

118TH CONGRESS
2D SESSION

H. R. 9880

To amend the Small Business Act to establish the Entrepreneurship Corps
National Service Program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2024

Mr. PHILLIPS introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committees on Education and the Workforce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Small Business Act to establish the Entrepreneurship Corps National Service Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Entrepreneurship
5 Corps for National Service Act”.

1 **SEC. 2. ENTREPRENEURSHIP CORPS NATIONAL SERVICE**
2 **PROGRAM.**

3 (a) IN GENERAL.—The Small Business Act (15
4 U.S.C. 631 et seq.) is amended—

5 (1) by redesignating section 49 as section 50;
6 and

7 (2) by inserting after section 48 the following
8 new section:

9 **“SEC. 49. ENTREPRENEURSHIP CORPS NATIONAL SERVICE**
10 **PROGRAM.**

11 “(a) DEFINITIONS.—In this section:

12 “(1) ASSOCIATE ADMINISTRATOR.—The term
13 ‘Associate Administrator’ means the Head of the Of-
14 fice of Investment and Innovation of the Administra-
15 tion.

16 “(2) CENSUS TRACT.—The term ‘census tract’
17 means a census tract delineated by the United
18 States Bureau of the Census in the most recent de-
19 cennial census.

20 “(3) DISTRESSED AREA.—The term ‘distressed
21 area’ means a census tract experiencing economic
22 distress, as determined by the Associate Adminis-
23 trator based on the following economic factors for
24 such census tract:

25 “(A) Poverty rate.

26 “(B) Unemployment rate.

1 “(C) Median income.

2 “(D) The number of businesses, including
3 the rate of new business formation.

4 “(E) The number of individuals belonging
5 to an Indian tribe (as defined in section
6 8(a)(13)), including the percentage of the total
7 population comprised of such individuals.

8 “(F) Such other economic factors as deter-
9 mined appropriate by the Associate Adminis-
10 trator.

11 “(4) FELLOW.—The term ‘fellow’ means an in-
12 dividual participating in the program.

13 “(5) PARTICIPATING BUSINESS.—The term
14 ‘participating business’ means a small business con-
15 cern to which a fellow is assigned under the pro-
16 gram.

17 “(6) PROGRAM.—The term ‘program’ means
18 the program established under subsection (b).

19 “(b) ESTABLISHMENT.—

20 “(1) IN GENERAL.—Not later than 180 days
21 after the date of the enactment of this Act, the Ad-
22 ministrator shall establish in the Office of Invest-
23 ment and Innovation of the Administration a pro-
24 gram, to be known as the ‘Entrepreneurship Corps
25 National Service Program’, to support economic ac-

1 tivity and job creation in distressed areas of the
2 United States by providing to small business con-
3 cerns located in distressed areas individuals with the
4 skills and training needed by such small business
5 concerns.

6 “(2) PROGRAM ADMINISTRATION.—The Asso-
7 ciate Administrator shall administer the program.

8 “(c) PROGRAM FELLOWS.—

9 “(1) IN GENERAL.—To be a fellow, an indi-
10 vidual must—

11 “(A) be at least 21 years of age;

12 “(B) have obtained an associates, bacca-
13 laurate, or higher degree; and

14 “(C) enter into a written agreement with
15 the Associate Administrator under paragraph
16 (2).

17 “(2) SERVICE OBLIGATION AGREEMENT.—An
18 individual may become a fellow only if the individual
19 enters into a written agreement with the Associate
20 Administrator that requires the individual to serve
21 as a fellow for a period of two years and containing
22 such other terms as determined appropriate by the
23 Associate Administrator.

24 “(3) APPLICATION.—An individual seeking to
25 be a fellow shall submit to the Associate Adminis-

1 trator an application at such time, in such manner,
2 and containing such information as the Associate
3 Administrator determines appropriate.

4 “(4) FELLOW SELECTION.—

5 “(A) IN GENERAL.—The Associate Admin-
6 istrator shall select the fellows in accordance
7 with this paragraph.

8 “(B) SELECTION CRITERIA.—When select-
9 ing fellows the Associate Administrator shall
10 consider the following:

11 “(i) The academic and professional
12 background and accomplishments of the
13 individual, including demonstrated exper-
14 tise in accounting, finance, economics, sta-
15 tistics, marketing, computer science, math-
16 ematics, or other subject areas related to
17 business.

18 “(ii) Recommendations from teachers,
19 coaches, mentors, and others in a position
20 to evaluate the skills, expertise, back-
21 ground, character, and fitness for service
22 in the program of the individual.

23 “(iii) The reasons provided by the in-
24 dividual for participating in the program.

1 “(iv) Such other criteria as the Asso-
2 ciate Administrator determines appropriate
3 based on the nature, purpose, and objec-
4 tives of the program.

