P.L. 112-10; H.Rept. 112-284, Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Programs for the Fiscal Year Ending September 30, 2012, and for other purposes; P.L. 113-6; U.S. Department of Commerce, "The Department of Commerce Budget in Brief, Fiscal Year 2014," p. 31, at <http://osec.doc.gov/bmi/Budget/FY14BIB/ENTIREBIB.pdf>; "Explanatory Statement" accompanying the Consolidated Appropriations Act, 2014 (Division B – Commerce, Justice, Science, and Related Industries Appropriations Act, 2014), p. 4, at <http://docs.house.gov/bills/thisweek/20140113/113-HR3547-JSOM-FM-B.pdf>; Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9342; and Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding House Amendment No. 1 to the Senate Amendment on H.R. 2029 Consolidated Appropriations Act," *Congressional Record*, vol. 161, no. 184-Book II (December 17, 2015), p. H9732.

¹⁷² U.S. Department of Commerce, "Economic Development Administration, Fiscal Year 2017 Congressional Budget Submission," p. 23, at <http://www.osec.doc.gov/bmi/budget/FY17CBI/EDA%20FY%202017%20Congressional%20Submission%202-8-16%20OMB%20cleared%20508%20Compliant.pdf>.

¹⁷³ U.S. Congress, House Committee on Small Business, *Full Committee Markup of H.R. 2352 The Job Creation Through Entrepreneurship Act of 2009*, 111th Cong., 1st sess., May 13, 2009, Doc. No. 111-022 (Washington: GPO, 2009), pp. 2, 14; U.S. Congress, Senate Committee on Small Business, *SBA's Management and Assistance Programs*, Roundtable before the Committee on Small Business United States Senate, 106th Cong., 1st sess., May 20, 1999, S. Hrg. 106-337 (Washington: GPO, 1999), pp. 69, 74, 82, 92; U.S. Congress, House Committee on Small Business, *To Investigate the Legislation That Would Increase the Extent and Scope of the Services Provided By Small Business Development Centers*, 107th Cong., 1st sess., July 19, 2001, Serial No. 107-20 (Washington: GPO, 2001), pp. 13, 59, 60; and U.S. Congress, Senate Committee on Small Business, *Oversight on the Small Business Administration's Small Business Development Center Program*, 100th Cong., 1st sess., October 15, 1987, S. Hrg. 100-339 (Washington: GPO, 1987), pp. 6, 165, 168, 230.

¹⁷⁴ U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014," communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf. Previously, the House Committee on Small Business had recommended that funding for Women Business Centers, PRIME technical assistance, HUBZone outreach, and the Offices of Native American Affairs and International Trade be eliminated; and funding for 7(j) technical assistance, Microloan technical assistance, and the National Women's Business Council be reduced. See U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in (continued...)"

Administration has recommended that the PRIME program be eliminated, arguing that it overlaps and duplicates the SBA's Microloan Technical Assistance Program.¹⁷⁵

On the other hand, as discussed previously, the Obama Administration also requested, and Congress approved, continued funding for the SBA's Entrepreneurial Development Initiative (Clusters) and the Growth Accelerators Initiative and additional funding to expand the SBA's Entrepreneurial Education Initiative and Boots to Business Initiative.

In recent years, Congress has also explored ways to improve the SBA's measurement of its management and training programs' effectiveness.

Program Administration

In 2007, the U.S. Government Accountability Office (GAO) was asked to assess the SBA's oversight of WBCs and the coordination and duplication of services among the SBA's management and technical training assistance programs. GAO found that

As described in the terms of the SBA award, WBCs are required to coordinate with local SBDCs and SCORE chapters. In addition, SBA officials told us that they expected district offices to ensure that the programs did not duplicate each other. However, based on our review, WBCs lacked guidance and information from SBA on how to successfully carry out their coordination efforts. Most of the WBCs that we spoke with explained that in some situations they referred clients to an SBDC or SCORE counselor, and some WBCs also took steps to more actively coordinate with local SBDCs and SCORE chapters to avoid duplication and leverage resources. We learned that WBCs used a variety of approaches to facilitate coordination, such as memorandums of understanding, information-sharing meetings, and co-locating staff and services. However, some WBCs told us that they faced challenges in coordinating services with SBDC and SCORE, in part because the programs have similar performance measures, and this could result in competition among the service providers in some locations. We also found that on some occasions SBA encouraged WBCs to provide services that were similar to services already provided by SBDCs in their district. Such challenges thwart coordination efforts and could increase the risk of duplication in some geographic areas.¹⁷⁶

Some organizations have argued that the SBA's management and technical assistance training programs should be merged. For example, the U.S. Women's Chamber of Commerce argued that

over the last 50 years, the SBA entrepreneurial development system has grown into a fragmented array of programs, which has resulted in a disorganized, overlapping, and [in] efficient delivery of service through a system that is ill-prepared to effectively address the challenges of our economy....

