

**MARKUP OF: H.R. 5078, PRISON TO PROPRIETORSHIP ACT; H.R. 5065, PRISON TO PROPRIETORSHIP FOR FORMERLY INCARCERATED ACT; H.R. 5130, CAPTURING ALL SMALL BUSINESSES ACT OF 2019, H.R. 5146, UNLOCKING OPPORTUNITIES FOR SMALL BUSINESSES ACT OF 2019**

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**HEARING**

BEFORE THE

COMMITTEE ON SMALL BUSINESS

UNITED STATES

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

HEARING HELD  
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WEDNESDAY, NOVEMBER 20, 2019

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,

*Washington, DC.*

The committee met, pursuant to call, at 11:34 a.m., in Room 2360, Rayburn House Office Building. Hon. Nydia M. Velázquez [chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Finkenauer, Golden, Kim, Crow, Davids, Chu, Veasey, Evans, Schneider, Espaillat, Houlahan, Craig, Chabot, Hern, Hagedorn, Burchett, Spano, Joyce, and Bishop.

Chairwoman VELÁZQUEZ. Good morning. The Committee will please come to order. A quorum being present, I am pleased to call this morning's meeting of the Committee on Small Business to order.

Without objection, the Chair is authorized to declare a recess at any point.

In today's markup, we will be considering four bipartisan bills. Two of the bills will require SBA's resource partners to provide counseling and training to individuals in prison and post-release. The other two bills will make meaningful improvements to contracting programs that support small businesses.

I would like to take a moment to thank the Ranking Member and all of the Members of the Committee for their bipartisanship and commitment to small business owners and entrepreneurs. It is not a small feat that together we have worked to pass 23 bipartisan bills that will make it easier for Americans to launch and grow their small businesses, and all of those bills have sailed through the House of Representatives with broad bipartisan support. That is a good track record, and I want to thank all of you.

That is part of the reason why I am so pleased to lead this Committee, but the other part is that I have an opportunity to work on issues that can really make a difference in people's lives.

Today, we have an opportunity to do just that with the two prison to proprietorship bills.

We can also make it easier for small businesses to compete in the federal marketplace by leveling the playing field for small contractors on the verge of transitioning out of the small business definition and those hoping to build a history of past performance.

With that, let's turn to the bills under consideration. As a result of hearings and outreach, the Committee today is considering four bills, which are:

H.R. 5078, the "Prison to Proprietorship Act," introduced by myself and co-sponsored by Ranking Member Chabot;

H.R. 5065, the "Prison to Proprietorship for the Formerly Incarcerated Act," introduced by Mr. Jeffries and co-sponsored by Mr. Burchett;

H.R. 5130, the "Capturing All Small Businesses Act of 2019," introduced by Mr. Veasey and co-sponsored by Mr. Hern; and

H.R. 5146, the "Unlocking Opportunities for Small Business Act," introduced by Mr. Hagedorn and co-sponsored by Mr. Evans.

I support each of the bills to be marked up today.

In the interest of time, I would now like to recognize our Ranking Member, Mr. Chabot, for his opening statement.

Mr. CHABOT. Thank you, Madam Chair. Thank you for holding this morning's markup. Again, I appreciate your and your staff's willingness to work with me and our staff in such a bipartisan manner.

All four of these bills are led by Members of both parties, which has become standard practice in our Committee, whichever party is in the majority. We thank you for that.

I will be brief in my opening as we will discuss each bill as they come up. We have two sets of bills today.

Two of them focus on fostering entrepreneurship among the soon-to-be and formerly incarcerated. Last month, we held a hearing that featured compelling testimony about the power of entrepreneurship and how that power can help people who are looking to get their lives back on track after having been incarcerated. These individuals typically face higher rates of unemployment than any other segment of our population. Providing worthy candidates with an outlet for their entrepreneurial spirit not only helps them re-acclimate to society but also boosts our economy and local communities.

The other two bills focus on a longstanding bill of our Committee, increasing small business access to the federal marketplace. Our government, the United States government, is the largest purchaser of goods and services anywhere in the world. Our job is to ensure that small businesses have ample opportunity to compete for those federal contracts. A vibrant small business presence here increases competition, increases quality, and lowers prices for the American taxpayer. All of these things are good, obviously. Both bills will make it easier for small firms to compete against the big guys.

Again, thank you, Madam Chair, for holding this hearing, and marking up these four important bills today. I yield back.

Chairwoman VELAZQUEZ. Thank you very much. The gentleman yields back.

Before we get into the individual bills, are there any Members present who seek recognition for the purpose of making an opening statement?

H.R. 5078

Seeing none, we will move to consideration of H.R. 5078, the "Prison to Proprietorship Act," introduced by myself and Ranking Member Chabot.

I sincerely want to thank Ranking Member Chabot for joining me as the lead co-sponsor on the bill. Leading this bill with you sends a strong message to SBA, our resource partners, and the formerly incarcerated that helping guide these individuals onto the path of entrepreneurship is a priority. After paying their debt to society, former inmates return to their communities with hope and the goal of starting fresh. Unfortunately, many are locked out of the labor market. As we heard in our hearing last month, employers do not want to hire them because of the stigma associated with incarceration and many lack the skills needed to work in the 21st Century.

Entrepreneurship training can help individuals overcome the barriers to re-entering the workforce, and for the formerly incarcerated, it can be the difference between successfully reintegrating back into the community or returning to prison. With approximately 180,000 individuals locked up in federal prisons across the country, which costs nearly \$100 per day per inmate, it makes fiscal sense to give these folks the tools they need to build a meaningful life.

H.R. 5078 requires SBA's resource partners to provide counseling and training to individuals in prison. Federal prisoners would be eligible for in-depth classroom instruction, combined with one-on-one mentoring and priority given for inmates within 18 months of release.

