112TH CONGRESS
1st Session

SENATE

REPORT
112–6

SUMMARY OF LEGISLATIVE AND OVERSIGHT ACTIVITIES DURING THE 111TH CONGRESS

R E P O R T

OF THE

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP UNITED STATES SENATE

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COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

ONE HUNDRED TWELFTH CONGRESS

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Ms. LANDRIEU, from the Committee on Small Business and Entrepreneurship, submitted the following

R E P O R T

together with

MINORITY VIEWS

I. OVERVIEW

Following the election of the nation's first African-American President, on December 15, 2008, Senate Majority Leader Harry Reid announced the leadership of U.S. Senate Committees for the 111th Congress. Senator John F. Kerry, who had led the Committee on Small Business and Entrepreneurship either as Chair or Ranking Member since the 107th Congress, became Chair of the Senate Foreign Relations Committee, replacing Vice President Joseph P. Biden. Subsequently, Senator Mary L. Landrieu was appointed Chair of the Committee and officially assumed control of the Committee on January 21, 2009. Alongside Ranking Member Olympia J. Snowe, the two Senators became the first pair of women in the country's history to lead a full Congressional Committee in either the House or the Senate.

As the 111th Congress convened in January of 2009, the country was struggling in the midst of the worst economic crisis since the Great Depression. Following the collapse of the U.S. housing market, near-collapse of the financial markets, rising costs of health care, an ever-increasing national deficit, a simultaneous decrease in consumer confidence, and growing unemployment rates, small businesses were undoubtedly facing difficult times ahead. Meanwhile, the Small Business Administration (SBA), the primary agency responsible for aiding and assisting small businesses, was operating under limited capacity and lacking substantial ability to render assistance as a direct result of suffering more budget cuts

than any other agency during the last eight years of the previous administration.

Given the economic and budgetary difficulties facing the nation, the Committee faced the enormous challenge of increasing SBA's capacity to assist small business without substantially adding to the national debt. The Committee fought hard to increase the capacity of SBA's core programs, such as the 7(a), 504 and microloan programs, to make much-needed improvements to small business contracting programs, and to provide additional resources to SBA's entrepreneurial development programs. In the meantime, the Committee continued making contributions to top legislative priorities of the 111th Congress aimed at addressing these issues, including health care reform and financial regulatory reform. Beginning with the American Recovery and Reinvestment Act and ending with one of the most substantial pieces of small business legislation in the Committee's history, the Small Business Jobs Act of 2010, the Committee played and continues to play, a primary role in ensuring the future economic success of American small businesses.

During the 111th Congress, the Committee conducted an extensive oversight and legislative program. The Committee met on 40 occasions, which included 33 hearings including, six field hearings, six nomination or confirmation hearings, as well as 11 roundtables, and five legislative markups. A total of 57 bills or resolutions and four nominations were referred to the Committee for consideration. Additionally, action was completed on numerous legislative, oversight and other related Committee matters. A total of six bills and resolutions were reported by the Committee, as well as several additional items included in legislation that was ultimately signed into law.

This report of activities of the Committee on Small Business and Entrepreneurship during the 111th Congress is submitted in accordance to the requirements of Rule XXVI of the Standing Rules of the Senate, which stipulate that all standing committees report to the Senate, not later than March 31st of each odd-numbered year, on its legislative activities during the preceding Congress. This report summarizes the legislative and oversight activities of the Committee on critical issues of concern to small businesses.

II. Job Creation and Economic Recovery

According to the Small Business Administration's (SBA) Office of Advocacy, in 2009, there were 27.5 million small businesses in the United States. Small businesses employ approximately half of the nation's workforce, employing 59.9 million people, and according to the Office of Advocacy, small firms accounted for 65 percent of the 15 million net new jobs created between 1993 and 2009. Historically, small businesses have typically led job formation during economic recoveries. However, it is estimated that since the current economic downturn began in late 2007, 80 percent of the country's job losses have come from small businesses.

As a result of tightening credit markets, there was significant concern heading into the 111th Congress that small businesses would not have sufficient access to capital to enable them to take on their previous job-creation role. Because of this, enabling small businesses to lead the country out of the current recession became a top priority during the 111th Congress.

A. AMERICAN RECOVERY AND REINVESTMENT ACT (P.L. 111–5)

As the economic crisis that began in late 2007 continued, Congress, President Obama and congressional leaders made action on an economic recovery bill a top priority at the beginning of the 111th Congress. This action took form in H.R. 1, the American Recovery and Reinvestment Act of 2009 ("Recovery Act"), which is seen by many as one of the most significant legislative responses made thus far to the current economic turmoil. The bill was introduced in the House on January 26, 2009, and consideration of the bill began on January 27th, with House passage occurring on January 28th. Senate consideration of the bill began on February 2, 2009 and concluded with the bill's final passage on February 10th. On February 17, 2009, President Barack Obama signed the Recovery Act into law as P.L. 111–5.

Generally, the Recovery Act provided almost $800 billion through extensive spending, for existing, and some new, programs across the 15 Cabinet-level departments and 11 independent agencies, with some of the funds directed towards states, localities and other entities. In addition to new spending and tax provisions, the Recovery Act included new policies regarding unemployment compensation, health insurance, health information technology, broadband communications, energy, and requirements for oversight, accountability and transparency. The Recovery Act also provided critical funding for initiatives at the SBA to help small businesses access needed credit, counseling and contracting opportunities.

Small Business Provisions in the Recovery Act

The Recovery Act provided a total of $730 million to the SBA. Specifically, the Act provided $375 million towards fee reductions and increased loan guarantees for the SBA's 7(a) and 504 loan programs, and $255 million to guarantee loans of $35,000 or less through a new small business stabilization program known as the America's Recovery Capital (ARC) loan program.

The bill included $30 million for SBA microloans and microloan technical assistance, $15 million for the SBA's surety bond program, and an increase in the size of the maximum bond. Additionally, the bill provided $20 million for improving, streamlining, and automating information technology systems related to lender processes and lender oversight, $10 million for the Office of Inspector and $25 million for staffing to meet demands for the new Recovery Act programs.

For the SBA's 7(a) loan program, which guarantees loans made by private-sector lenders to small businesses, the Recovery Act originally raised temporarily for one year, through February 17, 2010, the guarantee for participating lenders to 90 percent, up from the program's authorized guarantee of between 75 to 85 percent. The objective was to jumpstart lending to small businesses, and one way to do that was to decrease the risk to lenders. The higher guarantee also helped banks address concerns about a lack of liquidity and mounting pressure from regulators to reduce exposure. Additionally, under the Recovery Act, the SBA was authorized to temporarily eliminate or reduce as much as possible the fees for participants of the 7(a) program and to completely eliminate the fees for borrowers and the first-lien lenders in the 504 loan pro-

gram through September 30, 2010. For the fees on the 7(a) loan program, the authority to reduce or eliminate fees was intended for borrowers and lenders, with priority going first to borrowers, then smallest lenders and then all other lenders. However, upon implementation, the fee for 7(a) lenders was not reduced or eliminated and the fees for borrowers were completely eliminated.

Another aspect to jumpstarting lending to small businesses was to address cost; many small businesses, like the lenders, were risk-averse given the uncertainty of the economy and were hoarding cash. Eliminating the fees for the borrowers provided an incentive to go ahead with a loan because they could save thousands of dollars and maintain a better cash flow. Eliminating the fee for the first lien-lender in the 504 package provided incentive for banks to make loans because it helped address some of their cost issues.

SBA's 504 loan program guarantees loans to small businesses for real estate, machinery, or equipment through a combination of Certified Development Companies (CDCs), private lenders (first-lien lenders) and equity from the borrowers. To help small businesses survive the recession and beyond by reducing their costs, the Recovery Act gave the SBA permanent authority to refinance existing business loans as part of a new CDC/504 loan for businesses looking to expand and current on payments. Prior law prohibited the use of CDC/504 loans to refinance existing debt, but the need was clear to make the change in order to reduce costs for businesses by refinancing that debt through 504 loans with low interest rates fixed for up to 20 years. The Act also amended the 504 loan program to update its job creation requirements from one job to each $50,000 loaned to one job to each $65,000.

To help address the frozen secondary markets for SBA loans, the Recovery Act created two new programs. One program authorized the SBA for two years to guarantee the non-guaranteed loan portion of CDC/504 loan pools that are sold to third-party investors. The other program authorized the SBA to make loans for two years to broker-deals who were considered systemically important to the operation of the secondary market for SBA loans. The secondary market loans to the vital broker-dealers could be used for financing the inventory of the government-guaranteed portion of the SBA loans in order to address the lack of equity broker-dealers had to buy the pools.

To help increase access to venture capital, the Recovery Act updated the Small Business Investment Company (SBIC) debenture program by increasing the maximum of leverage allowed per SBIC, or multiple SBICs under common control. In both cases, the amounts allowed were more generous for SBICs investing 50 percent or more of their funds in businesses in low-income areas in order to encourage investments where it is hard to attract capital. This served to enhance small business access to venture capital by stimulating and supplementing the flow of private equity capital and long term loan funds which small business concerns need for the sound financing of their business operations and for their growth, expansion, and modernization, and which were not available in adequate supply.

For non-lending programs, the Recovery Act included additional resources to expand the SBA's surety bond guarantees and small business contracting opportunities. Surety bonds provide insurance

that contract work will be performed for the issuers of the contracts. Payment and performance bonds are required for general contractors on all Federal government construction projects of more than $100,000. The Recovery Act gave the SBA the opportunity to temporarily increase the contract ceiling in place for its Guaranteed Surety Bond program to help small businesses compete for contracts up to $5 million and, in some cases, contracts of $10 million.

In addition to SBA lending provisions, the Recovery Act included several important tax provisions to benefit small businesses as well. Normally, when a company converts from a C corporation to an S corporation, it must retain its assets for at least 10 years or pay a 35 percent tax on the built-in gains that occurred before the company made the conversion. The Recovery Act reduced the holding period to seven years for assets sold in 2009 and 2010. Additionally, the bill allowed small businesses to write off up to $250,000 of qualified investment for 2009, providing an immediate tax incentive to invest and create jobs.

Extensions of the Small Business Provisions of the Recovery Act

The Recovery Act's 90-percent guarantee for lenders and the fee waiver for borrowers of 7(a) loans, as well as the fee waivers for borrowers and first-lien lenders of 504 loans, proved so effective at jumpstarting lending to small businesses that they were extended six (6) times. By the end of 2010, the authority and funding had leveraged more than $42 billion to about 90,000 businesses.