(...continued)

the Concurrent Resolution on the Budget for FY2013," communication to the Chairman, House Committee on the Budget, 112th Cong., 2nd sess., March 7, 2012, at http://smallbusiness.house.gov/uploadedfiles/views_and_estimates_fy_2013.pdf.

¹⁷⁵ SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf; and SBA, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," pp. 8, 15, at [https://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508\(1\).pdf](https://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508(1).pdf).

¹⁷⁶ U.S. Government Accountability Office, *Small Business Administration: Opportunities Exist to Improve Oversight of Women's Business Centers and Coordination among SBA's Business Assistance Programs*, GAO-08-49, November 2007, pp. 6, 24-31, at <http://www.gao.gov/new.items/d0849.pdf>.

if we are to serve the needs of American entrepreneurs, we must commit to a top to bottom restructuring of the delivery of the entrepreneurial services of the SBA. The myriad of entrepreneurial development programs should be unified into one centrally managed organization that has the flexibility to provide services when and where they are needed.¹⁷⁷

These organizations argue that merging the SBA's management and technical assistance training programs would provide greater coordination of services and "one clear channel for assistance" that "is paramount to the average business owner seeking help."¹⁷⁸ Advocates of merging the SBA's management and technical assistance training programs often mention merging them into the SBDC Program because, in their view, it has the advantage of having a broader connection to mainstream resources and its locations are "greater and more diverse" than other SBA management and technical assistance training programs.¹⁷⁹

Others argue that providing separate management and training assistance programs for specific groups is the best means to ensure that those groups' unique challenges are recognized and their unique needs are met.¹⁸⁰ For example, when asked at a congressional hearing about the rationale for having separate management and technical assistance training programs for specific groups, a representative of the Association of Women's Business Centers stated,

I think that there is tremendous rationale for having different programs.... The women's business center programs really target a very different kind of population than the SBDCs.... We serve very different clientele.... We create a very different culture at the women's business center. We really have made it a welcoming place where ... they feel comfortable.... And it's very important to me that the woman have a place where they feel comfortable ... and where they see other women like themselves who are aspiring to reach their dreams.¹⁸¹

At another congressional hearing, the Association of Women's Business Centers' executive director argued that "the new three-year funding arrangement" for WBCs had enabled them to "concentrate on better serving their clients and growing their programs" and that WBCs should be provided continued and expanded funding because they provide effective services:

We know that when our program performance is measured against any other enterprise assistance program, we will meet or exceed any performance measures. Indeed, the SBA's own client-based performance reviews have shown our clients to be just as

¹⁷⁷ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Comm. Doc. No. 111-005 (Washington: GPO, 2009), p. 4.

¹⁷⁸ U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship, and Trade, *Subcommittee Hearing on Legislative Initiatives to Modernize SBA's Entrepreneurial Development Programs*, 111th Cong., 1st sess., April 2, 2009 (Washington: GPO, 2009), p. 29.

¹⁷⁹ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), p. 26.

¹⁸⁰ *Ibid.*, pp. 15, 17, 26, 29, 58-65, 72; and U.S. Congress, House Committee on Small Business, *Women's Business Ownership Act of 1988*, report to accompany H.R. 5050, 100th Cong., 2nd sess., September 22, 1988, H.Rept. 100-955 (Washington: GPO, 1988), pp. 9, 10, 13, 14.