SBA's resource partners, with more than 1,000 centers located across the country, are perfectly suited and very well positioned to carry out these services in federal prisons. Unlocking opportunities for the formerly incarcerated will empower and enable them to rebuild their lives, build wealth, and promote lasting economic growth.

I now recognize the Ranking Member to speak on H.R. 5078.

Mr. CHABOT. Thank you, Madam Chair.

The Bureau of Justice Statistics discovered that almost half of all U.S. prisoners were without access to vocational training programs. There is an opportunity here that leaves room for the emerging field of prison to proprietorship. Private sector programs saw 57 percent of the businesses remain open, a percentage that is higher than the average rate of business survival. Graduates of these programs also maintain a 7.5 percent 3-year recidivism rate, exponentially smaller than the national average of 50 percent.

Our bill, H.R. 5078, the "Prison and Proprietorship Act" directs the Association of Women's Business Centers and the Association of Small Business Development Centers to coordinate reentry entrepreneurship services by providing counseling and training services that focus on individuals who have been incarcerated in a federal prison. This bill will create a pathway for qualified ex-offenders to be successful, contributing members of society.

I want to thank you, Madam Chair, for your dedication and partnership on this very important piece of legislation. I am glad that we are able to work on this and it is bipartisan. I yield back.

Chairwoman VELAZQUEZ. Thank you, Mr. Chabot.

Are there any other Members who wish to be recognized for a statement on H.R. 5078?

I am seeing none.

I urge my colleagues to support this important legislation that will give federal prisoners a second chance to lead meaningful and productive lives after release.

If there is no further discussion, the Committee will move to consideration of H.R. 5078.

The clerk will report the title of the bill.

The CLERK. H.R. 5078, the "Prison to Proprietorship Act."

Chairwoman VELAZQUEZ. Without objection, H.R. 5078 is considered as read and open for amendment at any point.

Are there any Members who wish to offer an amendment?

Seeing none, the question is now on H.R. 5078.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5078 is agreed to.

The question now occurs on reporting H.R. 5078 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5078 is reported favorably to the House.

Without objection, Committee staff is authorized to correct punctuation, make other necessary technical corrections, and conforming changes.

Without objection, Members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 5065

Our second bill today is H.R. 5065, the "Prison to Proprietorship Act for the Formerly Incarcerated," introduced by Mr. Jeffries and co-sponsored by Mr. Burchett. This bill complements the Prison to Proprietorship bill by requiring the Service Corps of Retired Executives to provide mentoring, workshops, and training videos for formerly incarcerated individuals on how to launch and grow small businesses.

I would now like to recognize the gentleman from Illinois, Mr. Schneider, for an opening statement on H.R. 5065.

Mr. SCHNEIDER. Thank you, Madam Chair.

I want to thank you for holding the hearing earlier this fall that examined entrepreneurship as an opportunity for formerly incarcerated individuals. We heard compelling testimony that spoke to how we can empower the formerly incarcerated with the skills to start their own small businesses. What a powerful force that can be, both for those individuals, as well as their communities.

I want to thank my colleagues, Hakeem Jeffries and Tim Burchett for introducing the "Prison to Proprietorship for Formerly Incarcerated Act." I am proud to be a cosponsor of this bill.

This legislation, and the legislation that we just voted on, the "Prison to Proprietorship Act," will empower those leaving the fed-



eral prison system with not only the skills, but also the support to start their own small business.

I have long been a fan of the SCORE program and how it helps burgeoning small businesses expand and grow. Mentorship can play a vital role in the success of entrepreneurs and citizens returning to society after serving time, facing unique challenges when trying to start their own small business.

I know this legislation would have a positive impact in my own district. Our own Small Business Development Center based out of the College of Lake County is in the process, in conjunction with the local county jail, of offering entrepreneurship courses to a cohort of inmates.

I am proud of the initiative our SBDC, particularly its director, Mitch Bienvenue, has undertaken by designing and offering this program. I look forward to hearing about the success stories of these inmates once they are returned to their own communities. I am excited to push this bill forward because I know that SCORE would provide these individuals with the mentorship that could be instrumental for their success.

No one starts a successful small business on their own, and SCORE can be an invaluable pipeline for the help necessary to making the dream of running one's own small business a reality.

Thank you again to my colleagues, Mr. Burchett and Mr. Jeffries for their work on this important bill.

I would also like to ask unanimous consent to include Mr. Jeffries' written testimony in support of H.R. 5065 into the record.

Chairwoman VELAZQUEZ. Without objection, the statement is entered into the record.

Mr. SCHNEIDER. Thank you, and I yield back.

Chairwoman VELAZQUEZ. Thank you.

I now would like to recognize the other sponsor of the bill, Mr. Burchett, from Tennessee, for 5 minutes.

Mr. BURCHETT. Thank you, Chairlady Velázquez and Ranking Member Chabot, for helping us work on these important bills.

I do want to educate my friends across the aisle. It is Burchett, birch, like the tree, and et, like I just et breakfast. Can everybody say that together? Burchett? Burchett. Thank you. If I can get, dadgummit, if I can get Velázquez, you all can get Burchett. Okay?

I want to thank you. I love saying that name, by the way, Chairlady. That is really cool. You have been very kind to me. Thank you all.

Can we please have order? Order, please?

I mean, I really am fired up about this bill, and I want to thank you all for allowing me to—

Chairwoman VELAZQUEZ. You better hurry up. Otherwise, I am going to make it a partisan bill.

Mr. BURCHETT. I got it. I got it. Are you cutting in on my time, Chairlady? No, I got it. Do not worry.

Thank you, Mr. Schneider, for those kind words.