The Department of Defense Appropriations Act, 2010 (P.L. 111–118), enacted on December 19, 2009, appropriated an additional $125 million to extend the higher guarantee and fee waivers through February 28, 2010. The Temporary Extension Act of 2010 (P.L. 111–144), enacted on March 2, 2010, extended the provisions through March 28, 2010, and provided $60 million for the initiatives. P.L. 111–150, an Act to Extend the Small Business Loan Guarantee Program, enacted on March 26, 2010, extended the modifications through April 30, 2010, and provided authority to use $40 million of existing SBA loan funds to carry them out. Under the Continuing Extension Act of 2010 (P.L. 111–157), enacted on April 15, 2010, the provisions were provided $80 million and extended through May 31, 2010. The Small Business Jobs Act (P.L. 111–240), enacted on September 27, 2010, extended the guarantee modification and fee reductions through the end of 2010 and provided $505 million towards the extension of these programs, with an additional $5 million provided towards administrative fees. The Continuing Appropriations and Surface Transportation Extensions Act of 2011 (P.L. 111–322), enacted December 22, 2010, extended the provisions and authority to use unspent money from December 31, 2010, through March 4, 2011, or until the exhaustion of funds.

Oversight Hearings

On May 13, 2009, the Committee held a Hearing titled "Small Business Financing: Progress Report on Recovery Act Implementation and Alternative Sources of Financing." The purpose of the hearing was to provide focus on the Administration's progress in implementing the small business provisions of the Recovery Act, as well as the role and importance of alternative sources of small busi-

ness financing during the credit crisis. Participants included the SBA Administrator, as well as representatives of organizations that provide small businesses with alternative sources of capital—credit card companies, microlenders, and credit unions.

On October 1, 2009, the Committee held a Roundtable titled "Reauthorization of SBA Finance Programs and the Impact of the Small Business Provisions in the Recovery Act." The purpose of the hearing was to provide a record for a reauthorization of the finance programs administered by the Small Business Administration and provide for oversight of the small business provisions in the Recovery Act. Participants included representatives from the Small Business Administration, the National Association of Government Guaranteed Lenders, and Community Development Centers.

Additional Oversight

On June 25, 2009, Chair Landrieu and Ranking Member Snowe sent a letter to SBA Administrator Karen Mills requesting that the SBA do more to utilize the SBIC program. In the letter, Chair Landrieu and Ranking Member Snowe cited the importance of SBICs in helping small businesses obtain financing and expressed concern about the fact that only $650.3 million of SBIC debentures were utilized, out of an available $3 billion in program level for fiscal year 2008. Additionally, Chair Landrieu and Ranking Member Snowe urged Administrator Mills to fully implement the SBIC provisions enacted as part of the Recovery Act. On July 30, 2009, Administrator Mills issued an official response letter, expressing her shared concern about the under-utilization of the SBIC program. Additionally, Administrator Mills pointed to the recently published guidance for implementation of the SBIC provisions within the Recovery Act and assured Chair Landrieu and Ranking Member Snowe that the SBA intended to fully implement those provisions.

On May 24, 2010, Chair Landrieu and Ranking Member Snowe sent a letter to SBA Administrator Karen Mills requesting that the SBA provide additional information regarding the SBA's Microloan Program, specifically funding that was provided through the Recovery Act. In the letter, Chair Landrieu and Ranking Member Snowe expressed concern that the $24 million in funding provided by the Recovery Act for Microloan marketing, management, and technical assistance grants had to be used by September 30, 2010. The letter also addressed Chair Landrieu's and Ranking Member Snowe's concern that President Obama's Fiscal Year (FY) 2011 budget reduced funding for the SBA Microloan program from its FY 2010 appropriated level of $25 million to $13.8 million, while at the same time, the SBA planned to bring 30 new lending intermediaries into the program. On June 3, 2009, Administrator Mills issued an official response letter, expressing her belief that the SBA was on track to obligate all Microloan marketing, management, and technical assistance Recovery Act funds before the end of the fiscal year and that those funds would be accessed through September 30, 2012.

B. SMALL BUSINESS JOBS ACT

On September 27, 2010, President Obama signed into law a comprehensive and important piece of small business legislation, the Small Business Jobs Act (P.L. 111–240) (SBJA). The bill contained

provisions impacting a number of departments and agencies, all aimed at helping small businesses obtain the necessary capital and other resources they need to grow and expand, as well as providing billions in tax relief. Many of the provisions had been included in legislation previously introduced by Chair Landrieu, Ranking Member Snowe, and other members of the Committee throughout the course of the 111th Congress.

Access to Capital Provisions

The Small Business Jobs Act included numerous provisions aimed at expanding SBA's capacity to assist small businesses with access to capital and credit. Specifically, the bill increased 7(a) loan limits, from $2 million to $5 million; 504 loan limits, from $1.5 million to $5.5 million; and microloan limits, from $35,000 to $50,000. It also increased the 7(a) Express Loan limits, from $300,000 to $1 million, to increase working capital to small businesses. Additionally, the bill included an Intermediary Lending Pilot program, which allows the SBA to make direct loans to eligible intermediaries, in turn allowing them to make loans to new or growing small businesses. The bill also extended the increase in 7(a) loan guarantees and elimination of borrower fees that were originally included in the Recovery Act. Many of these provisions were included in the Small Business Jobs Creation and Access to Capital Act (S. 2869), introduced by Chair Landrieu and Ranking Member Snowe earlier in the Congress.

While many of the access to capital provisions were focused on the SBA's lending programs, there were several provisions that also focused on efforts through the Department of the Treasury. Specifically, the bill created a State Small Business Credit Initiative (SSBCI), which provided $1.5 billion in grants to states to support small business lending programs. Additionally, the bill created a $30 billion fund to encourage small business lending by banks with less than $10 billion in assets. The Small Business Lending Fund (SBLF) allows the Department of the Treasury to purchase preferred stock from eligible financial institutions.

The SBLF was designed to provide additional incentives to lenders to increase their lending to small businesses. Likewise, the SSBCI helps to support successful state programs that help to reduce the cost of borrowing for small businesses, which makes it easier for small businesses to obtain the credit they need to expand their businesses and create more jobs. Though not included in the original bill, these two programs were included in an amendment offered by Chair Landrieu and agreed upon, by vote, on the Senate floor.

Small Business Tax Provisions

Recognizing the role that tax incentives play in promoting entrepreneurship, the SBJA increased, for 2010, the existing deduction for start-up expenditures to $5,000 to $10,000, and raised the cap on start-up expenditures that triggers the existing phase-out of the deduction from $50,000 to $60,000. The SBJA also temporarily increased the first-year write-off for qualifying business equipment, under Section 179 of the tax code, from $250,000 to $500,000 and raised the cap on eligible expenditures that triggers a phase-out of the incentive from $800,000 to $2 million. Additionally, the bill ex-

panded the scope of Section 179 to include improvements to some real property—specifically, qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property.

The SBJA also temporarily increased, from 75 percent to 100 percent, the capital gains exclusion for stock issued by small business corporations with less than $50 million of gross assets from September 27, 2010 through December 31, 2010. Qualified small business stock must be held for five years and the gain is 10 times the original investment or $10 million, whichever is greater. Moreover, the Act provided the exclusion would not be subject to the alternative minimum tax.

To help make healthcare more affordable for the self-employed, for the first time, the bill allowed self-employed business owners to deduct their family's health insurance expenses for purposes of the Self-Employment Contributions Act (i.e., payroll tax purposes) for the 2010 taxable year. Many self-employed individuals must purchase health insurance in the individual market, at a much higher cost than the cost of the same coverage in the small- or large-group market, and those who cannot afford to purchase their own insurance must simply go without. Earlier in the Congress, Chair Landrieu filed an amendment to the Patient Protection and Affordable Care Act (H.R. 3590) that contained an expanded version of this provision.

Other tax provisions of the SBJA expanded and extended certain small business tax provisions originally included in the Recovery Act including shortening the S-Corp holding period from seven years to five years, if the 5th taxable year in the holding period precedes the taxable year beginning in 2011, and extending, through 2010, the generous 50-percent first-year bonus depreciation for certain depreciable property. Also, the bill extended the 1-year carryback for general business credits to 5 years for certain small businesses including those sole proprietorships, partnerships and non-publicly traded corporations with $50 million or less in average annual gross receipts for the prior three years, and provided that for these small businesses, general business credits may be used against an alternative minimum tax liability.

Finally, the SBJA made critical fixes to the Internal Revenue Code to limit the penalties small businesses face when they fail to disclose reportable transactions to the IRS and "delist" cell phones so that employers can deduct or depreciate the cost of cell phones and blackberries provided to employees without having to comply with burdensome recordkeeping requirements.

Small Business Trade and Exporting Provisions

Recognizing that less than one percent of small businesses currently export, and the potential for economic growth in small business trade and exporting, the Small Business Jobs Act contained a number of provisions to expand trade and export opportunities for small businesses. Specifically, the bill elevated and enlarges the SBA's Office of International Trade, which was greatly diminished during the previous administration, and added export finance specialists to the agency's small business counseling programs across the country. The bill permanently increased the maximum size of international trade finance loans to $4.5 million, and the guarantee

to 90 percent, as well as broadened opportunities for financing under export loan programs. The bill also established a grant program to states to promote small-business exports and authorized $5 million to finance United States trade representative activities to open markets and enforce trade agreements. Additionally, it increased funding for the Department of Commerce's export activities, with an emphasis on small- and medium-sized businesses—including a provision that added the potential for exports to the list of considerations for manufacturing and technology grants.

Other SBA Provisions

The bill included several provisions focused on making it easier for small businesses to win federal contracts and leveling the playing field with larger businesses in competing for government contracts. Specifically, the bill restricted the government's ability to bundle contracts and created a pilot program to help small businesses band together to bid jointly on contracts. To help prevent larger businesses from obtaining contracts designated for small businesses, the bill requires contractors to certify that they are small annually rather than every five years as presently required. Additionally, the bill required the SBA to review the size standards that determine whether a business is small, for federal contracting purposes, at least every five years, potentially increasing the pool of small businesses eligible to compete for government contracts. The bill also removed the priority that one contracting program has over another, making it clear that no single restricted competition program has priority over another.