¹⁸¹ U.S. Congress, House Committee on Small Business, *Full Committee Legislative Hearing on Energy, Veterans Entrepreneurship, and the SBA's Entrepreneurial Development Programs*, 110th Cong., 1st sess., May 16, 2007, Serial Number 110-22 (Washington: GPO, 2007), p. 20.

satisfied or in some cases more satisfied with the services they have received compared to the SBA's other entrepreneurial development efforts.¹⁸²

Instead of merging programs, some argue that improved communication among the SBA's management and technical assistance training resource partners and enhanced SBA program oversight is needed. For example, during the 111th Congress, the House passed H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, on May 20, 2009, by a vote of 406-15. The Senate did not take action on the bill. In its committee report accompanying the bill, the House Committee on Small Business concluded that

Each ED [Entrepreneurial Development] program has a unique mandate and service delivery approach that is customized to its particular clients. However, as a network, the programs have established local connections and resources that benefit entrepreneurs within a region. Enhanced coordination among this network is critical to make the most of scarce resources available for small firms. It can also ensure that best practices are shared amongst providers that have similar goals but work within different contexts.¹⁸³

In an effort to enhance the oversight and coordination of the SBA's management and technical assistance training programs, the Job Creation Through Entrepreneurship Act of 2009 would have required the SBA to

- create a new online, multilingual distance training and education program that was fully integrated into the SBA's existing management and technical assistance training programs and "allows entrepreneurs and small business owners the opportunity to exchange technical assistance through the sharing of information."¹⁸⁴
- coordinate its management and technical assistance training programs "with State and local economic development agencies and other federal agencies as appropriate."¹⁸⁵
- "report annually to Congress, in consultation with other federal departments and agencies as appropriate, on opportunities to foster coordination, limit duplication, and improve program delivery for federal entrepreneurial development activities."¹⁸⁶

During the 112th Congress, S. 3442, the SUCCESS Act of 2012, and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, sought to address the coordination issue by requiring the SBA, in consultation with other federal departments and agencies, to submit an annual report to Congress "describing opportunities to foster coordination of, limit duplication among, and improve program delivery for federal entrepreneurial development programs."¹⁸⁷ The SUCCESS Act of 2012 was referred to the Senate Committee on Small

¹⁸² U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 45, 47.

¹⁸³ U.S. Congress, House Committee on Small Business, *Job Creation Through Entrepreneurship Act of 2009*, report to accompany H.R. 2352, 111th Cong., 1st sess., May 15, 2009, H.Rept. 111-112 (Washington: GPO, 2009), pp. 17, 18.

¹⁸⁴ H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, §201. Educating Entrepreneurs Through Technology; and H.R. 2352, §601. Expanding Entrepreneurship.

¹⁸⁵ H.R. 2352, §601. Expanding Entrepreneurship.

¹⁸⁶ *Ibid.*

¹⁸⁷ S. 3442, the SUCCESS Act of 2012, §411. Expanding Entrepreneurship; and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, §411. Expanding Entrepreneurship.

Business and Entrepreneurship, which held hearings on the bill.¹⁸⁸ The Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012 was referred to the Senate Committee on Finance.

There has also been some discussion of merging SBA's small business management and training programs with business management and training programs offered by other federal agencies, both as a means to improve program performance and to achieve savings. For example, P.L. 111-139, Increasing the Statutory Limit on the Public Debt, requires GAO to "conduct routine investigations to identify programs, agencies, offices, and initiatives with duplicative goals and activities within Departments and governmentwide and report annually to Congress on the findings."¹⁸⁹ GAO identified 51 programmatic areas in its 2012 annual report on federal duplication "where programs may be able to achieve greater efficiencies or become more effective in providing government services."¹⁹⁰ GAO identified management and training assistance provided to businesses by the SBA and the Departments of Commerce, Housing and Urban Development, and Agriculture as one of these areas.¹⁹¹ GAO identified 53 business management and technical assistance programs sponsored by the SBA and these three departments. GAO reported that "the number of programs that support entrepreneurs—53—and the overlap among these programs raise questions about whether a fragmented system is the most effective way to support entrepreneurs. By exploring alternatives, agencies may be able to determine whether there are more efficient ways to continue to serve the unique needs of entrepreneurs, including consolidating various programs."¹⁹²

As mentioned previously, the House Committee on Small Business has argued that "given tight budgetary constraints" the SBA's various management and technical assistance training programs "should be folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies."¹⁹³ The House Committee on Small Business has also indicated its opposition to the Obama Administration's increased use of, and requests for increased funding for, management and training initiatives. For example, Representative Sam Graves, then-chair of the House Committee on Small Business, indicated in his opening remarks at a congressional hearing in April 2014 that