Of course, the goal of correctional facilities should be to rehabilitate or to remove individuals that are dangerous to us from society. Learning is vital to everyone regardless of where they are or who they are, and for our formerly incarcerated, a successful reentry into society can start with continued learning.

To me, providing folks an opportunity to learn how to work in a small business and work towards a good job is essential. Ultimately, I want to make sure individuals who are incarcerated but ready for a fresh start, a new beginning, have a real shot at success, not just some empty promises.

I thank Mr. Jeffries for his leadership on this bill, on H.R. 5065, and I appreciate the constructive approach this Committee has taken to solve serious issues such as this. Thank you, Chairlady Velázquez, and I yield the rest of my—

Chairwoman VELÁZQUEZ. By the way, it is Velázquez.

Mr. BURCHETT. Velázquez. Well, I had it right the first time but Ranking Member Chabot told me otherwise.

Chairwoman VELÁZQUEZ. Thank you. The gentleman yields back.

Are there any other Members who wish to be recognized for a statement on H.R. 5065?

The gentleman from Ohio, Mr. Chabot is now recognized.

Mr. CHABOT. Thank you very much, Madam Chair.

As our Committee heard in our hearing on this topic last month, up to 60 percent of people released from prison remain unemployed after a year, oftentimes seeking employment. Therefore, it is not surprising that about half of former inmates recidivate within 3 years of being released from prison. In other words, they have committed a crime and they are back behind bars. Small business ownership can provide steady employment, which can drastically lower the risk of recidivism with nonviolent offenders.

This bill, H.R. 5065, the “Prison to Proprietorship for Formerly Incarcerated Act” directs SCORE programming and mentorship services to the formerly incarcerated.

I want to thank the gentleman from Tennessee, Mr. Burchett, and the gentleman from New York, Mr. Jeffries, for their bipartisan work on this bill and I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back.

Are there any other Members who wish to be recognized for a statement on H.R. 5065?

Mr. Spano?

Mr. SPANO. Thank you, Chairwoman. I appreciate it. Just to echo what everybody else has said, it has always struck me as—in many respects—that we have individuals who are trying to turn the page of their lives and start over but they have got that mark against them of having that criminal history. It makes it very, very, very difficult for them assimilate back into society by finding work and moving on. The ability to give these folks the tools that they need to make their own way when that relates to starting your own small business is incredibly exciting to me. Thank you to the Chair, and thank you to the Committee for this effort. I think it is a great idea.

Chairwoman VELÁZQUEZ. Thank you.

Mr. SPANO. Thank you.

Chairwoman VELÁZQUEZ. Thank you for yielding back.

I now recognize myself briefly.

Nearly 95 percent of the people currently in prison will be released, and one of the biggest obstacles they face is unemployment. Entrepreneurship is the best option for many. While the “Prison to

Proprietorship Act” would provide the in-prison training on how to launch a business, we must ensure that the skills learned in the program are fully utilized upon release. Under this bill, SCORE would be required to provide the formerly incarcerated individuals with mentoring tailored to their unique needs. The mentorship will be invaluable to those reentering our communities, and so I want to commend Mr. Jeffries and Mr. Burchett for their collaboration.

I urge my colleagues to support the bill, which will go a long way in reducing recidivism, creating new jobs, and promoting economic growth in communities.

If there is no further discussion, the Committee will move on to consideration of H.R. 5065.

The clerk will report the title of the bill.

The CLERK. H.R. 5065, the “Prison to Proprietorship for Formerly Incarcerated Act.”

Chairwoman VELAZQUEZ. Without objection, H.R. 5065 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 5065.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5065 is agreed to.

The question now occurs on reporting H.R. 5065 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5065 is reported favorably to the House.

Without objection, Committee staff is authorized to correct punctuation, make other necessary technical corrections and conforming changes.

Without objection, Members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 5130

The next bill is H.R. 5130, the “Capturing All Small Businesses Act of 2019,” introduced by Mr. Veasey and co-sponsored by Mr. Hern, which modifies the method for calculating the employee-based size standard.

I would now like to recognize the gentleman from Oklahoma, Mr. Hern, the cosponsor of the bill, for an opening statement.

Mr. HERN. Thank you, Madam Chairwoman. I would like to thank my colleague, Representative Veasey, for his leadership on this important legislation, which will help provide small business manufacturers with greater competitive edge in the open marketplace.

This bill provides parity with another important small business bill that this Committee passed which was signed into law nearly a year ago. The previous bill extended the runway for revenue-based small businesses, allowing them to stay smaller for a longer period of time. While revenue-based and employee-based firms differ in many respects, one thing remains constant—that competing in the open marketplace when a firm is not ready to leave the small business arena can have disastrous effects on a small business’s growth trajectory.

There is a reason why so many small businesses liken this transition to jumping off a cliff. Oftentimes, small firms cannot compete against the giants in their particular industries and eventually fail, stay small, or become acquired by a large company supply chain. None of these outcomes promote growth for small businesses, and none of these options are good for competition.

Therefore, it is critical that we ensure our small manufacturers are capable of successfully and smoothly transitioning out of the small business space into the open marketplace without falling off of this cliff. That is exactly what this bill does for small manufacturers.

By extending the measurement of a small manufacturer's concern size from a rolling 12-month average to a 24-month average, we provide these small businesses with more time to build their competitive edge and infrastructure so they are better equipped to handle a more robust competition once they graduate out of the small business space.

In short, the bill is good, common sense policy aimed at encouraging small business growth and competition at the highest levels. I urge my colleagues to support H.R. 5130, and I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

I would like to recognize the gentleman from Texas, Mr. Veasey, the sponsor of the bill for an opening statement.