To help expand the SBA's capacity to help small businesses take advantage of the initiatives contained in the bill, it included additional funding for Small Business Development Centers (SBDCs), which provide free counseling and technical assistance services to small business owners and entrepreneurs nationwide. The bill also provided necessary relief to SBA resource partners having difficulty obtaining the share of non-federal matching funds required in order to receive federal funds. Specifically, the bill provided the SBA Administrator authority to temporarily waive or reduce the match requirements for eligible Women's Business Centers and Microloan intermediaries in certain circumstances.

Other provisions of the bill included allowing the SBA to make Economic Injury Disaster Loans (EIDL) to aquaculture businesses, which were previously excluded by the agency from obtaining these loans. Additionally, the bill strengthened the Regulatory Flexibility Act by requiring agencies to respond to the SBA Chief Counsel of Advocacy's comments received upon issuance of a final rule by another Department or Agency.

Hearings

On January 29, 2009, the Committee held a Roundtable titled "Investing in Small Business: Jumpstarting Engines of Our Economy." The purpose of the roundtable was to take a broad look at small businesses in the economy, including ways the federal government can act as a supportive and effective partner in the growth and success of small businesses, helping them keep and create new jobs. Participants included representatives from the small-business community, including small business owners and rep-

resentatives from relevant small business organizations and trade associations.

On August 12, 2009, the Committee held a Field Hearing in Portsmouth, New Hampshire, titled "Small Business Survival, Weathering the Economy, Creating Jobs, and What the SBA Can Do To Assist." The purpose of the field hearing was to take a look at how small businesses were weathering the economy, and what the Small Business Administration could do to assist. Participants included the SBA Administrator, as well as leaders in small business lending, small manufacturing, tourism, start-up companies, and exporting.

Oversight

On September 30, 2010, Senator Mark Warner and Chair Landrieu, along with Senators George LeMieux, Claire McCaskill, Evan Bayh, Blanche Lincoln, Michael Bennet, Debbie Stabenow, Kay Hagan, and Mark Begich, sent a letter to Federal Reserve Chairman Ben Bernanke, Federal Deposit Insurance Corporation Chairman Sheila Bair, Acting Comptroller of the Currency John Walsh, and National Credit Union Administration Chairman Deborah Matz advocating for a balanced approach to supporting small business lending as those agencies continued to provide necessary oversight of financial institutions. In the letter, the Senators cited concerns that excessive tightening and regulation of financial institutions could unduly curtail small business credit in the economic crisis and could impede or prevent recovery. The letter also referred to the importance of the newly passed Small Business Jobs Act, and asked that the examination staff in the appropriate agencies give ample consideration and help facilitate full utilization of the lending programs provided in the Act. Furthermore, the letter asked the agencies to continue to provide guidance to supervisory staff with regard to loan portfolios and, in particular, small business loans and loan workouts.

On October 25, 2010, Acting Comptroller of the Currency Walsh issued an official response letter recognizing the vital role that small and medium-sized businesses play in the nation's economy and the need for those businesses to have access to credit. Acting Comptroller Walsh cited that the OCC and other federal banking regulators reiterated their expectations to bankers to make prudent loans to creditworthy borrowers. Additionally, Acting Comptroller Walsh cited the agencies' October 2009 policy statement which directs that financial institutions that implement prudent loan workout arrangements after performing a comprehensive review of a borrower's financial condition would not be subject to examiner criticism for engaging in those efforts, even if the restructured loans have weaknesses that result in adverse credit classification. Likewise, Acting Comptroller Walsh cited the agencies' February 2010 policy statement on meeting the needs of small business borrowers reinforced the need for examiners to take a balanced approach in assessing a bank's risk management and small business lending practices.

III. Small Business Health Care Reform

One of the single biggest, most pressing issues facing the country heading into the 111th Congress was the rising costs of health

care. According to the Kaiser Family Foundation, expenditures in the United States on health care surpassed $2.3 trillion in 2008, more than three times the $714 billion spent in 1990, and over eight times the $253 billion spent in 1980. Additionally, in 2009, health care spending represented 17.3 percent of the nation's Gross Domestic Product (GDP), an increase of 1.1 percent from 2008, representing the biggest yearly expansion of health care's share of the economy since 1960, when the federal government began tracking costs. Without reform, some economists estimated that health care spending would nearly double by 2019.

For small businesses, these costs are a tremendous obstacle to growth, as many small business owners simply cannot afford to provide coverage to their employees, and those that are able to provide coverage struggle under rising premium costs. According to the Kaiser Family Foundation, over the past decade, the percentage of smaller firms offering coverage fell from 65 percent to 59 percent, and the average annual family premiums for workers at small firms increased by 123 percent. Contributing to these costs are a lack of choice and a lack of competition in the health insurance market. According to the Government Accountability Office (GAO), private insurance companies are continuing to consolidate in the small group market, with the five largest insurers controlling a majority of the marketplace. Additionally, by some estimates, without reform, small businesses would go from spending $156 billion to $2.4 trillion over the next 10 years, and 178,000 small business jobs would be lost due to the high cost of health care.

For these reasons, stemming the projected and ongoing accelerated rise of health care costs became a major policy priority in the 111th Congress, as the government, employers, and consumers increasingly struggled to keep coverage. On December 24, 2009, the Senate passed the Patient Protection and Affordable Care Act (H.R. 3590), the most expansive social legislation to be passed by the Senate in decades. The historic health care reform law, now referred to as the Affordable Care Act (ACA), was the result of months of intense congressional discussion, committee and floor action, and debate. The bill was signed by President Barack H. Obama on March 23, 2010, and enrolled as Public Law 111–148.

A. HEARINGS

Roundtable: "Healthcare Reform: The Concerns and Priorities From the Perspective of Small Businesses"

On July 9, 2009, the Committee held a Roundtable titled "Healthcare Reform: The Concerns and Priorities from the Perspective of Small Businesses." The purpose of the roundtable was to discuss obstacles in accessing and providing affordable healthcare coverage and potential solutions in healthcare reform as it relates to small businesses. The roundtable served as an opportunity to hear from participants about their ideas of what successful healthcare reform legislation should include. Participants included various representatives of small business groups, small business owners and experts in healthcare policy, including Small Business Majority, the National Association for the Self-Employed (NASE), the National Federation of Independent Business (NFIB), the U.S. Hispanic Chamber of Commerce, the National Small Business As-

sociation (NSBA), the New America Foundation, the National Association of Realtors, Women Impacting Public Policy (WIPP), as well as U.S. Senator Ron Wyden.

During the roundtable, Mr. John Arensmeyer, Founder and CEO of Small Business Majority, discussed the impact of reform in reducing costs of healthcare for small businesses, citing statistics from the organization's recent report stating that, without reform, 178,000 small business jobs would be lost by 2018 as result of healthcare costs. Additionally, Mr. Arensmeyer stated that over the next ten years, without reform, $834 billion in small business wages would be lost due to high healthcare costs. Other participants endorsed the use of small business exchanges to purchase health care coverage as a way of lowering healthcare costs for small businesses. Many participants expressed concern of the inclusion of an employer mandate to provide coverage in healthcare reform legislation. Many of the recommendations made by the roundtable participants were included in provisions of the final legislation signed into law, and based on previous legislation introduced by Ranking Member Snowe in earlier Congresses.

Hearing: "Reform Done Right: Sensible Healthcare Solutions for America's Small Businesses"

On October 20, 2009, the Committee held a hearing titled "Reform Done Right: Sensible Healthcare Solutions for America's Small Businesses." The purpose of the hearing was to gain a better understanding of the needs and concerns of small businesses in health care reform debate and to examine whether proposals under consideration met those needs. Witnesses on the first panel of the hearing included SBA Administrator Karen Mills and Mr. Gene Sperling, then Counselor to the Secretary at the U.S. Department of the Treasury, and witnesses in the second panel included representatives from Small Business Majority, NSBA, the NFIB, The Heritage Foundation and WIPP.

Witnesses in both panels testified as to the need for Congress to address the spiraling costs of healthcare for small businesses, and for Congress to keep small business interests in mind when crafting healthcare reform legislation. In the first panel, Mr. Sperling provided important testimony outlining the ways in which the various healthcare reform bills before Congress addressed the obstacles facing small businesses in providing coverage. In the second panel, testimony provided by Mr. John Arensmeyer, Founder and CEO of Small Business Majority, supported Mr. Sperling's assertions as to the ways in which the healthcare reform bills before Congress addressed small business healthcare affordability issues. Additionally, in the second panel, Mr. Keith A. Ashmus, Chairman and Board Member of the NSBA, Ms. Amanda Austin, Director of Federal Public Policy–Senate at the NFIB, and Ms. Ann Sullivan, with WIPP, also gave additional recommendations as to ways Congress could improve the healthcare reform legislation before it, including allowing the self-employed to deduct the cost of their healthcare premiums as a business expense for payroll tax purposes.

B. LEGISLATION

As the Senate debated the ACA, Chair Landrieu, along with other members of the Senate, offered critical improvements on behalf of small businesses to the bills Congress considered. The Committee, on behalf of Chair Landrieu, organized these improvements as a "Small Business Package" and provided these suggestions to Senate leadership and Senators responsible for managing the Affordable Care Act through the legislative process.