Despite reports that the federal government is riddled with redundant [management and training] programs for entrepreneurs, the SBA has increasingly spawned its own entrepreneurial development initiatives. In doing so, the SBA has repeatedly requested increased funding for its own initiatives while allowing funding for statutorily authorized programs, such as SBDCs, to remain static.... I continue to question the necessity of

¹⁸⁸ U.S. Senate, Committee on Small Business and Entrepreneurship, "Creating Jobs and Growing the Economy: Legislative Proposals to Strengthen the Entrepreneurial Ecosystem," November 29, 2012, at <http://www.sbc.senate.gov/public/index.cfm?p=Hearings>.

¹⁸⁹ P.L. 111-139, Increasing the statutory limit on the public debt, §21. Identification, Consolidation, and Elimination of Duplicative Government Programs.

¹⁹⁰ U.S. Government Accountability Office, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Results*, GAO-12-342SP, February 28, 2012, p. 1, <http://www.gao.gov/assets/590/588818.pdf>.

¹⁹¹ *Ibid.*, pp. 52-61.

¹⁹² *Ibid.*, p. 55.

¹⁹³ U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014," communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf.

these initiatives given the potential overlap with both private and public sector efforts already in existence.¹⁹⁴

In addition, as mentioned previously, during the 114th Congress, H.R. 207, the Small Business Development Centers Improvement Act of 2015, would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) “to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training.”

Program Evaluation

GAO noted in its 2007 assessment of the SBA’s management and technical assistance training programs that, in addition to its annual survey of WBC, SBDC, and SCORE participants, the SBA requires WBCs to provide quarterly performance reports that include “the WBCs’ actual accomplishments, compared with their performance goals for the reporting period; actual budget expenditures, compared with an estimated budget; cost of client fees; success stories; and names of WBC personnel and board members.”¹⁹⁵ GAO also noted that WBCs are also required to issue fourth quarter performance reports that “also include a summary of the year’s activities and economic impact data that the WBCs collect from their clients, such as number of business start-ups, number of jobs created, and gross receipts.”¹⁹⁶ SBDCs have similar reporting requirements.¹⁹⁷

In recent years, Congress has considered requiring the SBA to expand its use of outcome-based measures to determine the effectiveness of its management and technical training assistance programs. For example, during the 111th Congress, the previously mentioned Job Creation Through Entrepreneurship Act of 2009 would have required the SBA to create “outcome-based measures of the amount of job creation or economic activity generated in the local community as a result of efforts made and services provided by each women’s business center.”¹⁹⁸ It would also have required the SBA to “develop and implement a consistent data collection process to cover all entrepreneurial development programs” including “data relating to job creation, performance, and any other data determined appropriate by the Administrator with respect to the Administration’s entrepreneurial development programs.”¹⁹⁹

During the 112th Congress, the SUCCESS Act of 2012 and Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012 would have required the SBA to “promulgate a rule to develop and implement a consistent data collection process for the entrepreneurial development

¹⁹⁴ Rep. Sam Graves, “Opening Statement of Chairman Sam Graves, Committee on Small Business Hearing: ‘SBA-created Initiatives: Necessary or Redundant Spending,’” April 30, 214, at http://smallbusiness.house.gov/uploadedfiles/opening_statement-press_4-30-2014.pdf.

¹⁹⁵ U.S. Government Accountability Office, *Small Business Administration: Opportunities Exist to Improve Oversight of Women’s Business Centers and Coordination among SBA’s Business Assistance Programs*, GAO-08-49, November 2007, p. 15, at <http://www.gao.gov/new.items/d0849.pdf>.

¹⁹⁶ Ibid.

¹⁹⁷ SBA, “Small Business Development Center Fy/Cy 2011 Program Announcement for Renewal of the Cooperative Agreement for Current Recipient Organizations,” pp. 27-38, at <https://www.sba.gov/sites/default/files/files/2011%20Program%20Announcement.pdf>.

¹⁹⁸ H.R. 2352, §404. Performance and Planning.