Mr. VEASEY. Thank you, Madam Chair, Committee Members. I am excited to be leading H.R. 5130, the "Capturing All Small Businesses Act of 2019," with Representative Hern, to protect small businesses against being prematurely forced out of the small business category due to sudden growth. This bipartisan legislation lengthens the calculation period used by SBA to determine average employee count, one of the size standards SBA uses to determine if businesses are small from 12 months to 24 months. By extending SBA's calculation period for the employee-based size standards, we promote the sound and stable growth of small businesses, support job creation, and strengthen our industrial base.

In my home state of Texas, small businesses make up about 99 percent of all business and employs 4.7 million Texans. As we have seen in this Committee, these small businesses are critical for a healthy, competitive, and innovative marketplace. However, under SBA's size standards, a small business experiencing sudden growth could face being prematurely placed out of their small business size standard. If this occurs, businesses may face challenges including no longer being able to qualify for SBA loans, contracts, and other assistance, and having to compete in the open market against much larger businesses.

H.R. 5130 would grant small businesses additional time to mature and become better equipped for success in the open marketplace. The change in this bill also provides a period between small businesses subject to employee-based size standards and those subject to receipts-based size standards which were modified last year through the "Small Business Runway Extension Act" by this Committee. By amending the existing SBA employee-based size standards, we can provide protections that ensure our nation's small businesses can succeed in our economy.

I am proud to offer this effort, and hope this Committee is able to advance this important legislation to provide much-needed relief to small businesses all across our great country.

Madam Chair, I yield back.

Chairwoman VELAZQUEZ. Thank you. The gentleman yields back.

I now recognize the Ranking Member.

Mr. CHABOT. Thank you, Madam Chairwoman.

I would also like to express my support for this legislation, which will encourage our small businesses to grow successfully and competitively into the mid-size marketplace. We have heard too many stories of small businesses successfully providing significant value to the federal government and growing at a steady pace only to hit a wall once they grow out of their small-sized threshold. We need to ensure that there is a pathway for sustained development for our nation's small businesses and small manufacturers, and this bill takes a step in the right direction.

I want to thank the gentleman from Texas, Mr. Veasey, and the gentleman from Oklahoma, Mr. Hern, for their leadership on this issue. It is nice to see a Texan and an Oklahoman working together. We do not always see that, so thank you, gentleman. I yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back. Thank you, Mr. Chabot.

I will now recognize myself briefly.

The SBA size standards represent the largest size that a business may be to remain classified as a small business concern. Size standards are important because they are used to determine eligibility for SBA's financial assistance and other federal programs, including government procurement programs designed to assist small contractors. The actual determination of what a small business is and what the small business size standards should be has also been a point of contention.

Last year, we passed the "Small Business Runway Extension Act," which modified the calculation period for the receipts-based size standard using the average of the preceding 5 years instead of the preceding 3 years. The act was in response to the concerns of small firms that outgrew their size standard and lost their eligibility for small business set-asides and SBA programs. By modifying the receipts-based formula, we granted small businesses additional time to transition into the open marketplace.

While this legislation was certainly a step in the right direction, it did not provide an equivalent change for those businesses subject to the employee-based size standard. Unfortunately, this standard was left intact even though small businesses experienced the same challenges and concerns that the "Runway Extension Act" tried to alleviate.

H.R. 5130 provides a reasonable solution to this issue, and I want to congratulate both gentlemen for their efforts.

If there is no further discussion, the Committee will move on to consideration of H.R. 5130.

The clerk will report the title of the bill.

The CLERK. H.R. 5130, "Capturing All Small Businesses Act of 2019."

Chairwoman VELÁZQUEZ. Without objection, H.R. 5130 is considered as read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 5130.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5130 is agreed to.

The question now occurs on reporting H.R. 5130 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5130 is reported favorably to the House.

Without objection, the committee staff is authorized to correct punctuation, make other necessary technical corrections and conforming changes.

Without objection, Members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

H.R. 5146

The final bill before us today is H.R. 5146, the “Unlocking Opportunities for Small Business Act of 2019,” introduced by Mr. Hagedorn, and co-sponsored by Mr. Evans, which removes the barriers to entry for small businesses across the country.

I would now like to recognize the bill’s sponsor, the gentleman from Minnesota, Mr. Hagedorn, for an opening statement.

Mr. HAGEDORN. Thank you, Chairwoman Velázquez. I appreciate that. Ranking Member Chabot. One of the wonderful things about this Committee is the bipartisan nature and the way that Members get together and try to improve small businesses and do what we can with our jurisdiction. Thank you for that.

I would also like to thank my colleague, the gentleman from Pennsylvania, Mr. Evans, for his hard work and collaboration with me on this legislation which will, as the bill says, unlock opportunities for small contractors seeking to gain access to prime contracting opportunities with the federal government.

Unfortunately, small contractors are stuck in a catch-22. In order to receive a prime contract, federal agencies require evidence showing that the contractor is capable of doing the work, but they will generally only accept past proof of experience, also known as past performance work, which is work done as a prime contractor with the government. You cannot get prime contracts if you do not have a record of past performance, but you cannot get past performance experience without winning the contracts. Winning prime contracts for many small businesses is the key to sustained growth and making the leap from subcontracting or teaming with other companies to prime contracting can be exceedingly challenging due to this dilemma.

I have a little bit of experience with this as a congressional relations officer in the Treasury Department in my past work, and I saw how some of these contracts work. Basically you would go in, they would score it and determine who would get the contracts. I recently spoke with a friend of mine, Adam Roosevelt, who does a lot of subcontracting with DHS, just recently, and he was at one of our hearings about a week ago and he said it is really tough for

them. They do the work, they are capable of it, but there is no way for the agencies even to score it. I think in the future, when we look at this, maybe we need a category in scoring that would say if you have done a lot of work as a subcontractor on these contracts that would count for something and would give them an opportunity to move past that so that is maybe something we can look at in the future.