S. AMDT #3005 to the ACA (H.R. 3590)

On December 8, 2009, Chair Landrieu filed an amendment to clarify that all of SBA resource partners, including Small Business Development Centers, Women's Business Centers, Veterans' Business Centers, SCORE and others, would be eligible to participate as Navigators, and receive Awareness grants, through the Exchanges. The bi-partisan amendment was co-sponsored by Ranking Member Snowe and Small Business Committee members Jeanne Shaheen and Evan Bayh. The amendment was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

S. AMDT #3006 to the ACA (H.R. 3590)

On December 8, 2009, Chair Landrieu filed an amendment to expand small business representation on the national workforce commission, tasked by the ACA with gathering information on the health care workforce to better coordinate and implement workforce planning and analysis, and to ensure small healthcare businesses will have an adequate voice on the commission. The bi-partisan amendment was co-sponsored by Ranking Member Snowe and Small Business Committee members Jeanne Shaheen and Evan Bayh. The amendment was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

S. AMDT #3007 to the ACA (H.R. 3590)

On December 8, 2009, Chair Landrieu filed an amendment requiring the GAO to specifically review the impact of exchanges on the affordability and access of healthcare for small businesses. The bi-partisan amendment was co-sponsored by Ranking Member Snowe and Small Business Committee members Jeanne Shaheen and Evan Bayh. The amendment was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

S. AMDT #3008 to the ACA (H.R. 3590)

On December 8, 2009, Chair Landrieu filed an amendment clearly stating that agencies cannot waive the Federal Acquisition Regulation, which requires them to report small business contracting awards and meet small business contracting goals of 23 percent, in implementing the ACA. The bi-partisan amendment was co-sponsored by Ranking Member Snowe and Small Business Committee

member Jeanne Shaheen. The amendment was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

S. AMDT #3010 to the ACA (H.R. 3590)

The ACA, as it was introduced in the Senate, established an internet portal for individuals to easily access information regarding affordable healthcare coverage options. On December 8, 2009, Chair Landrieu filed an amendment to expand the information provided through the portal to include information for small businesses on available healthcare options, including information regarding re-insurance for early retirees, small business tax credits, and other information specifically for small businesses regarding affordable healthcare options. The bi-partisan amendment was co-sponsored by Ranking Member Snowe, Assistant Majority Leader Richard Durbin, Small Business Committee members Jeanne Shaheen and Evan Bayh, and Senator Blanche Lincoln. The amendment was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

S. AMDT #3011 to the ACA (H.R. 3590)

Originally, the ACA, as introduced in the Senate, imposed a fee on businesses with more than 50 employees for waiting longer than 30 days before offering coverage to its employees into the business's healthcare plans. For waiting periods longer than 30 days, but less than 60 days, the bill imposed a fee of $400 per employee in the waiting period; and for waiting periods in excess of 60 days, but less than 90 days, the bill imposed a penalty of $600 per employee. On December 8, 2009, Chair Landrieu filed an amendment to eliminate any fee for waiting periods of less than 90 days, which would relieve some of the administrative burden and costs, particularly for businesses with high employee turnover, associated with enrolling employees into plans before there is sufficient time to determine whether the employee will stay employed with the business.

The bi-partisan amendment was co-sponsored by Ranking Member Snowe, Small Business Committee members Jeanne Shaheen, Evan Bayh and Roger Wicker, and Senators Blanche Lincoln, Mark Warner, and Bill Nelson. A modified form of the amendment was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and the original amendment was included, as filed, in the final legislation signed by the President on March 23, 2010.

S. AMDT #3013 to the ACA (H.R. 3590)

On December 8, 2009, Chair Landrieu filed an amendment to allow the self-employed a 50 percent deduction of their health insurance costs as an ordinary business expense for payroll tax purposes. The amendment was a modified version of the proposal included in the Equity for Our Nation's Self Employed Act of 2009 (S. 725), a bill introduced by Senator Jeff Bingaman and Sen. Orrin Hatch, and co-sponsored by Chair Landrieu. The amendment was

co-sponsored by Small Business Committee members Jeanne Shaheen and Evan Bayh, as well as Senators Debbie Stabenow and Blanche Lincoln. Though the amendment was not included in the ACA, a modified version of the provisions included in the amendment was included in the Small Business Jobs Act (P.L. 111–240).

S. AMDT #3014 to the ACA (H.R. 3590)

To help small businesses bridge the affordability gap they face in providing health insurance to their employees, the ACA provided, beginning in 2011, a sliding scale tax credit for small businesses with 25 employees or less with average annual wages of less than $40,000. In an effort to make healthcare coverage even more affordable for small businesses, on December 8, 2009, Chair Landrieu filed an amendment to accelerate the availability of the credit for small businesses to 2010, rather than 2011. The amendment was co-sponsored by Small Business Committee members Jeanne Shaheen and Evan Bayh, as well as Senators Debbie Stabenow, Blanche Lincoln and Barbara Boxer. The amendment was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

S. AMDT #3085 to the ACA (H.R. 3590)

The Affordable Care Act, as introduced, provided a sliding scale tax credit targeted to small businesses with fewer than 25 employees with average annual wages of less than $40,000, to help small businesses in providing coverage to their employees, with the full credit available to small businesses with 10 employees or less with average annual wages of $20,000 or less. On December 9, 2009, Senator Blanche Lincoln filed an amendment to expand the tax credit available under the ACA to make the full credit available to small businesses with 10 employees or less with average annual wages of less than $25,000, rather than the $20,000 ceiling included in the original bill. The amendment was co-sponsored by Assistant Majority Leader Richard Durbin, Small Business Committee member and former Chair John Kerry, Chair Landrieu, Senator Debbie Stabenow and Senator Barbara Boxer. The amendment was included as filed in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

S. AMDT #3112 to the ACA (H.R. 3590)

On December 9, 2009, Small Business Committee member Maria Cantwell filed an amendment to modify the definition of a full-time employee to be calculated over 390 hours per calendar quarter (13 weeks) rather than 30 hours per week as included in the ACA. The bi-partisan amendment was co-sponsored by Chair Landrieu, Ranking Member Snowe, and Senators Debbie Stabenow, Bill Nelson and Mark Warner. A modified form of the amendment, clarifying that a full-time employee is an employee that works on average at least 30 hours as calculated over a monthly basis, was included in a manager's amendment, in the form of a substitute bill, voted out of the Senate on December 24, 2009, and ultimately included in the final legislation signed by the President on March 23, 2010.

IV. Small Business Access to Capital and Credit

A. LEGISLATION

Small Business Job Creation and Access to Capital Act of 2009 (S. 2869)

On December 10, 2009, Chair Landrieu, along with Ranking Member Snowe, introduced the Small Business Job Creation and Access to Capital Act of 2009 (S. 2869), aimed at increasing small business access to capital. Specifically, the bill increases the maximum amount a borrower can borrow through the agency's 7(a), 504 and microloan programs. Additionally, the bill allows the 504 loan program to refinance short-term commercial real estate debt into long-term, fixed rate loans, and directs the SBA to create a website where small businesses can identify lenders in their communities. Finally, the bill extends the provisions of the Recovery Act which authorize the SBA to provide 90 percent guarantees on 7(a) loans and eliminate borrower fees on 7(a) and 504 loans through December 31, 2010.

In preparing to introduce this legislation, the Committee held a series of hearings, meetings and roundtables analyzing the SBA's loan programs and heard from small businesses and small business lenders on increasing the maximum loan sizes on 7(a), 504 and microloans. The legislation builds upon the Small Business Lending Reauthorization and Improvement Act of 2007 (S. 1256), which was introduced by Senator Kerry on May 1, 2007, and addressed increasing 7(a) and 504 loan limits; and the Small Business Lending Market Stabilization Act of 2008 (S. 3596), which was introduced by Senator Kerry on September 25, 2008, and addressed lowering of SBA fees and refinancing debt through the 504 program. The bill also builds upon provisions included in the Small Business Access to Capital Act of 2009 (S. 1832), introduced by Chair Landrieu on October 21, 2009, as well as the Next Step for Main Street Credit Availability Act of 2009 (S. 1615) and the 10 Steps for a Main Street Economic Recovery Act (S. 3705) introduced by Ranking Member Snowe on August 6, 2009 and November 19, 2008, respectively.

On December 17, 2009, the Committee held a mark-up of S. 2869, and the bill was reported out of Committee by a vote of 17–1, with one member absent. During the markup of the bill, the Committee adopted a Manager's Amendment that included a modified amendment submitted by Senator Levin and a modified amendment submitted by Senator Thune. The vote on the Manager's amendment was adopted as part of the en bloc vote on the amendment and final passage of the bill.

B. HEARINGS

Hearing: "Perspectives from Main Street on Small Business Lending"

On March 19, 2009, the Committee held a Hearing titled "Perspectives from Main Street on Small Business Lending." The purpose of the hearing was to determine whether and to what extent small business owners were having trouble accessing credit, as well as whether and to what extent large banks and community banks were reducing small business lending. Participants included rep-

resentatives from the small-business community as well as senior executives from large banks and community banks.

Roundtable: "The State of Small Business Lending: Identifying Obstacles and Exploring Solutions"

On June 8, 2010, the Committee held a Roundtable titled "The State of Small Business Lending: Identifying Obstacles and Exploring Solutions." The purpose of the roundtable was to provide a record examining small business lending obstacles and the need for a small business jobs package in Congress. Participants included representatives from the Small Business Administration, the Federal Deposit Insurance Corporation, two community banks, as well as representatives from the small-business community.

Roundtable: "Small Business Access to Capital: Challenges Presented by Commercial Real Estate"

On November 17, 2010, the Committee held a Roundtable titled "Small Business Access to Capital: Challenges Presented by Commercial Real Estate." The purpose of the roundtable was to take a broad look at the problem of commercial real estate hampering banks' ability to lend to small businesses. At issue was the approximately $1.4 trillion of commercial real estate debt that will need to be refinanced through 2014. Because of decreased property values, many borrowers will be unable to refinance their debt. Participants included Congressman Walt Minnick, representatives from the National Multi Family Housing Council, the Financial Services Roundtable, the Real Estate Roundtable, two community banks, a commercial real estate broker, and a senior executive from the commercial mortgage backed securities industry.

C. OVERSIGHT

On October 8, 2010, Senator Bennet and Chair Landrieu sent a letter to SBA Administrator Karen Mills requesting that the SBA issue licenses to a limited group of mission-driven, small business lending companies (SBLCs) to participate in the SBA's 7(a) program. In the letter, Senator Bennet and Chair Landrieu cited how over the last several years, non-traditional lenders, such as Community Development Financial Institutions (CDFIs), have increasingly become a critical source of capital for small businesses. The Letter also stated that in many cases, non-traditional, mission driven lenders had stepped in to provide credit in communities where conventional lenders had pulled back. Senator Bennet and Chair Landrieu urged Administrator Mills that the SBA should award up to twelve new SBLC licenses on a competitive basis to mission-driven lenders, so those lenders could participate in the SBA's 7(a) guaranteed loan program. The Committee is currently awaiting a response from Administrator Mills.

V. SBA Disaster Assistance and Disaster Recovery Issues

While the U.S. Small Business Administration (SBA) is generally known for its financial support and counseling of small businesses, the SBA also plays a key role in assisting victims of natural and other declared disasters. In particular, the SBA provides disaster assistance through its Disaster Loan Program to help homeowners,

renters, businesses of all sizes, and nonprofits recover from disasters such as hurricanes, earthquakes, tornadoes, and manmade attacks. During fiscal year 2009, 21,780 disaster loans were approved for $1,129,515,400 to businesses, homeowners and others affected by disasters. During fiscal year 2010, 15,356 disaster loans were approved for $574,425,900.

