

BusinessLINC ACT OF 2000

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JULY 25, 2000.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed
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Mr. TALENT, from the Committee on Small Business,
submitted the following

R E P O R T

[To accompany H.R. 4464]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 4464) to amend the Small Business Act to authorize the Administrator of the Small Business Administration to make grants and to enter into cooperative agreements to encourage the expansion of business-to-business relationships and the provision of certain information, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “BusinessLINC Act of 2000”.

SEC. 2. AUTHORIZATION.

Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

“(m) BUSINESSLINC GRANTS AND COOPERATIVE AGREEMENTS.—

“(1) IN GENERAL.—In accordance with this subsection, the Administrator may make grants to and enter into cooperative agreements with any coalition of private entities, public entities, or any combination of private and public entities—

“(A) to expand business-to-business relationships between large and small businesses; and

“(B) to provide businesses, directly or indirectly, with online information and a database of companies that are interested in mentor-protégé programs or community-based, state-wide, or local business development programs.

“(2) MATCHING REQUIREMENT.—Subject to subparagraph (B), the Administrator may make a grant to a coalition under paragraph (1) only if the coalition provides for activities described in paragraph (1)(A) or (1)(B) an amount, either in kind or in cash, equal to the grant amount.

“(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection \$6,600,000, to remain available until expended, for each of fiscal years 2001 through 2003.”.

PURPOSE

The purpose of H.R. 4464, BusinessLINC, is to promote business growth in inner cities and economically distressed rural areas by matching large and small firms into business-to-business partnering and mentoring relationships. H.R. 4464 will accomplish this by providing seed funding to third party entities such as local Chambers of Commerce to promote such relationships. In addition to seed funding, such entities will also receive funds for technical assistance programs to small businesses to supplement the mentor-protégé relationships established as a result of BusinessLINC.

BusinessLINC will help small businesses by providing online information and a database of companies that are interested in mentor-protégé programs.

Grants may be made to a coalition/combination of private and public entities only if the coalition/combination provides an amount, either in kind or in cash, equal to the grant amount for the purposes above.

NEED FOR LEGISLATION

Despite the unprecedented economic prosperity we are experiencing in this country, there are several areas of the country that have still not achieved parity. These areas are primarily inner cities, rural areas, and Native American communities. BusinessLINC will enable business opportunities for small businesses who would otherwise have no access to outside larger markets. While these small businesses have strong potential, they are located in communities where corporate America would not necessarily look. BusinessLINC will break that barrier. When the BusinessLINC model has been applied in the past, small businesses have seen growth as much as 45 percent. With this assistance, the local community will be charting its own path to recovery. The “LINC” in BusinessLINC stands for “Learning, Information, Networking, and Collaboration.”

COMMITTEE ACTION

The Committee on Small Business held no separate hearings on H.R. 4464. However, during the Committee’s hearing on the Reauthorization of the Small Business Administration programs and the Agency’s Fiscal Year 2001 Budget Request held at 10:00 a.m. on March 1, 2000, SBA Administrator Alvarez outlined the Agency’s position on BusinessLINC. At the time of the testimony, BusinessLINC had been linked with the New Markets Initiative (NMI) and, although the SBA was appropriated \$1.5 million for BusinessLINC in FY 2000, they were unable to spend the money as NMI had not yet passed. So, essentially, the money appropriated for BusinessLINC was, at that time, not authorized.

The Administrator’s written statement included reference to SBA’s request for \$6.6 million for the BusinessLINC Program. Administrator Alvarez went on to discuss, in her written statement, the purpose of BusinessLINC which she stated “encourages large

businesses to work with small business owners as technical advisors and mentors—especially in America’s rural areas and inner cities.” Finally, the written statement of the Administrator stated that “\$1.25 million for reservation-based BusinessLINC” would be made available to “tap into the entrepreneurial drive within the Native American community.”