The assessment of a contractor's capabilities based only on their experience as a prime contractor does a great disservice to many qualified and capable small contractors, as we said, that have performed vital and critical work as members of joint ventures. The work small contractors have performed in these roles may have great relevance to a contracting bid. However, they are unable to showcase their capabilities due to the agency's focus on prime contracting experiences.

I would like to submit the rest of my statement for the record, and I appreciate the consideration of the Members to vote for our bill, H.R. 5146.

With that I yield back. Thank you.

Chairwoman VELAZQUEZ. Without objection, so ordered.

I would now like to recognize the bill's cosponsor, the gentleman from Pennsylvania and Vice Chair of the Committee, Mr. Evans, for an opening statement.

Mr. EVANS. Thank you, Madam Chairwoman Velázquez and Ranking Member Chabot, for having this markup. Thank you, Congressman Hagedorn for your leadership on this bill.

In addition to the congressman's comments, I would like to emphasize that this bill is especially important to minority-owned small businesses. Minority-owned small businesses in my home city of Philadelphia are frequently working joint ventures to pool their resources to work as subcontractors to prime contractors who are usually majority white-owned. Consequently, the majority of the work Philadelphia-based small businesses are performing cannot be counted as past performance when submitting bids to federal contracts. This hurts the small businesses, especially their ability to bid and compete when contractors are prime, which also impacts the businesses' ability to grow, create jobs, and contribute economically to the community. This is especially impactful in Philadelphia where the poverty rate is nearly 25 percent. This bill will permit those small businesses to use their work in joint ventures or as subcontractors to count as past performance, which will allow the businesses to build track records that are necessary to bid as primes for federal contracts. Consequently, minority-owned small businesses will field hurdles in their goal to prosper and flourish.

I invite the Members of the Committee to support the passage of this important bill. Thank you, and I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the Ranking Member.

Mr. CHABOT. Thank you, Madam Chair. I would like to thank the gentleman from Minnesota, Mr. Hagedorn, and the gentleman from Pennsylvania, Mr. Evans, for their leadership on this legislation, which I believe will reduce significant barriers to small contractors in the federal marketplace.

As we have heard from our colleagues, obtaining relevant past performance is critical for a small business to be competitive for a contract award. Unfortunately, federal agencies take a narrow view on what they might consider as relevant past performance for a prime contract opportunity. This limits a small business's ability to compete for contracts that they would otherwise be a perfect fit for which is detrimental both to the small business and to the government. In short, the important thing for a federal agency to know is whether a business is capable of successfully completing the specific task being requested. If the small business can show that it has successfully performed that type of work in the past, it should be able to use that as evidence that it can complete the task in the future. It is that simple.

This bill will not only unlock prime contracting opportunities for small businesses but will also have the additional positive impact of eventually growing the industrial base, increasing competition, and lowering costs for the taxpayer.

I urge my colleagues to support this important legislation and yield back.

Chairwoman VELÁZQUEZ. The gentleman yields back. Thank you.

I will now recognize myself briefly.

First, I would like to commend both Mr. Hagedorn and Mr. Evans for their collaboration on this bill and working to make it easier for small businesses seeking to perform as prime contractors. Past performance is an important factor in evaluating many solicitations. Knowing how a small business performed a contract in the past is an important indicator of a small business's ability to successfully perform in the future. H.R. 5146 addresses this issue by allowing small businesses to leverage past performance experience obtained as part of joint ventures and subcontracts, which otherwise would not be an option. With this legislation, we reaffirm our commitment to offering small businesses the tools they need to thrive. Thus, I urge my colleagues to support the bill.

If there is no further discussion, the Committee—

Mr. Spano is recognized.

Mr. SPANO. Thank you, Madam Chair. Thank you, Ranking Member. My congratulations to Mr. Hagedorn and Mr. Evans. Great job.

This is a bill that I think is an important piece of legislation that down the road we will look back to and say, wow, that really transformed small business owners' ability to be able to break into government contracting. I think it could be really transformative. So I fully support it. It is important that we make sure our tax dollars do more to build up main street, and I think this bill does that. I encourage my colleagues' support. Thank you.

Chairwoman VELAZQUEZ. The gentleman yields back.

Is there any other Member who wishes to speak on this bill?

If there is no further discussion, the Committee will move on to consideration of H.R. 5146.

The clerk will report the title of the bill.

The CLERK. H.R. 5146—

Chairwoman VELAZQUEZ. Without objection, H.R. 5146 is considered as read and open for amendment at any point.



Does anyone wish to offer an amendment?

Seeing none, the question is now on H.R. 5146.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5146 is agreed to.

The question now occurs on reporting H.R. 5146 to the House.

All those in favor, say aye.

All those opposed, say no.

In the opinion of the Chair, the ayes have it.

H.R. 5146 is reported favorably to the House.

Without objection, Committee staff is authorized to correct punctuation, make other necessary technical corrections and conforming changes.

Without objection, Members shall also be entitled to 2 days to file additional supplemental, dissenting, and minority views.

I thank all the Members for their participation today. If there is no further business to come before the Committee, we are adjourned. Thank you.

[Whereupon, at 12:12 p.m., the committee was adjourned.]

## APPENDIX

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.....  
 (Original Signature of Member)

116TH CONGRESS  
 1ST SESSION

**H. R.** 5078

To amend the Small Business Act to provide re-entry entrepreneurship counseling and training services for incarcerated individuals, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Ms. VELÁZQUEZ (for herself and Mr. CILABOT) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

---

**A BILL**

To amend the Small Business Act to provide re-entry entrepreneurship counseling and training services for incarcerated individuals, 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 "Prison to Proprietor-  
 5 ship Act".