During the 111th Congress, the Committee held multiple hearings on the overall management of the SBA. Testimony at these hearings and research by Committee staff showed that the disaster loan program continues to provide prompt and effective aid to communities hit by disasters. The hearings on the SBA's budget revealed that 2008 reforms to SBA's disaster programs enacted as part of Public Law 110–246 have significantly improved SBA's disaster planning and loan processing abilities in recent years. During a March 25, 2009 hearing on the fiscal year 2010 Budget Request for the SBA, the Agency testified that substantial improvements to the technology, management structure, and staffing levels since 2005 have resulted in quicker loan processing times. Witnesses from southwest Louisiana also testified at a January 29, 2010 Committee roundtable that SBA was better prepared and more responsive following Hurricanes Gustav and Ike in 2008. Following Hurricane Ike, SBA took 5 days to process a home loan, compared to 90 days after Hurricanes Katrina and Rita in 2005. For this disaster, business loans averaged a little over a week to process, compared to the 70 days for the 2005 hurricanes.

A. SBA DISASTER ASSISTANCE PROGRAMS OVERSIGHT

On November 16, 2009, as required by Sections 12072 and 12091 of Public Law 110–246, the SBA submitted three documents to the Committee. These documents included: an updated agency Disaster Response Plan, an Annual Report on SBA Disaster Assistance, and an Annual Report on Federal Disaster Contracting. When Hurricane Katrina struck the Gulf Coast in August 2005, the SBA's disaster response was guided by a 358-page set of operating procedures that was overly bureaucratic and did not foster effective coordination between SBA leadership, field staff, and resource partners. In contrast, the Committee notes that the 2009 Disaster Response Plan submitted was 53 pages and incorporates many of the new programs and requirements from the Public Law 110–246. The Annual Report on Disaster Assistance indicated that SBA had up to 2,626 staff working on disaster operations for the 2008 hurricanes (Gustav/Ike) and as of September 2009 the agency had 1,108 employees. This report also detailed that during fiscal year 2009, SBA made 23 improvement projects to the Disaster Credit Management System, which is used by the Office of Disaster Assistance to process all home and business disaster loan applications. SBA also made five improvement projects to the Electronic Loan Application (ELA) System, which was launched in August 2008 on SBA's website. In FY09, 30 percent of all applications received were submitted via ELA. These improvements helped to improve the disaster loan process for applicants and improve the productivity of the Office of Disaster Assistance staff. Lastly, the Annual on Federal Disaster Contracting outlined Federal contracting data disaster-by-disaster and state-by-state from July 2008 to June 2009. It included information on total prime contracts awarded to small

businesses, minority-owned, women-owned, and local contractors. SBA indicated that the agency plans to submit this report bi-annually to Congress—each January and July for disasters within the previous six months.

Hearing: "Oversight of the SBA Disaster Assistance Program"

The Committee held an oversight hearing on SBA's Disaster Assistance Programs on May 19, 2010. This hearing, which was held less than two weeks ahead of the 2010 Atlantic Hurricane Season, assessed the SBA's preparedness to respond to disasters. During this hearing, the Committee also reviewed SBA's progress in implementing 2008 disaster reforms and how the agency responded to flooding during 2010 in Rhode Island and Tennessee. The Government Accountability Office (GAO) testified that out of 26 required disaster reforms from Public Law 110–246, SBA had met 15 and partially addressed six. Five provisions either required additional appropriations or were discretionary so required no action at the time. In general, the witness provided testimony that SBA has taken steps and continued to make progress in implementing remaining requirements. The agency testified that they were on track to implement the remaining requirements. For example, for the three Guaranteed Disaster Lending Programs (Sections 12083, 12084, and 12085) included in 110–246, SBA testified it was in the process of finalizing timelines to refine subsidy models, conduct lender roundtable to inform operating requirements, and issue regulations for all three programs.

Small Business Administration Disaster Recovery and Reform Act of 2009 (S. 2731)

Legislatively, Chair Landrieu and Senator Bill Nelson introduced S. 2731 on November 5, 2009. The bill would have increased SBA's disaster business and homeowner loan limits, modified Section 12085 from Public Law 110–246 to create a Pioneer Business Recovery Program, and improved SBA disaster coordination with the U.S. Department of Commerce (DOC) and U.S. Department of Agriculture (USDA) respectively. Unfortunately, many of these provisions were not included in legislation that was signed into law. However, Section 1501 of Public Law 111–240 authorized the SBA to provide Economic Injury Disaster Loans to small aquaculture businesses. This provision by Chair Landrieu is similar to Section 205 of S. 2731. Section 1501 addresses a problem where aquaculture businesses were excluded from SBA Economic Injury Disaster Loans although there was no comparable Federal disaster assistance available at other agencies.

B. GULF COAST RECOVERY FROM THE 2005/2008 HURRICANES

Federal assistance to small businesses has been and continues to be imperative for the Gulf Coast region's economic recovery from the 2005 hurricanes. Ahead of the fifth anniversary of the 2005 hurricanes, Chair Landrieu and Ranking Member Snowe requested that GAO conduct a review of Federal disaster assistance provided to small businesses impacted by the 2005 hurricanes. This request, sent on June 12th, 2009 requested a study of Federal assistance to help Gulf Coast small businesses recover in the Gulf Coast. On July 29, 2010, GAO submitted the final report to the Committee.

The GAO review covered four states: Texas, Alabama, Mississippi, and Louisiana. It specifically targeted four Federal programs: U.S. Small Business Administration (SBA) disaster business loans; U.S. Department of Housing & Urban Development (HUD) Community Development Block Grants (CDBG); U.S. Department of Commerce Economic Development Administration (EDA) grants; and Federal contracting opportunities. This report also covered the current state of/improvement in the Gulf Coast economy, with a focus on the small business economy. The performance audit was conducted from September 2009 to July 2010.

In the report, GAO noted that SBA implemented the Gulf Opportunity (GO) Loan Pilot Program in November 2005 to provide moderate-sized small business loans for working capital and other general-purposes. As part of the program, SBA provided an 85 percent guaranty to qualified lenders that agreed to make expedited loans (under 24 hours) under SBA's 7(a) Loan Program. Loans were up to $150,000 and SBA prescribed the maximum interest rate lenders can charge (6.5 percentage points over the prime rate for loans of $50,000 or less and a maximum of 4.5 percentage points over the prime rate for loans over $50,000). The program was only supposed to last a year but SBA extended the program through September 30, 2010. As of March 30, 2010 of the 1,573 GO Loans made to small businesses, 54 percent were current and 17 percent were paid in full. The default rate for GO Loans to small businesses was 6 percent and about 13.4 percent were in delinquent status.

HUD's Community Development Block Grant Program (CDBG) provides flexible grants to States or localities to carry out a variety of housing, infrastructure and economic development projects. CDBG has routinely been used following Federal disasters (floods, hurricanes and terrorist attacks). While the CDBG funds provided after Katrina/Rita were also used for housing, infrastructure, and other recovery projects, the GAO report focused on funds used for small business assistance. Following Katrina and Rita, Congress enacted three supplemental appropriations between December 2005 and November 2007. From these bills, a total of $19.5 billion was made available to Alabama, Louisiana, Mississippi, and Texas. Louisiana and Mississippi both implemented small business assistance programs using CDBG funds.

Louisiana implemented the following three (3) programs: Bridge Loan Program; Business Recovery Grant and Loan Program; and Technical Assistance Program. In total, the state had used about $179 million in CDBG relief funds as of December 31, 2009 for these programs. Louisiana used about $5.7 million in CDBG relief funds to help 800 businesses with temporary working capital bridge loans. The state used about $164 million in funds ($67.7 million in grants and $82 million in loans) to help over 4,500 small businesses under the Business Recovery Grant and Loan Program. Many of these businesses did not receive SBA disaster loans and/or needed additional assistance. Over 25 percent of small businesses participating in this program were in the fishing industry. The default rate for these grants/loans was 4.1 percent and about 8.5 percent were in delinquent status. Lastly, Louisiana used almost $8.9 million in CDBG funds to assist about 3,800 small businesses with adjusting to post-hurricane conditions through the Technical Assistance Program. Over 2,200 of these businesses were

entrepreneurs or start-up companies looking to open businesses in the impacted areas.

Mississippi implemented one program specifically for small businesses, the Hancock County Job Generation Fund Program. The program, proposed by the Hancock County Chamber of Commerce, was intended to assist the small businesses in Hancock County that were hit hard by Katrina. The program offered loans at 2 percent interest rate to small businesses located in the county 5 months prior to the storm and which were committed to remain there for at least 5 years. Unlike SBA loans or Louisiana's loan programs, loans made through this program could be converted into forgivable loans if the loan recipient met certain requirements. This included purchasing/rehabilitating a county building and bringing it up to code and maintaining business operations in that building for a minimum of 5 years. As of April 2010, 42 small businesses in Hancock County were approved for loans under the Hancock County Job Generation Fund Program. The state targeted $3 million in CDBG funds for the program but at the time of the report no loans have been closed as the state was working with HUD on remaining program compliance issues.

In the past, EDA has received supplemental appropriations to help areas recover from disasters (either to formulate economic recovery strategies or to fund projects that lead to a more disaster-resilient regional economy). For Katrina/Rita, EDA did not receive a supplemental appropriation but instead used existing programs, including the Revolving Loan Fund Program (RLF), to assist with small business recovery. Through RLF, EDA awards grants on a competitive basis to eligible applicants to establish revolving loan funds for small businesses or businesses that cannot otherwise borrow capital from private lenders. As borrowers repay loans, RLF grantees use a portion of interest earned to pay administrative expenses and add the remaining principal/interest repayments to make additional loans. According to GAO, EDA RLF grantees made approximately $36 million in below-market-rate loans to Gulf Coast small businesses. These investments generated over $196 million in private investment. Following the hurricanes, EDA also recapitalized four of its RLF grantees in Louisiana for a total of $2 million to make loans to impacted businesses.