The Administrator stated that BusinessLINC would involve funding to “not-for-profit” or other economic development organizations, such as Chambers of Commerce, to facilitate mentoring between large and small businesses. The SBA had been working with the National Chamber of Commerce to create mentor networking that would effectively “mediate and create” mentor-protege relationships between large and small businesses, with the sole focus being on small businesses located in inner cities and rural areas.

CONSIDERATION OF H.R. 4464

At 10:20 a.m. on May 25, 2000, the Committee on Small Business met to consider H.R. 4464. Following a brief opening statement by the Chairman, the Ranking Democrat, and Mr. Davis, the author of the bill and Ranking Democrat on the Empowerment Subcommittee, H.R. 4454 was declared open for amendment.

Mr. Davis offered an amendment in the nature of a substitute to H.R. 4454 which was accepted by unanimous voice vote. Chairman Talent then moved the bill be reported, and at 10:30 a.m., by unanimous voice vote, a quorum being present, the Committee passed H.R. 4464, as amended, and ordered it reported.

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title

Designates the bill as the “BusinessLINC Act of 2000.”

Section 2. Authorization

This Section amends the Small Business Act by adding a new paragraph (m), “BusinessLINC grants and cooperative agreements.”

Paragraph (1) allows the Administrator to make grants or enter into cooperative agreements with any coalition/combination of private and/or public entities to (a) promote business-to-business relationships between large and small businesses and (b) to provide on-line information and a database of companies that are interested in mentor-protege programs.

It is the opinion of the Committee that private and/or public entities eligible for grants should be limited to Chambers of Commerce and other not-for-profit business organizations. The Committee also intends that grant money be provided to large businesses. Further, if a grant is made to a combination of entities, one entity must be designated as the lead grantee.

It is further the opinion of the Committee that promotion of business-to-business relationships between large and small businesses referenced in paragraph (a) above should include the facilitation of such relationships as mentor-protege, prime/subcontractor, and teaming.

The Committee intends that an element to be considered by the Administrator when evaluating a grant proposal, shall be the train-

ing of small businesses or “proteges.” An additional evaluation element intended by the Committee shall be measurable goals to be achieved through the business-to-business partnerships.

The Committee further intends that the online database referenced in paragraph (b) above, should make use of the SBA’s current PRO-Net database to the greatest extent practicable. The Committee is concerned that online privacy issues should also be addressed by the SBA in the implementation of the databases. Further, it is the Committee’s opinion that the databases should be vigilantly maintained by the SBA to ensure that only firms eligible to be mentors should be included in the mentor database, and only those firms eligible to serve as intermediaries should be included in the intermediary database.

Paragraph (2) specifies that the Administrator may make grants as long as the coalition/combination of public and/or private entities provides an amount, either in kind or in cash, equal to the grant amount for the purposes delineated in paragraph (1) above.

The Committee is well aware that it may be difficult for some entities to raise their entire match during the application stage. Those entities that are unable to raise the required match, but have submitted to the Administrator a reasonable plan to meet the requirement, may be granted a conditional approval from the Administrator and be allowed to draw one dollar of federal matching funds for every dollar of private funds raised. This conditional approval shall be made with the expectation that the required funding commitments will be obtained within two years of the conditional approval.

The Committee believes that it is important to give entities the flexibility to obtain the required private operational assistance funds, however, from a safety and soundness standpoint, federal funds should not be placed at greater risk than private capital. Paragraph (3) specifies the authorization for the program for fiscal years 2001 and 2003. This amount shall be \$6,600,000 for each of the three fiscal years.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 7(d) of rule XIII of the Rules of the House of Representatives the Committee includes the following cost estimate supplied by the Congressional Budget Office pursuant to section 403 of the Budget Act of 1974 in lieu of a committee cost estimate. The Congressional Budget Office estimate is included in this report pursuant to clause 2(1)(3)(C) of rule XI.