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1 **SEC. 2. RE-ENTRY ENTREPRENEURSHIP COUNSELING AND**  
2 **TRAINING FOR INCARCERATED INDIVIDUALS.**

3 The Small Business Act (15 U.S.C. 631 et seq.) is  
4 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. RE-ENTRY ENTREPRENEURSHIP COUNSELING**  
10 **AND TRAINING FOR INCARCERATED INDIVID-**  
11 **UALS.**

12 “(a) **SERVICES REQUIRED.**—The Administrator, in  
13 coordination with the Director of the Bureau of Prisons,  
14 shall require women’s business centers and small business  
15 development centers identified under the plan described in  
16 subsection (b) to provide entrepreneurship counseling and  
17 training services to covered individuals.

18 “(b) **PLAN.**—

19 “(1) **IN GENERAL.**—The Administrator, in con-  
20 sultation with an association formed to pursue mat-  
21 ters of common concern to women’s business centers  
22 and an association of small business development  
23 centers formed pursuant to section 21(a)(3)(A),  
24 shall develop a plan, which shall be updated annu-  
25 ally, to match women’s business centers and small  
26 business development centers with covered individ-

1 uals in Federal prisons who are eligible to receive  
2 services under this section.

3 “(2) MATCHING.—In determining matches  
4 under paragraph (1), the Administrator shall  
5 prioritize matching the women’s business center or  
6 small business development center in closest prox-  
7 imity to the applicable Federal prison to provide  
8 such services.

9 “(3) ASSOCIATION RESPONSIBILITIES.—If the  
10 women’s business center or small business develop-  
11 ment center identified under the plan in paragraph  
12 (1) is unable to provide such services to covered in-  
13 dividuals in such Federal prison, another women’s  
14 business center or small business development cen-  
15 ter, an association of women’s business centers, or  
16 an association of small business development centers  
17 shall provide such services in accordance with the re-  
18 quirements of this section.

19 “(c) GOALS.—The goal of the services provided under  
20 this section is to provide covered individuals with the fol-  
21 lowing:

22 “(1) Assistance and in-depth training on how to  
23 start or expand a small business concern.

24 “(2) Tools, skills, and knowledge necessary to  
25 identify a business opportunity, including how to—

1           “(A) draft a resume, business plan, and  
2           transition plan;

3           “(B) identify sources of capital; and

4           “(C) connect with local resources for small  
5           business concerns.

6           “(d) ADDITIONAL REQUIREMENTS.—The services  
7 provided under this section shall include—

8           “(1) a presentation providing exposure to the  
9           opportunities involved in self-employment and own-  
10          ership of a small business concern;

11          “(2) a self-study course manual focused on the  
12          basic skills of entrepreneurship, financial literacy,  
13          the language of business, and the considerations and  
14          life skills relevant to self-employment and ownership  
15          of a small business concern;

16          “(3) five two-day sessions of in-depth classroom  
17          instruction introducing the foundations of self-em-  
18          ployment and ownership of small business concerns,  
19          including guided discussions to explore personal en-  
20          trepreneurial development interests;

21          “(4) in-depth training delivered through one-on-  
22          one mentorship, including individual support in the  
23          development of a business plan, entrepreneurial  
24          skills, and strategies for starting up a small business  
25          concern; and

1           “(5) upon completion of the counseling and  
2           training, a presentation of a certificate.

3           “(e) PRIORITY.—The Administrator shall, to the ex-  
4           tent practicable, ensure that women’s business centers and  
5           small business development centers prioritize providing en-  
6           trepreneurship counseling and training services to covered  
7           individuals who will be released from Federal custody not  
8           later than 18 months after the date on which such a cov-  
9           ered individual begins to receive such services.

10          “(f) CONTINUATION OF SERVICES.—A covered indi-  
11          vidual receiving services under this section may continue  
12          to receive such services after release from Federal custody.

13          “(g) GRANT AUTHORITY.—In carrying out this sec-  
14          tion, the Administrator may award a grant to an associa-  
15          tion formed to pursue matters of common concern to wom-  
16          en’s business centers or small business development cen-  
17          ters to coordinate the services described under this section,  
18          including to develop curriculum, train mentors and in-  
19          structors, and establish public-private partnerships to sup-  
20          port covered individuals and identify opportunities to ac-  
21          cess capital.

22          “(h) CURRICULUM.—The Administration shall print  
23          and make available to women’s business centers, small  
24          business development centers, an association of women’s  
25          business centers, or an association of small business devel-

1 opment centers any curriculum or course materials devel-  
2 oped pursuant to this section.

3 “(i) SURVEY.—Each women’s business center or  
4 small business development center that provided services  
5 under this section shall survey covered individuals who re-  
6 ceived such services to assess the satisfaction of such cov-  
7 ered individuals with such services.

8 “(j) REPORT.—Not later than 1 year after the date  
9 of the enactment of this section and annually thereafter,  
10 the Administrator shall submit to the Committee on Small  
11 Business of the House of Representatives and the Com-  
12 mittee on Small Business and Entrepreneurship of the  
13 Senate a report on the performance and effectiveness of  
14 the services provided under this section, which may be in-  
15 cluded as part of another report submitted to such com-  
16 mittees by the Administrator, and which shall include—

17 “(1) the number of covered individuals coun-  
18 seled or trained under this section;

19 “(2) the number of hours of counseling pro-  
20 vided by each women’s business center and each  
21 small business development center under this sec-  
22 tion;

23 “(3) the number of certificates presented under  
24 subsection (d)(5);

1           “(4) the demographics of covered individuals  
2           who received services, including age, gender, race,  
3           and ethnicity;

4           “(5) the level of understanding of business con-  
5           cepts of covered individuals upon completion of the  
6           counseling and training described under this section;

7           “(6) a summary and analysis of surveys con-  
8           ducted under subsection (i); and

9           “(7) any additional information the Adminis-  
10          trator may require.