Many Federal agencies also carry out emergency response activities through contracts with private businesses, including debris removal, reconstruction, and the provision of supplies. The Small Business Act requires that the President set a government wide goal (23 percent) for small business participation for a total value of all prime contracts awarded directly by an agency each fiscal year. There are also annual prime contract dollar goals for participation in five types of small businesses: small businesses, small disadvantaged businesses, women-owned businesses, businesses owned by service-disabled veterans, and businesses located in HUBZones. Furthermore, the Stafford Act also requires Federal agencies to give contracting preferences, to the extent practicable, to organizations/firms/individuals residing or doing business in the primary area affected by the disaster. According to GAO, as of January 15, 2010, Gulf Coast small businesses had directly received almost $2.9 billion (13.9 percent) of the total $20.5 billion in total Federal contract funds awarded for Katrina/Rita-related recovery

projects between FY2005 and FY2009. Small businesses in the rest of the U.S. received about $2.7 billion. Small businesses in Louisiana directly received about $1.5 billion in Federal contract funds; Mississippi small businesses $644 million; Texas over $401 million; and Alabama over $325 million.

In its report, GAO found that both the Corps of Engineers and the Department of Defense (DOD) were not consistently monitoring subcontracting reports of prime contractors for Katrina/Rita recovery projects. In the absence of this monitoring, both agencies could not demonstrate whether prime contractors were meeting their subcontracting goals/plans for 11 of the 29 Corps construction projects (38 percent) and 2 of 14 DOD construction projects (13 percent). The Committee was concerned with this finding as, without these reports, contracting officials lacked a key tool used to monitor contractors' performance under subcontracting plans.

In reviewing the various Federal programs, GAO also found that the delinquent/default rate for GO Loans was higher than other Federal programs assisting Gulf Coast small businesses: 19 percent for GO Loans; 15 percent EDA RLF loans; and 12 percent for SBA disaster loans and Louisiana Small Business Loans. This information better informs the Committee's efforts to reduce waste, fraud and abuse in the Guaranteed Disaster Loan Programs SBA plans to enact following Public Law 110–246.

Field Hearing: "A Year Later: Lessons Learned and Progress Made After Hurricane Ike"

The Committee further recognizes that since the 2005 hurricanes, Gulf Coast small businesses experienced additional challenges as a result of Hurricanes Gustav and Ike which struck the region in 2008. A year after Hurricane Ike made landfall, Chair Landrieu held a field hearing on September 25, 2009 in Galveston, Texas. This hearing reviewed lessons learned and progress made after the disaster. Before the hearing, Chair Landrieu toured the island with Senator Kay Bailey Hutchison and Galveston Mayor Lyda Ann Thomas to meet with small business owners. Both the tour and field hearing compared the coordinated Federal, State, and local government response to Hurricane Ike with the response four years earlier to Hurricanes Katrina and Rita.

According to witness testimony at the hearing, the SBA was better prepared and deployed staff quickly following Ike—a marked difference than its sluggish and ineffective response following Hurricanes Katrina and Rita of 2005. Also, SBA took an average of five days to process home disaster loans and 12 days to process business disaster loans following Ike. This is in contrast to up to 90 days for home loans and 70 days for business loans following Katrina. While witnesses testified to major improvements in SBA's disaster programs since the 2005 hurricanes, the hearing also revealed key areas still in need of improvement. As of August 31, 2009, out of over 2,100 applications SBA had only approved 536 business disaster loans for Galveston County—disbursing 280 of those for $21.8 million. This may have been due to many outside factors but business owners at the field hearing complained of bureaucracy and paperwork related to SBA disaster loans as a limiting factor in continuing through the SBA loan process.

Small Business Administration Disaster Recovery and Reform Act of 2009 (S. 2731)

Legislatively, Chair Landrieu and Senator Bill Nelson introduced S. 2731 on November 5, 2009. The bill, in addition to SBA disaster reforms, included two provisions related to Gulf Coast small business recovery. One provision would require SBA to report to Congress within 30 days of enactment with recommendations on assisting borrowers struggling with payments on 2005 Gulf Coast disaster loans. These recommendations could have included allowing SBA to refinance or re-amortize loans, term out loans, waive off a portion of interest payments, or additional options. Another provision would extend, for 2 years, eligibility for Gulf Coast businesses impacted by Katrina or Rita to participate in the SBA 8(a) program. Unfortunately, this bill was not included in legislation that was signed into law.

Southeast Hurricanes Small Business Disaster Relief Act of 2010 (S. 2986)

On February 4, 2010, Chair Landrieu, Senator Roger Wicker and Senator Thad Cochran introduced S. 2986. S. 2986 would have authorized the SBA to waive up to $15,000 of interest on 2005/2008 business disaster loans from MS, LA, and TX. SBA would have been required to prioritize applications for businesses with 50 employees or less and businesses that re-opened between September 2005 and October 2006 (for 2005 disasters) or September 2008 and December 2008 (for 2008 disasters). According to SBA figures, this program would have helped up to 16,000 businesses that employ approximately 60,000 employees. The GAO review of Gulf Coast recovery issued in July 2010 further validated the potential benefits of this provision. In particular, during focus groups GAO noted that several small businesses stated that Federal disaster assistance loans increased their debt burden and created significant challenges for recovery. Additionally a local SBDC Director told GAO that accessing additional capital had proven even more difficult for small business owners with SBA disaster loans. With this in mind, Chair Landrieu filed a similar interest relief provision as Senate Amendment 4179 to H.R. 4899, the 2010 Supplemental Appropriations Act and later as Senate Amendment 4322 to H.R. 4213, the Unemployment Compensation Extension Act of 2010. Senator Cochran, Chair Landrieu and Senator Wicker also filed this provision as Senate Amendment 4431 to H.R. 5297, the Small Business Jobs Act of 2010. Unfortunately, none of these provisions were included in legislation that was signed into law.

C. DEEPWATER HORIZON DISASTER AND SIX-MONTH DEEPWATER DRILLING MORATORIUM

On April 20, 2010, British Petroleum's drilling rig, Deepwater Horizon, exploded, severing the pipeline between the rig and the wellhead on the Gulf floor and setting in motion events that have lead to the greatest environmental disaster in our nation's history. As a result, many Gulf coast small businesses had to shut their doors and lay off employees. Charter fishing operations saw cancellations, Gulf tourism dropped substantially, and families of fishermen and shrimpers—who have fished Gulf Coast waters for gen-

erations—worried that their way of life would be put on hold for years to come. The Committee recognizes that Gulf Coast small business recovery became even more difficult in 2010 following the Deepwater Horizon disaster and the subsequent six-month deepwater drilling moratorium instituted by the Obama Administration. After Hurricanes Katrina and Rita, Gulf Coast small businesses were "up to their chins in water." After the Deepwater Horizon disaster, these same businesses were "up to their knees in oil." Chair Landrieu and SBA Administrator Karen Mills went to Louisiana on May 10, 2010 to tour an SBA Business Recovery Center in St. Bernard Parish and meet with local lenders.

In its review of Gulf Coast recovery from the 2005 hurricanes, GAO noted that two industry sectors that were heavily impacted by the oil spill were: commercial/recreational fishing and travel/tourism. According to the National Oceanic and Atmospheric Administration, in 2008 commercial fishermen in AL, FL (West Coast), LA, and MS harvested approximately 1.2 billion pounds of finfish and shellfish that generated about $523 million in total revenue (14.4 percent of the U.S. domestic landings and 11.9 percent of the domestic landings revenue generated). For every one of these direct jobs in the seafood industry, there are countless other related businesses dependent on them for commerce. Furthermore, according to the U.S. Travel Association, in 2008 domestic/international travelers spent more than $94 billion in travel expenditures in AL, FL, LA, and MS. These travel expenditures directly generated more than 1 million jobs in these four states. As of October 2009, the U.S. Travel Association reported that the economic impact of travel on Louisiana parishes showed that in 2008 five parishes (Caddo, East Baton Rouge, Jefferson, Lafayette, and Orleans) accounted for about 67 percent (over $6 billion) of the travel expenditures (domestic travelers only) in the state and 71 percent (more than 72,000 persons) of the travel-generated employment in the state. Orleans Parish alone generated about 37 percent ($3.5 billion) of the state total for travel expenditures in 2008 and 46 percent (roughly 47,000 persons) of travel-generated employment.

SBA responded to the disaster by announcing Economic Injury Disaster Loans (EIDLs) were available on May 6th, 2010 for the following twenty (20) Louisiana parishes: Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Tammany, plus the neighboring parishes/counties—Assumption, St. Charles, St. James, St. John the Baptist, Tangipahoa, Terrebonne, Washington, Ascension, East Baton Rouge, East Feliciana, Evangeline, Livingston, Iberia, and St. Martin. On May 14th, SBA announced EIDLs were available in eleven (11) Mississippi counties, six (6) Alabama counties, and thirty-five (35) Florida counties. These declarations allowed businesses to access working capital loans of up to $2 million at an interest rate of 4 percent with 30-year terms. As of November 26, 2010, SBA had approved 382 loans for $34,087,000, disbursing 283 loans for $21,585,000. However, only 31 percent of the loans received were approved for this disaster. According to the SBA, a majority of these loans were denied because of concerns over the credit and repayment ability of the companies. Committee testimony and research by staff revealed that that many Gulf Coast businesses took a "wait and see" approach in regards to SBA disaster loans offered for this disaster. This was because many local businesses

instead chose to follow the BP claims process and were generally hesitant to take on additional debt with the difficult economic conditions in the area.

Hearing: "Impact of the Deepwater Horizon Oil Spill on Small Businesses"

On May 27, 2010, Chair Landrieu and Ranking Member Snowe held a hearing to examine the effects of the Gulf Coast oil spill on small businesses. The hearing brought Coast Guard officials, technical assistance providers and BP America executives together to discuss the claims process for small businesses, and the ways businesses will be able to rebound from the problems this oil spill is causing.

During the hearing, Chair Landrieu sought to clarify collateral and other conditions related to SBA disaster loans. Testimony from SBA officials and a Vice President for Resources at BP America confirmed that small businesses have the ability to use claims against BP as collateral for SBA disaster loans under existing authority at the SBA. However, BP expressed a preference for claimants to file directly with the company—as opposed to the SBA—and to seek additional SBA assistance if it is needed at a later date.