H.R. 4464—A bill to amend the Small Business Act to authorize the Administrator of the Small Business Administration to make grants and to enter into cooperative agreements to encourage the expansion of business-to-business relationships and the provision of certain information

Summary: H.R. 4464 would reauthorize the BusinessLINC (learning, information, networking, and collaboration) program, through which the Small Business Administration (SBA) makes grants and enters into cooperative agreements to expand relationships between large and small businesses. The bill would authorize the SBA to make grants to coalitions of private and public entities, provided that such entities match the grant with an equal amount

of cash or in-kind contributions. Finally, the bill would authorize the appropriation of \$6.6 million for each of fiscal years 2001, 2002, and 2003 for BusinessLINC grants.

Based on the historical spending patterns of this program and other programs administered by the SBA, CBO estimates that implementing H.R. 4464 would cost about \$19 million over the 2001–2005 period. H.R. 4464 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 4464 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state and local governments would be the result of complying with new grant conditions and would be voluntary.

Estimated Cost to the Federal Government: For the purpose of this estimate, CBO assumes that H.R. 4464 will be enacted during fiscal year 2000, and that amounts authorized in the bill will be provided each year. The estimated budgetary impact on H.R. 4464 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal year, in millions of dollars—					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
BusinessLINC Spending Under Current Law:						
Budget Authority ¹	2	0	0	0	0	0
Estimated Outlays	1	1	0	0	0	0
Proposed Changes:						
Authorization Level	0	7	7	7	0	0
Estimated Outlays	0	3	6	6	3	1
BusinessLINC Spending Under H.R. 4464:						
Authorization Level ¹	2	7	7	7	0	0
Estimated Outlays	1	4	6	6	3	1

¹The 2000 level is the amount appropriated for that year.

Pay-as-You-Go Considerations: None.

Intergovernmental and Private-Sector Impact: H.R. 4464 contains no intergovernmental mandates as defined in UMRA. The bill would authorize the Administrator of the SBA to make grants and enter into cooperative agreements with any coalition of entities, including public entities, that further certain goals of the BusinessLINC program and provide 100 percent matching funds. Participation in the program is voluntary, and thus any costs incurred by participating state and local governments would be voluntary.

Estimate Prepared by: Federal Costs, Mark Hadley; Impact on State, Local, and Tribal Governments, Shelley Finlayson; Impact on the Private Sector, Patrice Gordon.

Estimate Approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

OVERSIGHT FINDINGS

In accordance with clause 4(c)(2) of rule X of the Rules of the House of Representatives, the Committee states that no oversight findings or recommendations have been made by the Committee on Government Reform with respect to the subject matter contained in H.R. 4454. In accordance with clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect

to the subject matter contained in H.R. 4454 are incorporated into the descriptive portions of this report.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Article I, section 8, clause 18, of the Constitution of the United States.

CONGRESSIONAL ACCOUNTABILITY ACT

The Committee finds that H.R. 4454 does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (P.L. 104-1).

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

SECTION 8 OF THE SMALL BUSINESS ACT

SEC. 8. (a) * * *

* * * * *

(m) *BUSINESSLINC GRANTS AND COOPERATIVE AGREEMENTS.*—

(1) *IN GENERAL.*—*In accordance with this subsection, the Administrator may make grants to and enter into cooperative agreements with any coalition of private entities, public entities, or any combination of private and public entities—*

(A) *to expand business-to-business relationships between large and small businesses; and*

(B) *to provide businesses, directly or indirectly, with on-line information and a database of companies that are interested in mentor-protege programs or community-based, state-wide, or local business development programs.*

(2) *MATCHING REQUIREMENT.*—*Subject to subparagraph (B), the Administrator may make a grant to a coalition under paragraph (1) only if the coalition provides for activities described in paragraph (1)(A) or (1)(B) an amount, either in kind or in cash, equal to the grant amount.*

(3) *AUTHORIZATION OF APPROPRIATIONS.*—*There is authorized to be appropriated to carry out this subsection \$6,600,000, to remain available until expended, for each of fiscal years 2001 through 2003.*