11          “(k) COVERED INDIVIDUAL DEFINED.—In this sec-  
12          tion, the term ‘covered individual’ means an individual in-  
13          carcerated in a Federal prison that the Director of the  
14          Bureau of Prisons has designated as a minimum, low, or  
15          medium security prison.

16          “(l) FUNDING.—Subject to the availability of appro-  
17          priations, the Administrator shall reimburse women’s  
18          business centers, small business development centers, an  
19          association of women’s business centers, or an association  
20          of small business development centers for the costs relat-  
21          ing to the services provided under the section.”.



.....  
 (Original Signature of Member)

116<sup>TH</sup> CONGRESS  
 1<sup>ST</sup> SESSION

## H. R. 5065

To amend the Small Business Act to provide re-entry entrepreneurship counseling and training services for formerly incarcerated individuals, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

Mr. JEFFRIES (for himself and Mr. BURCHETT) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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## A BILL

To amend the Small Business Act to provide re-entry entrepreneurship counseling and training services for formerly incarcerated individuals, 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 “Prison to Proprietor-  
 5 ship for Formerly Incarcerated Act”.

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1 **SEC. 2. RE-ENTRY ENTREPRENEURSHIP COUNSELING AND**  
2 **TRAINING FOR FORMERLY INCARCERATED**  
3 **INDIVIDUALS.**

4 The Small Business Act (15 U.S.C. 631 et seq.) is  
5 amended—

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

7 and

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

10 **“SEC. 49. RE-ENTRY ENTREPRENEURSHIP COUNSELING**  
11 **AND TRAINING FOR FORMERLY INCARCER-**  
12 **ATED INDIVIDUALS.**

13 “(a) **SERVICES REQUIRED.**—The Administrator, in  
14 coordination with the Director of the Bureau of Prisons,  
15 shall require the Service Corps of Retired Executives to  
16 provide entrepreneurship counseling and training services  
17 to individuals formerly incarcerated in a Federal prison  
18 (hereinafter referred to as ‘covered individuals’) on a na-  
19 tionwide basis.

20 “(b) **GOALS.**—The goal of the services provided under  
21 this section is to provide covered individuals with the fol-  
22 lowing:

23 “(1) Mentoring, workshops, and instructional  
24 videos designed specifically for covered individuals  
25 on how to start or expand a small business concern.

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1           “(2) Tools, skills, and knowledge necessary to  
2 identify a business opportunity, including how to—

3           “(A) draft a skills profile, business plan,  
4 and transition plan;

5           “(B) identify sources of capital; and

6           “(C) connect with local resources for small  
7 business concerns.

8           “(e) ADDITIONAL REQUIREMENTS.—The services  
9 provided under this section shall include—

10          “(1) regular individualized mentoring sessions,  
11 to take place over the course of a year, to support  
12 development of the business plans of covered individ-  
13 uals and the growth of covered individuals as entre-  
14 preneurs;

15          “(2) assistance with identifying of local re-  
16 sources for small business concerns for covered indi-  
17 viduals;

18          “(3) assistance with identifying sources of cap-  
19 ital, and when appropriate, assistance with pre-  
20 paring applications for loans and other funding op-  
21 portunities;

22          “(4) workshops on topics specifically tailored to  
23 meet the needs of covered individuals.

24          “(d) SURVEY.—The Service Corps of Retired Execu-  
25 tives shall survey covered individuals who received services

1 under this section to assess the satisfaction of such cov-  
2 ered individuals with such services.

3 “(c) REPORT.—Not later than 1 year after the date  
4 of the enactment of this section and annually thereafter,  
5 the Administrator shall submit to the Committee on Small  
6 Business of the House of Representatives and the Com-  
7 mittee on Small Business and Entrepreneurship of the  
8 Senate a report on the performance and effectiveness of  
9 the services provided under this section, which may be in-  
10 cluded as part of another report submitted to such com-  
11 mittees by the Administrator, and which shall include—

12 “(1) the number of covered individuals  
13 mentored under this section;

14 “(2) the number of hours of mentorship pro-  
15 vided by the Service Corps of Retired Executives  
16 under this section;

17 “(3) the demographics of covered individuals  
18 who received services, including age, gender, race,  
19 and ethnicity;

20 “(4) a summary and analysis of surveys con-  
21 ducted under subsection (d); and

22 “(5) any additional information the Adminis-  
23 trator may require.”.

.....  
(Original Signature of Member)

116TH CONGRESS  
1ST SESSION

## **H. R. 5130**

To amend the Small Business Act to adjust the employment size standard requirements for determining whether a manufacturing concern is a small business concern, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

Mr. VEASEY (for himself and Mr. KEVIN HERN of Oklahoma) introduced the following bill; which was referred to the Committee on

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## **A BILL**

To amend the Small Business Act to adjust the employment size standard requirements for determining whether a manufacturing concern is a small business concern, 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 "Capturing All Small  
5 Businesses Act of 2019".

1 **SEC. 2. EMPLOYMENT SIZE STANDARD REQUIREMENTS.**

2 (a) **IN GENERAL.**—Section 3(a)(2) of the Small Busi-  
3 ness Act (15 U.S.C. 632(a)(2)) is amended—

4 (1) in subparagraph (A), by inserting “and sub-  
5 ject to the requirements specified under subpara-  
6 graph (C)” after “paragraph (1)”; and

7 (2) in subparagraph (C)—

8 (A) by inserting “(including the Adminis-  
9 tration when acting pursuant to subparagraph  
10 (A))” after “no Federal department or agency”;  
11 and

12 (B) in clause (ii)(I) by striking “12  
13 months” and inserting “24 months”.