Hearing: "Harnessing Small Business Innovation: Navigating the Evaluation Process for Gulf Coast Cleanup Proposals"

On June 17, 2010, Chair Landrieu held a hearing to discuss the evaluation process for proposals to clean up the leaking oil in the Gulf of Mexico from the Deepwater Horizon oil rig, as well as ways to improve the effectiveness and efficiency of the process. The hearing brought together Federal witnesses from the United States Coast Guard and Environmental Protection Agency to discuss how the review process worked, and how small businesses could play a pivotal role in the Gulf Coast clean up. During the hearing, the U.S. Coast Guard testified that over 1,900 proposals had been reviewed by the Federal Interagency Alternative Technology Assessment Program (IATAP) had received over 1,900 proposals, screened about 600 proposals. To date, no proposals had yet been deployed in the Gulf of Mexico but IATAP had forwarded one proposal to the Federal On-Scene Coordinator for possible deployment in the Gulf of Mexico. BP had received over 35,000 proposals as of the hearing date, with only four in the testing phase and none deployed to the Gulf of Mexico. Chair Landrieu pressed the Coast Guard and EPA officials to improve communications with companies submitting proposals, particularly in getting timely responses on a status on proposals. She also encouraged the agencies to make the process more transparent and to communicate with local Gulf Coast officials on possible credible proposals.

On May 27, 2010 the Obama Administration imposed a six-month moratorium on deepwater drilling in the Gulf of Mexico, as an attempt to improve the safety of oil and gas production following the Deepwater Horizon accident. On June 23, 2010, U.S. District Judge Martin Feldman granted a preliminary injunction, halting the moratorium. The court's decision immediately prohibited the U.S. from enforcing the ban and the Administration appealed this decision. On July 12, Secretary of Interior Ken Salazar announced new deepwater drilling suspensions. The Administra-

tion's six-month deepwater drilling moratorium on deepwater drilling further exacerbated the recovery of Gulf Coast small businesses.

Hearing: "The Deepwater Drilling Moratorium: A Second Economic Disaster for Small Businesses?"

On July 27, 2010, the Committee convened Congress' first hearing to evaluate the impact of the Obama Administration's deepwater drilling moratorium on Gulf Coast small businesses. The hearing brought together small business owners, experts and economists to discuss the negative impact this moratorium had on the Gulf Coast, as well as the entire country. At the time of the Deepwater Horizon explosion, 55 deepwater oil rigs were at work in the Gulf of Mexico. According to witness testimony received at the hearing, there were 13 drilling at that date. Furthermore, a witness from Louisiana State University testified that the moratorium could cause Gulf Coast region to lose more than 8,000 jobs, nearly $500 million in wages, and over $2.1 billion in economic activity, as well as nearly $100 million in state and local tax revenue. The spillover effect, it was estimated, could mean 12,000 jobs and nearly $3 billion nationwide (including almost $200 million in Federal tax revenues) in just the first six months of the moratorium. If the moratorium lasted longer than six months, some 25,000 jobs could have been lost and under the worst case scenario—a permanent moratorium on all oil and natural gas production in the Gulf of Mexico—nationwide economic losses would exceed $95 billion and more than 400,000 jobs.

Field Hearing: "The Deepwater Drilling Moratorium: An Economic Disaster for Louisiana's Small Businesses"

On August 17, 2010 the Chair Landrieu and Senator Vitter held a field hearing on the deepwater drilling moratorium in Lafayette, Louisiana. This hearing discussed the economic impact of the oil spill and the impact of the drilling moratorium on local businesses. In particular, testifying before the Committee were Louisiana elected officials and business owners from a broad range of industries that were being impacted by the Administration's deepwater drilling moratorium. At this hearing, the Committee also heard testimony on the permitting issues that the shallow drilling industry faced, as there were numerous regulatory hurdles limiting the number of issued permits. With much of the focus placed on the idle rigs in the Gulf of Mexico and the thousands of workers forced out of work, this hearing received testimony from the many small businesses, in Louisiana and the rest of the country, that were struggling to stay afloat with drilling brought to a sudden halt. These industries that were being indirectly impacted range from bankers to restaurant owners, many of whom fought to keep their doors open under optimal circumstances.

Hearing: "The Deepwater Drilling Moratorium: A Review of the Obama Administration's Economic Impact Analysis on U.S. Small Businesses"

On July 26, 2010, Chair Landrieu sent a letter to the Obama Administration, requesting that the Administration conduct an economic analysis on the impact the moratorium had on small busi-

nesses along the Gulf Coast and throughout the rest of the United States. On September 16, 2010, Chair Landrieu held a hearing to receive a report from Administration witnesses about the economic impact of the moratorium. During the hearing, the U.S. Department of Commerce witnesses unveiled a report estimating that the moratorium caused the loss of 2,000 direct jobs, 8,000 to 10,000 indirect jobs, and a reduction in operator spending of $1.95 billion. Of the direct jobs lost, about 20 percent—or about 2,000—of the 9,700 rigs workers employed in April 2010 had been laid off or left the Gulf Coast.

Chair Landrieu, however, took issue with witness testimony that that job loss from the moratorium was either minimal or temporary. For example, the International Association of Drilling Contractors had estimated that cost companies $3 million per day to keep these employees who were not working. The reports also noted that while rig worker employment had not declined significantly, operators had reduced spending by lowering other costs, such as supplies, materials, and services, which were more discretionary. This reduction in spending is reflected in the $1.95 billion in reduced operator spending projected by the report. The report concluded: "small firms with less financial capital will likely experience relatively larger employment losses. This was consistent with anecdotal evidence from small businesses in the Gulf Coast. Following the hearing, U.S. Department of the Interior Secretary Ken Salazar announced on October 12, 2010, that the Obama Administration was lifting the moratorium on deepwater drilling. As of December 1, 2010, 19 shallow water drilling permits had been issued and seven were pending in the Gulf of Mexico. However, there were no deepwater drilling permits issued or pending. To date in 2010, there are in total 63 shallow water permits and 28 deepwater permits issued by the Department of Interior. In contrast, in 2009 a total of 91 shallow water permits and 76 deepwater drilling permits issued by the agency.

S. AMDT 4179 to H.R. 4899 and S. AMDT 4322 to H.R. 4213

Legislatively, Chair Landrieu, Senator Roger Wicker and Senator Thad Cochran filed Senate Amendment 4179 to H.R. 4899, the 2010 Supplemental Appropriations Act and later as Senate Amendment 4322 to H.R. 4213, the Unemployment Compensation Extension Act of 2010. This amendment would have allowed the SBA to utilize existing Disaster Loan funding to waive up to $15,000 of interest on 2005/2008 business disaster loans from MS, LA, and TX. SBA would have been required to prioritize applications for businesses with 50 employees or less, businesses that re-opened between September 2005 and October 2006 (for 2005 disasters) or September 2008 and December 2008 (for 2008 disasters), and businesses significantly impacted by the Deepwater Horizon disaster. Senator Cochran, Chair Landrieu and Senator Wicker also filed this provision as Senate Amendment 4431 to H.R. 5297, the Small Business Jobs Act of 2010.

Gulf of Mexico Economic Recovery and Job Impact Analysis Act of 2010 (S. 3545)

Lastly, Chair Landrieu filed S. 3545 which required the SBA Office of Advocacy to conduct a study evaluating the effect on small

businesses of a six-month moratorium on new deepwater drilling in the Gulf of Mexico. Unfortunately, none of these provisions were included in legislation that was signed into law.

VI. Small Business Innovation Research and Small Business Technology Transfer Programs

The Committee has oversight of the two largest federal research and development programs for small businesses, the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. Through these programs, the government partners with small businesses, or small businesses and research universities or labs, to help solve its research and development problems by making small but sufficient awards to test as many ideas as possible. The focus is on discovering, funding, and evaluating the initial, highest-risk, most cutting-edge exploratory research that is necessary to achieve significant technological innovations and breakthroughs, and to increase private-sector commercialization of innovation derived from federal research and development. As a result, these programs stimulate the economy, and create businesses and jobs by making good use of its entrepreneurs, scientists and engineers.

For the third Congress, the Committee worked to reauthorize the SBIR and STTR programs, which originally expired on September 30, 2008, and September 30, 2009, because the members believed they remain necessary to stimulate America's innovation economy, to remedy the continued underrepresentation of small businesses in federal research and development, and to use small businesses to help government agencies meet national needs. As the new chair of the Committee, Senator Landrieu worked closely with Ranking Member Snowe to build on legislation developed in previous congresses by Ranking Member Snowe when she was chair, and by Senator Kerry when he was chair.

A. REAUTHORIZATION OF THE SBIR AND STTR PROGRAMS

In the 111th Congress, there were two main bills through which the Committee worked to provide long-term reauthorization and stability to the SBIR and STTR programs. S. 1233, the SBIR/STTR Reauthorization Act of 2009, and S. 4053, the SBIR/STTR Reauthorization Act of 2010.

The SBIR/STTR Reauthorization Act of 2009

Chair Landrieu and Ranking Member Snowe introduced the SBIR/STTR Reauthorization Act of 2009 (S. 1233) on June 10, 2009. As reported out of Committee unanimously on July 2, 2009, the bill would have reauthorized the SBIR and STTR programs for 14 years each, through 2023. The 14-year reauthorization was a compromise down from the Committee's position in 2006 to make the programs permanent. The legislation would have gradually increased, over ten years, the allocation for the SBIR program at all participating agencies from 2.5 percent to 3.5 percent of an agency's extramural research and development budget, and, for the STTR program, it would have gradually increased, over six years, the allocation at all participating agencies from 0.3 percent to 0.6 percent of this same budget. It would have increased the statutory

award size guidelines for the both programs from $100,000 to $150,000 for Phase I and from $750,000 to $1 million for Phase II, with authority for the SBA to make adjustments every three years based on inflation, instead of every five years, as is currently the law. Also, in order to protect against abuses in issuing 'jumbo' awards, the bill would have restricted agencies from making Phase I and Phase II awards that are more than 50 percent larger than the guidelines. Awards over the 50 percent cap would have still be allowed, but a Federal agency would not have been able to use funds from the SBIR and STTR allocations to provide the supplemental funding. To increase geographic participation in the SBIR and STTR programs, particularly in rural states, S. 1233 would have enhanced and reauthorized through 2014 the Federal and State Technology Partnership (FAST) program and the Rural Outreach Program (ROP). To help move SBIR and STTR technologies across the 'valley of death' (a phrase used to describe the funding gap between Phases II and III or transitioning projects to the commercialization stage), the legislation would have improved and made permanent what is currently known as the Commercialization Pilot Program at the Department of Defense (DoD) and would have provided authority to create commercialization pilot programs at the other SBIR agencies, authorizing all such pilots through 2014. The bill included a compromise on the issue of the participation of companies majority-owned by multiple venture capital companies in the SBIR program, allowing the National Institutes of Health (NIH) to award up to 18 percent of its SBIR dollars to companies majority-owned by multiple venture capital companies and the other SBIR qualifying agencies to apply to award up to 8 percent of their SBIR dollars to this class of firms. The affiliation rule itself and the 500 employee standard remained unchanged in this bill. Last, the legislation sought to improve oversight by giving more autonomy and resources to the Small Business Administration's Office of Technology by building in regular assessments by the National Academy of Sciences, and by streamlining data collection and reporting requirements to help Congress better assess the programs' effectiveness, to guide future policy changes, and to address record-keeping problems identified by Government Accountability Office (GAO) and National Research Council (NRC) in their reports on the SBIR program. The bill passed the full Senate on July 13, 2009, as a substitute to H.R. 2965, the Enhancing Small Business Research and Innovation Act Of 2009, later stripped for other unrelated legislation and renamed the Don't Ask, Don't Tell Repeal Act Of 2010. As passed out of the Senate, the length of authorization was reduced from 14 years to 8 years, additional oversight and anti-fraud provisions were added, and a clarification was included that SBIR and STTR awards must continue to be made on a competitive basis.