¹⁹⁹ H.R. 2352 §601. Expanding Entrepreneurship.

programs” that included data “relating to job creation and performance and any other data determined appropriate by the Administrator.”²⁰⁰

In addition, during the 114th Congress, H.R. 207 would require the SBA to issue an annual report concerning “all entrepreneurial development activities undertaken in the current fiscal year.” This report would include a description and operating details for each program and activity; operating circulars, manuals, and standard operating procedures for each program and activity; a description of the process used to award grants under each program and activity; a list of all awardees, contractors, and vendors and the amount of awards provided for the current fiscal year for each program and activity; the amount of funding obligated for the current fiscal year for each program and activity; and the names and titles for those individuals responsible for each program and activity.

Concluding Observations

Congressional interest in the federal government’s small business management and technical assistance training programs has increased in recent years. One of the reasons for the heightened level of interest in these programs is that small business has led job formation and retention during previous economic recoveries.²⁰¹ It has been argued that effective small business management and technical assistance training programs are needed if small businesses are to lead job creation and retention during the current economic recovery. As then-Representative Heath Shuler stated during a congressional hearing in 2009:

We often talk about the role that small business plays in the creation of jobs and with good reason. Small firms generate between 60 and 80 percent of new positions. Following the recession in the mid-1990s, they created 3.8 million jobs.... we could use that growth today. But unfortunately, many firms are struggling to make ends meet. Let’s allow them to hire new workers. In the face of historic economic challenges, we should be investing in America’s job creators. SBA’s Entrepreneurial Development Programs, or ED, do just that. Of all the tools in the small business toolbox, these are some of the most critical. They help small firms do everything from draft business plans to access capital.²⁰²

The general consensus is that federal management and technical assistance training programs serve an important purpose and, for the most part, are providing needed services that are not available elsewhere. As Karen Mills, then-SBA administrator, stated during a press interview in 2010:

We find that our counseling operations are equally important as our credit operations because small businesses really need help and advice, and when they get it, they tend to have more sales and more profits and more longevity, and they hire more people. So we have looked forward and said, “How do we get all the tools small businesses need into their hands?” Maybe they want to export. Maybe they want to know how to use

²⁰⁰ S. 3442, §411. Expanding Entrepreneurship; and S. 3572, §411. Expanding Entrepreneurship.

²⁰¹ SBA, Office of Advocacy, *Small Business Economic Indicators for 2003*, August 2004, p. 3; Brian Headd, “Small Businesses Most Likely to Lead Economic Recovery,” *The Small Business Advocate*, vol. 28, no. 6 (July 2009), pp. 1, 2; and SBA, “Fiscal Year 2010 Congressional Budget Justification,” p. 1, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification_2010.pdf.

²⁰² U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship and Trade, *Subcommittee On Rural Development, Entrepreneurship And Trade Markup On Entrepreneurial Development Programs Legislation*, 111th Cong., 1st sess., April 30, 2009, Small Business Committee Document No. 111-118 [ERRATA – printing error, should be 111-018] (Washington: GPO, 2009), p. 1.

broadband. Maybe they are veterans who are coming back and want to start a business or grow their business. Our job is to make sure all that information and opportunity is accessible for small businesses so they can do what they do, which is keep our economy strong.²⁰³

There is also a general consensus that making federal management and technical assistance training programs more effective and responsive to the needs of small business would assist the national economic recovery. However, there are disagreements over how to achieve that goal.

Some advocate (1) increasing funding for existing programs to enable them to provide additional training opportunities for small businesses while, at the same time, maintaining separate training programs for specific demographic groups as a means to ensure that those groups' specific needs are met; (2) requiring the SBA to make more extensive use of outcome-based measures to better determine the programs' effect on small business formation and retention, job creation and retention, and the generation of wealth; and (3) temporarily reducing or eliminating federal matching requirements to enable SBA's management and technical assistance training resource partners to focus greater attention to service delivery and less to fund raising. Others argue for a merger of existing programs to reduce costs and improve program efficiency, to focus available resources on augmenting the capacity of SBDCs to meet the needs of all small business groups, and require the SBA to make more extensive use of outcome-based performance measures to determine program effectiveness.