5 “(C) FELLOW CLASS SIZE.—The Associate
6 Administrator shall determine the number of
7 fellows selected each year.

8 “(d) PARTICIPATING BUSINESSES.—

9 “(1) IN GENERAL.—To be eligible to be as-
10 signed a fellow under the program, a small business
11 concern must—

12 “(A) have an employer identification num-
13 ber (assigned pursuant to section 6109 of the
14 Internal Revenue Code of 1986);

15 “(B) have been established not more than
16 five years prior the date on which such small
17 business concern submits the application re-
18 quired under paragraph (2);

19 “(C) have its headquarters or main office,
20 and the locations at which a majority of em-
21 ployees are employed, located in distressed
22 areas; and

23 “(D) in the 12-month period immediately
24 preceding the date on which such small busi-
25 ness concern submits the application required

1 by paragraph (2), have gross sales of not less
2 than \$200,000.

3 “(2) APPLICATION.—A small business seeking
4 to be assigned a fellow under the program shall sub-
5 mit to the Associate Administrator an application at
6 such time, in such manner, and containing such in-
7 formation as the Associate Administrator determines
8 appropriate.

9 “(3) SELECTION OF PARTICIPATING BUSI-
10 NESSES.—

11 “(A) IN GENERAL.—The Associate Admin-
12 istrator shall select small business concerns to
13 which a fellow will be assigned under the pro-
14 gram in accordance with subparagraph (B).

15 “(B) PARTICIPATING BUSINESS SELEC-
16 TION.—When selecting which small business
17 concerns shall be assigned a fellow under the
18 program, the Associate Administrator shall con-
19 sider the following:

20 “(i) The growth or potential for suc-
21 cess of the small business concern, as dem-
22 onstrated by the financial statements of
23 the small business concern.

1 “(ii) The demonstrated ability of the
2 small business concern to access capital or
3 attract equity investment in such concern.

4 “(iii) The business plan of the small
5 business concern that includes a strategy
6 for long-term success, if any.

7 “(iv) The ability of the small business
8 concern to contribute to improving eco-
9 nomic conditions in the distressed area.

10 “(v) The demonstrated need of the
11 small business concern for a fellow under
12 the program.

13 “(vi) Any other criteria that the Asso-
14 ciate Administrator determines appro-
15 priate.

16 “(e) ASSIGNMENT OF FELLOWS.—

17 “(1) IN GENERAL.—The Associate Adminis-
18 trator shall assign fellows to small business concerns
19 under the program in accordance with this sub-
20 section.

21 “(2) CONSIDERATIONS.—When assigning fel-
22 lows to small business concerns business under the
23 program, the Associate Administrator shall con-
24 sider—

1 “(A) the needs of the small business con-
2 cern;

3 “(B) the expertise, experience, skills, back-
4 ground, and interests of the fellow; and

5 “(C) the preferences of the fellow regard-
6 ing the location of the small business concern to
7 which such fellow is assigned under the pro-
8 gram.

9 “(3) DURATION.—The assignment of a fellow
10 to a small business concern under the program shall
11 be for a period of two years.

12 “(4) ASSIGNMENT LIMIT.—The Associate Ad-
13 ministrator may not assign a fellow under the pro-
14 gram to any small business concern to which, as of
15 the date on which such assignment will commence,
16 any other fellow is assigned.

17 “(5) RESOURCES.—

18 “(A) IN GENERAL.—A participating busi-
19 ness shall provide to the fellow assigned to the
20 participating business under the program the
21 resources required for the fellow to carry out
22 the duties such participating business assigns to
23 such fellow.

24 “(B) REIMBURSEMENT.—The Associate
25 Administrator shall reimburse a participating

1 business for the reasonable costs incurred by
2 such participating business for the resources
3 provided by the business under subparagraph
4 (A).

5 “(6) REASSIGNMENT.—If a fellow assigned to a
6 participating business under the program is unable
7 to continue such assignment, or for such other rea-
8 sons as determined appropriate by the Associate Ad-
9 ministrator, the Associate Administrator may reas-
10 sign such fellow to another small business concern
11 under the program for the remainder of the period
12 of the assignment to the participating business.

13 “(f) BENEFITS.—

14 “(1) COMPENSATION.—

15 “(A) IN GENERAL.—The Associate Admin-
16 istrator shall pay to fellows a rate of pay deter-
17 mined appropriate by the Associate Adminis-
18 trator.

19 “(B) CRITERIA.—When determining the
20 rate of pay for fellows under subparagraph (A),
21 the Associate Administrator shall ensure that
22 the rate of pay—

23 “(i) is comparable with the rate of
24 pay of employees of the Federal Govern-

1 ment with similar educational attainment,
2 experience, and training; and

3 “(ii) is not less than the greater of the
4 applicable State minimum wage or the
5 Federal minimum hourly rate under the
6 Fair Labor Standards Act of 1938 (29
7 U.S.C. 201 et seq.).