14 (b) **EFFECTIVE DATE.**—This Act and the amend-  
15 ments made by this Act shall take effect one year after  
16 the date of the enactment of this Act.

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.....  
 (Original Signature of Member)

116<sup>TH</sup> CONGRESS  
 1<sup>ST</sup> SESSION

**H. R.** 5146

To amend the Small Business Act to require contracting officers to take a small business concern's past performance as part of a joint venture into account when evaluating the small business concern, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. HAGEDORN (for himself and Mr. EVANS) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

---

**A BILL**

To amend the Small Business Act to require contracting officers to take a small business concern's past performance as part of a joint venture into account when evaluating the small business concern, 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 "Unlocking Opportuni-  
 5 ties for Small Businesses Act of 2019".

1 **SEC. 2. PAST PERFORMANCE RATINGS OF JOINT VEN-**  
2 **TURES FOR SMALL BUSINESS CONCERNS.**

3 (a) IN GENERAL.—Section 15(e) of the Small Busi-  
4 ness Act (15 U.S.C. 644(e)) is amended by adding at the  
5 end the following:

6 “(5) PAST PERFORMANCE RATINGS OF JOINT  
7 VENTURES FOR SMALL BUSINESS CONCERNS.—With  
8 respect to evaluating an offer for a prime contract  
9 made by a small business concern that previously  
10 participated in a joint venture with another business  
11 concern (whether or not such other business concern  
12 was itself a small business concern), the Adminis-  
13 trator shall establish regulations—

14 “(A) requiring contracting officers to con-  
15 sider the record of past performance of the  
16 joint venture when evaluating the past perform-  
17 ance of the small business concern; and

18 “(B) requiring the small business concern  
19 to inform the contracting officer what duties  
20 and responsibilities the small business concern  
21 carried out as part of the joint venture.”.

22 **SEC. 3. PAST PERFORMANCE RATINGS OF FIRST-TIER**  
23 **SMALL BUSINESS SUBCONTRACTORS.**

24 Section 8(d)(17) of the Small Business Act (15  
25 U.S.C. 637(d)(17)) is amended to read as follows:



1           “(17) PAST PERFORMANCE RATINGS FOR CER-  
2           TAIN SMALL BUSINESS SUBCONTRACTORS.—

3           “(A) IN GENERAL.—Upon request by a  
4           small business concern that performed as a first  
5           tier subcontractor on a covered contract (as de-  
6           fined in paragraph 13(A)) that is submitting an  
7           offer for a solicitation, the prime contractor for  
8           such covered contract shall submit to the con-  
9           tracting agency issuing the solicitation or to  
10          such small business concern a record of past  
11          performance for such small business concern  
12          with respect to such covered contract.

13          “(B) CONSIDERATION.—A contracting offi-  
14          cer shall consider the record of past perform-  
15          ance of a small business concern provided under  
16          subparagraph (A) when evaluating an offer for  
17          a prime contract made by such small business  
18          concern.”.

19 **SEC. 4. RULEMAKING.**

20          (a) SBA RULES.—Not later than the end of the 120-  
21          day period beginning on the date of enactment of this Act,  
22          the Administrator of the Small Business Administration  
23          shall issue rules to carry out this Act and the amendments  
24          made by this Act.

1 (b) FEDERAL ACQUISITION REGULATION.—Not later  
2 than the end of the 120-day period beginning on the date  
3 that rules are issued under paragraph (1), the Federal Ac-  
4 quisition Regulation shall be revised to reflect such rules.

**Congressman Hakeem Jeffries**  
**Testimony on the Committee Markup: H.R. 5065, the “Prison to Proprietorship: for Formerly Incarcerated”**

Good Morning.

First, thank you for the opportunity to testify in support of H.R. 5065, the “Prison to Proprietorship for Formerly Incarcerated Act.”

Here in America, we have a mass incarceration epidemic. Last Congress, we worked in a bipartisan fashion to pass the First Step Act, to help propel formerly-incarcerated individuals toward success when they return home.

But the First Step Act was just that, a first step. That’s why I’m appreciative of this committee marking up H.R. 5065 the, “Prison to Proprietorship for Formerly Incarcerated Act,” to address the challenges faced by formerly incarcerated individuals.

This measure is designed to make sure that formerly incarcerated individuals can use their God given skills, talent and ability to bring business and entrepreneurial activities to life in their communities. There are people all around the federal prison system right now who have the same intellect, same entrepreneurial skill and ability, the same resiliency as the most successful people on Wall Street. But the only difference is that they were denied an opportunity and that is what this legislation is designed to change. To make sure we can provide opportunities to

formerly incarcerated individuals to bring their ideas related to entrepreneurship and business to light in a manner that will benefit them, their families, their communities and the entire country.

H.R. 5065 directs the Service Corps of Retired Executives (SCORE) to provide mentoring, workshops and training videos for formerly incarcerated individuals on how to launch and grow small businesses.

Additionally, this program would provide individualized business mentoring to support the development of business plans and entrepreneurial growth for recipients of the prison to proprietorship services up to a year after release, connect individuals with small business networks and resources, identify opportunities to access capital when appropriate, develop a series of instructional videos designed specifically for incarcerated and formerly incarcerated individuals and host workshops on topics specifically tailored to meet the needs of formerly incarcerated individuals.

I would like to thank Chairwoman Velázquez and Ranking Member Chabot of the Small Business Committee for their leadership and the opportunity to testify in support of H.R. 5065, the “Prison to Proprietorship for Formerly Incarcerated Act.” I would also like to thank my colleague,

Rep. Burchett from Tennessee for co-leading this legislation.

Thank you again for your time and consideration of this important legislation and supporting the millions of formerly incarcerated Americans by providing them with important tools and resources.

I urge you to vote yes on H.R. 5065.

I yield back.