There are no case studies or empirical data available concerning the efficiencies that might be gained by merging the SBA's management and technical assistance training programs. Advocates argue that merging the programs would improve communications, reduce confusion by business owners seeking assistance by ensuring that all small business management and technical assistance training centers serve all small business owners and aspiring entrepreneurs, lead to more sustainable and predictable funding for the programs from nonfederal sources, and result in more consistent and standard operating procedures throughout the country.²⁰⁴ Opponents argue that any gains in program efficiency that might be realized would be more than offset by the loss of targeted services for constituencies that often require different information and training to meet their unique challenges and needs.²⁰⁵

²⁰³ David Port, "But Where Is the Money?" *Entrepreneur Magazine*, August 2010, at <http://www.entrepreneur.com/magazine/entrepreneur/2010/august/207500.html>.

²⁰⁴ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 3-5, 24-27, 29; and U.S. Congress, House Committee on Small Business, *Full Committee Hearing on Legislation to Reauthorize and Modernize SBA's Entrepreneurial Development Programs*, 111th Cong., 1st sess., May 6, 2009 (Washington: GPO, 2009), pp. 3-5, 15, 27-34.

²⁰⁵ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 44-49; U.S. Congress, House Committee on Small Business, *Job Creation Through Entrepreneurship Act of 2009*, report to accompany H.R. 2352, 111th Cong., 1st sess., May 15, 2009, H.Rept. 111-112 (Washington: GPO, 2009), pp. 16-31; and U.S. Congress, House Committee on Small Business, *Women's Business Ownership Act of 1988*, report to accompany H.R. 5050, 100th Cong., 2nd sess., September 22, 1988, H.Rept. 100-955 (Washington: GPO, 1988), pp. 9, 10, 13, 14.

Appendix. Brief Descriptions of SBA Management and Technical Assistance Training Programs

Table A-1. Brief Descriptions of SBA Management and Technical Assistance Training Programs

Program Name	Authority	Brief Description	Number	Federal Matching Requirement
Small Business Development Center Grant Program	P.L. 96-302, 1980	Provides management and technical assistance training to small businesses through centers located in leading universities, colleges, and state economic development agencies.	63 lead centers and 900+ local centers	50% match from nonfederal sources comprised of not less than 50% cash and not more than 50% of indirect costs.
Women Business Center Grant Program	P.L. 100-533, 1988	Provides long-term training, counseling, networking, and mentoring to women entrepreneurs, especially those who are socially and economically disadvantaged.	105	50% match from nonfederal sources; not more than one-half of the nonfederal matching assistance may be in the form of in-kind contributions, including office equipment and office space.
SCORE (Service Corps of Retired Executives)	Section 8(b) of the Small Business Act; P.L. 89-754, 1966	Provides technical, managerial, and informational assistance to small business concerns through in-person mentoring by volunteer counselors who are working or, in most instances, retired business owners.	320 chapters and 800+ branch offices	none
7(j) Technical Assistance Program	Section 7(j) of the Small Business Act; Section 8(a) of the Small Business Act; P.L. 95-507, 1978	Provides management and technical assistance training to 8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment or low-income and firms owned by low-income individuals.	8 service providers in FY2016	none
Microloan Technical Assistance Program	P.L. 102-140, 1992	Provides management and technical assistance training to Microloan borrowers and, within specified limits, to prospective Microloan borrowers.	159 intermediaries	25% from nonfederal sources; no matching requirement if the intermediary makes at least 50% of its loans in an Economically Distressed Area.

Program Name	Authority	Brief Description	Number	Federal Matching Requirement
Native American Outreach Program	Section 7(j) of the Small Business Act; SBA regulations, 1994	Provides management and technical assistance training to American Indians, Alaska Natives, Native Hawaiians and “the indigenous people of Guam and American Samoa ... to promote entity-owned and individual 8(a) certification, government contracting, entrepreneurial education, and capital access.”	NA	none
PRIME Technical Assistance Program	P.L. 106-102, 1999	Provides assistance in the form of grants to nonprofit microenterprise development organizations or programs that have a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs.	39 service providers in FY2016	50% from nonfederal sources; sources such as fees, grants, gifts, income from loan sources, and in-kind resources from nonfederal public or private sources may be used to comply with the matching funds requirement
Veterans Business Development Programs	P.L. 106-50, 1999	The SBA's Office of Veterans Business Development mission is to (1) expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation's veterans; and (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the SBA.	14 Veterans Business Office Centers and other providers	none

Sources: Federal statutes cited in table.

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