8 “(2) EDUCATION GRANTS.—

9 “(A) IN GENERAL.—An individual who
10 completes a period of service as a fellow under
11 program in accordance with the agreement such
12 individual entered into under subsection (c)(2)
13 and submits the application required under sub-
14 paragraph (B) shall be eligible to receive a
15 grant in accordance with this paragraph.

16 “(B) APPLICATION.—An individual seeking
17 a grant under this paragraph shall submit to
18 the Associate Administrator an application at
19 such time, in such manner, and containing such
20 information as the Associate Administrator de-
21 termines appropriate.

22 “(C) GRANT AMOUNT.—The aggregate
23 amount of a grant made under this paragraph
24 to an individual described in subparagraph (B)
25 may not exceed the maximum amount of a

1 grant under section 401 of the Higher Edu-
2 cation Act of 1965 (20 U.S.C. 1070a) for the
3 award year in which such individual becomes el-
4 igible for a grant under this paragraph.

5 “(D) DISBURSEMENT.—

6 “(i) INITIAL DISBURSEMENT.—Upon
7 an individual described in subparagraph
8 (A) becoming eligible to receive a grant
9 under this paragraph, the Associate Ad-
10 ministrator shall disburse amounts under
11 such grant in an amount equal to the less-
12 er of—

13 “(I) the maximum amount al-
14 lowed under subparagraph (D); or

15 “(II) the amount equal to the
16 sum of the aggregate amount of the
17 outstanding loans of such individual
18 described in subclauses (I) through
19 (III) of subparagraph (E)(i) and the
20 amount of the expenses described in
21 subclause (IV) of such subparagraph
22 owed by such individual as of the date
23 on which such individual becomes eli-
24 gible for such grant.

1 “(ii) ROLLING DISBURSEMENT.—Dur-
2 ing the seven-year period beginning on the
3 date on which the recipient of such grant
4 becomes eligible to receive such grant, the
5 Associate Administrator shall disburse to
6 such recipient additional amounts under
7 such grant equal to the amount of loans
8 and expenses described in subparagraph
9 (E) that such recipient incurs on or after
10 such date, as such recipient incurs such
11 loans and expenses, to the extent that the
12 aggregate of such additional amounts and
13 the amount disbursed under clause (i) for
14 such grant does not exceed the maximum
15 amount allowed for such grant under sub-
16 paragraph (C).

17 “(E) USES.—

18 “(i) IN GENERAL.—The recipient of a
19 grant awarded under this paragraph may
20 use amounts received under such grant
21 only to pay the following:

22 “(I) Qualified Federal student
23 loans made to such recipient.

24 “(II) Loans made to such recipi-
25 ent—

1 “(aa) under subpart II of
2 part A of title VII of the Public
3 Health Service Act; or

4 “(bb) under part E of title
5 VIII of that Act.

6 “(III) Loans made to such recipi-
7 ent—

8 “(aa) by a State to pay
9 postsecondary educational ex-
10 penses of the recipient; or

11 “(bb) by a public institution
12 of higher education (as defined in
13 section 101 of the Higher Edu-
14 cation Act of 1965 (20 U.S.C.
15 1001)) to pay a borrower’s costs
16 of attendance at such institution.

17 “(IV) Expenses incurred by such
18 recipient for a program of education
19 leading to an advanced degree to the
20 extent that such expenses are—

21 “(aa) expenses for which
22 amounts payable to an individual
23 under section 3313(c)(1)(B)(iv)
24 of title 38, United States Code,
25 may be used; and

1 “(bb) owed or incurred on or
2 after the date on which such re-
3 cipient becomes eligible for such
4 grant.

5 “(ii) QUALIFIED FEDERAL STUDENT
6 LOAN DEFINED.—In this subparagraph,
7 the term ‘qualified Federal student loan’
8 means a loan made under Part D of title
9 IV of the Higher Education Act of 1965
10 (1087a et seq.) except such term does not
11 include—

12 “(I) a Federal Direct PLUS
13 Loan made to the parents of a de-
14 pendent student; or

15 “(II) a Federal Direct Consolida-
16 tion Loan made under section 455(g)
17 of such Act to the extent that such
18 loan was used to repay a Federal Di-
19 rect PLUS Loan made to the parents
20 of a dependent student.

21 “(F) SINGLE AWARD.—An individual may
22 receive only a single grant under this para-
23 graph.

24 “(G) OUTREACH.—The Associate Adminis-
25 trator shall—

1 “(i) conduct outreach to institutions
2 of higher education (as defined under sec-
3 tion 101(a) of the Higher Education Act of
4 1965 (20 U.S.C. 1001(a))) to provide in-
5 formation to students at such institutions
6 about the benefits of participating as a fel-
7 low in the program; and

8 “(ii) seek to coordinate with institu-
9 tions of higher education and businesses to
10 develop academic and professional opportu-
11 nities for former fellows, including oppor-
12 tunities for employment and to obtain ad-
13 vanced degrees.

14 “(3) NONCOMPETITIVE APPOINTMENT ELIGI-
15 BILITY.—During the one-year period beginning on
16 the date on which an individual completes a period
17 service as a fellow under the program in accordance
18 with the agreement such individual entered into
19 under subsection (c)(2), the head of a Federal agen-
20 cy may, without regard to the provisions of sub-
21 chapter I of chapter 33 of title 5, United States
22 Code, other than section 3303 and 3328 of such
23 title, appoint such individual to a vacant position in
24 the competitive service in such agency for which
25 such individual is qualified.

1 “(g) STATUS.—

2 “(1) IN GENERAL.—Except as provided by this
3 subsection—

4 “(A) a fellow is not an employee of—

5 “(i) any participating business to
6 which such fellow is assigned under the
7 program for the purpose of any law, in-
8 cluding the Internal Review Code of 1986;
9 or

10 “(ii) the Federal Government; and

11 “(B) selection for participation in the pro-
12 gram does not constitute an appointment as an
13 officer or employee of the Federal Government
14 for the purpose of any law.

15 “(2) EXCEPTIONS.—A fellow is deemed to be
16 an employee of—

17 “(A) the Federal Government for purposes
18 of—

19 “(i) chapter 81 of title 5, United
20 States Code; and

21 “(ii) chapter 171 of title 28, United
22 States Code, and any other Federal tort li-
23 ability statute; and

1 “(B) the Administration for the purposes
2 of chapters 83 and 84 of title 5, United States
3 Code.

4 “(3) HEALTH CARE.—A fellow is deemed to be
5 a full-time employee of the Administration for the
6 purposes of chapter 89 of title 5, United States
7 Code, except that a fellow or former fellow may not
8 make the election under section 8905a(a) of such
9 title with respect to coverage under such chapter ob-
10 tained pursuant this paragraph.

11 “(4) EMPLOYMENT TAXES.—For purposes of
12 subtitle C of the Internal Revenue Code of 1986, the
13 Small Business Administration shall be treated as
14 the employer of each fellow with respect to the pro-
15 gram.

16 “(h) REPORT TO CONGRESS.—Not later than one
17 year after the establishment of the program, and annually
18 thereafter, the Associate Administrator shall submit to the
19 Committee on Small Business and Entrepreneurship of
20 the Senate and the Committee on Small Business of the
21 House of Representatives a report on the program, includ-
22 ing—

23 “(1) the effects of fellows on the participating
24 businesses to which such fellows have been assigned
25 under the program;

1 “(2) the economic effects of the program on
2 distressed communities in which participating busi-
3 nesses are located;

4 “(3) the overall performance of fellows under
5 the program;

6 “(4) the overall performance of participating
7 businesses; and

8 “(5) recommendations to modify the program
9 to more effectively support economic activity and job
10 creation in distressed areas of the United States.”.

11 (b) STUDENT LOAN FORGIVENESS CREDIT.—Section
12 455(m)(3)(B) of the Higher Education Act of 1965 (20
13 U.S.C. 1087e(m)(3)(B)) is amended—

14 (1) in clause (i), by striking “; or” and insert-
15 ing a semicolon;

16 (2) in clause (ii), by striking the period at the
17 end and inserting “; or”; and

18 (3) by adding at the end the following new
19 clause:

20 “(iii) serving as a fellow in the Entre-
21 preneurship Corps National Service Pro-
22 gram established under section 49 of the
23 Small Business Act.”.

24 (c) EXCLUSION FROM ADJUSTED GROSS INCOME.—

1 (1) IN GENERAL.—Part III of subchapter B of
 2 the Internal Revenue Code of 1986 is amended by
 3 inserting after section 139I the following new sec-
 4 tion:

5 **“SEC. 139J. SMALL BUSINESS FELLOW.**

6 “‘In the case of a small business concern to which a
 7 fellow is assigned under the Entrepreneurship Corps Na-
 8 tional Service Program established under section 49 of the
 9 Small Business Act, gross income does not include the
 10 value of any labor performed by such fellow.’”.

11 (2) CLERICAL AMENDMENT.—The table of sec-
 12 tions for part III of subchapter B of such Code is
 13 amended by inserting after the item relating to sec-
 14 tion 139I the following new item:

“Sec. 139J. Small business fellow.”.

15 (3) EFFECTIVE DATE.—The amendment made
 16 by this subsection shall apply to taxable years begin-
 17 ning after the date of the enactment of this sub-
 18 section.

○