The SBIR/STTR Reauthorization Act of 2010

Chair Landrieu and Ranking Member Snowe introduced and passed out of the Senate by unanimous consent on December 22, 2010, S. 4053, the SBIR/STTR Reauthorization Act of 2010, a version of S. 1233 that blended provisions from H.R. 2965, the comprehensive SBIR and STTR reauthorization bill adopted by the House of Representatives. This bill, S. 4053, was significant be-

cause it included a break-through compromise between the Biotechnology Industry Organization (BIO) and the Small Business Technology Council (SBTC) on the issue of the participation of companies majority-owned by multiple venture capital companies in the SBIR program. Instead of allowing the National Institutes of Health (NIH) to award up to 18 percent of its SBIR dollars to companies majority-owned by multiple venture capital companies, the compromise would have allowed up to 25 percent at NIH, NSF and DoE to be used for these purposes. It also would have allowed the other SBIR qualifying agencies to apply to award up to 15 percent, instead of 8 percent, of their SBIR dollars to this class of firms. Whereas the Committee had never before in any comprehensive bill changed the affiliation rules for the SBIR program, the compromise mandated the SBA to issue an interim final rule on the affiliation rules for firms majority-owned by multiple venture capital operating companies within one year or lose co-sponsorship authority. The legislation also directed the SBA to promulgate rules that would have clarified that such firms would be eligible to compete for SBIR projects, as long as such firms were not a big business, a big entity, or a foreign business or foreign entity, or that that applicant was not majority owned by a big business, a big entity, a foreign business, foreign entity or persons who are not citizens of the United States. The goal of the rulemaking directive was to provide certainty and clarity to the firms majority owned by multiple venture capital operating companies while preserving the integrity of the SBIR program as a small business program. Another significant aspect of the compromise was a three-year pilot to allow the Administration to use up to 3 percent of its SBIR allocation for the administration, outreach and oversight of the programs. The compromise had broad support beyond BIO and SBTC, including the National Small Business Association, the National Federation of Independent Business, the U.S. Chamber of Commerce, the National Venture Capital Association, and various technology groups, from states such as Louisiana, California, Maryland and Massachusetts. Ultimately, despite brokering this break-through compromise and passing it unanimously through the Senate, S. 4053 was not considered in the House and, therefore, was not enacted in the 111th Congress.

The National Defense Authorization Act for FY2010

Chair Landrieu, with the support of Ranking Member Snowe, worked with Senator Levin, Chair of the Senate Armed Services Committee, to include in the National Defense Authorization Act for FY2010, S. 1390, an amendment to authorize the Department of Defense's SBIR and STTR programs for 14 years, consistent with the Small Business Committee's passage of S. 1233, and to make permanent the DoD's Commercialization Pilot Program (CPP). The purpose of adding the SBIR/STTR reauthorization provisions to the FY2010 National Defense Authorization bill was to make sure there was an alternative legislative vehicle to enact the provisions instead of relying on a free-standing bill that had been blocked from passage in the previous two Congresses. The SBIR/STTR amendments were adopted by the Senate Armed Services Committee and passed out of the full Senate, as a substitute to H.R. 2647. Chair Landrieu then worked with Senators Levin and House

Armed Services Chair Ike Skelton to preserve the provisions in conference. Ultimately, the provisions were enacted, but instead of 14 years of reauthorization for the SBIR and STTR programs and permanency for the CPP, they were each extended for one year, through September 30, 2010. This provided more stability to the largest SBIR and STTR programs over the many short-term extensions enacted for the other ten agency programs. P.L. 111–84, was signed into law October 28, 2009.

S.A. 1703 to the National Defense Authorization Act for FY2010

Chair Landrieu and Ranking Member Snowe offered the Senate-passed version of S. 1233 as an amendment to annual Department of Defense authorization bill to modify and expand upon the SBIR and STTR amendments passed out of the Senate Armed Services Committee as part of S. 1390. Ultimately, as described above, all but the one-year authorization for SBIR, STTR and CPP were dropped in conference.

Temporary Extensions

During the 111th Congress, the SBIR program was extended nine times, and the STTR program was extended six times, past their original sunsets of September 30, 2008, and September 30, 2009. The purpose of the extensions was to prevent the SBIR and STTR participating agencies from slowing down or shutting down their programs, as happened around the time of the 2000 SBIR reauthorization, hurting many small businesses and delaying needed research. The extensions were as follows: (1) P.L. 110–235; (2) P.L. 111–10; (3) P.L. 111–43; (4) P.L. 111–66; (5) P.L. 111–89; (6) P.L. 111–136; (7) 111–162; (8) P.L. 111–214; and (9) P.L. 111–251.

Oversight

On June 2, 2009, John P. Holdren, Director of the Office of Science and Technology Policy, wrote Chair Landrieu to express the Obama Administration's strong support for the reauthorization of the SBIR and STTR programs and to provide its views on the core elements needed in any reauthorization legislation. Director Holdren stated that it was imperative to eliminate the short-term extensions of the programs, to increase the funding of Phase I and Phase II to $150,000 and $1,000,000, respectively, to allow agencies to spend up to 3.0 percent of SBIR/STTR funds on program administration, and to avoid prescriptive mandates that could inhibit flexibility among agencies to pursue pilot programs or experiments, such as efforts to close the gap between Phase I and Phase II awards. The letter also noted the President's commitment to increase federal investment in research and development, but parted ways with the Committee in its efforts to increase the allocation for SBIR and STTR programs from 2.5 percent and .3 percent of the respective agencies' extramural research and development budgets. Finally, the letter expressed the Administration's support to allow appropriate participation by venture-backed firms in the SBIR program as long as funding was limited to truly small businesses that merit access to the program.

B. RESTARTING THE SBIR AND STTR OUTREACH AND TECHNICAL ASSISTANCE

Chair Landrieu, with Ranking Member Snowe's support, restored funding for the Federal and State Technology Partnership (FAST) program. Even though the initiative had proven effective at increasing the geographic distribution of SBIR activity across more states, FAST had not been funded since FY2004. For FY2010 and FY2011, the program received $2 million in appropriations. The FAST program was created by Senator Bond in 2000 as part of SBIR reauthorization in an effort to strengthen the technological competitiveness of small business concerns in all 50 states in the SBIR program by providing competitive matching grants to the states. The grants have traditionally been used to raise awareness of the SBIR and STTR programs, assist businesses with applications to win SBIR and STTR awards, and then to help the firms commercialize the technology developed through the SBIR and STTR programs.

C. EFFORTS TO REVERSE THE NIH'S SBIR/STTR EXEMPTION FROM THE RECOVERY ACT

Chair Landrieu and Ranking Member Snowe worked with Senators Cardin, Kennedy and Feingold to reverse language in the Recovery Act that exempted the NIH from allocating a portion (2.8 percent) of its $8.2 billion in Recovery Act funding to the SBIR and STTR programs. The exemption was added in conference, and the Senate Small Business Committee, which has jurisdiction for these programs, was not consulted. As a result of the exemption, the NIH was not required to award about $200 million in SBIR and STTR projects to small firms. The exemption ran counter to the purpose of the Recovery Act, which was designed to create high-quality jobs and spur innovation. The Committee, along with the offices of Senator Cardin and Feingold, and Senator Kennedy, chair of the oversight committee of the NIH, held meetings with the NIH and the SBA to understand who put the exemption in the Recovery Act and urge them to allocate the 2.8 percent anyway since it was not prohibited from doing so. In addition to the meetings, Senators Landrieu and Snowe sent a letter to the NIH requesting compliance with the SBIR and STTR statutes, the Committee held two hearings and one field hearing to restore the exemption and trace the origin of the exemption, and worked to include an amendment to the FY2010 HHS appropriations bill to restore any funding that should have been allocated for small businesses through the Recovery Act but were not. As a result of these efforts, the NIH created two new programs to use small businesses to spur innovation and create greater access to the Recovery Act awards: the Bridge Span awards, and the Small Business Catalyst awards.

On March 10, 2009, Chair Landrieu and Ranking Member Snowe sent a letter to Mr. Charles E. Johnson, then the Acting Secretary of Health and Human Services regarding the exemption that the NIH requested from the SBIR and STTR requirements in relation to the $8.2 billion in Recovery Act funds the NIH received. The Senators argued that while the Recovery Act included an exemption for the NIH, it did not receive an exemption for the entire HHS and, therefore, wanted to know how the HHS would meet its

obligation to stay in compliance. The Senators noted a similar attempt by DoD to exempt the Missile Defense Agency from the SBIR and STTR requirements in 2001 and that the DoD ultimately verified that it would meet its obligation.

On April 1, 2009, Chair Landrieu received a reply to that letter from Dr. Raynard S. Kington, the Acting Director for the National Institutes of Health, announced that it would encourage SBIR and STTR firms to apply for ARRA funds through the "Grand Opportunities" or "GO" grants and fund recently peer-reviewed SBIR and STTR applications from FYs 2008 and 2009 that were approved but not funded.

On May 7, 2009, Chair Landrieu sent a letter to Dr. Robert Gates, Secretary of Defense, to inquire into Department of Defense's implementation of the American Recovery and Reinvestment Act funds and the SBIR program. Chair Landrieu stressed the importance and the need for such funds to be allocated to these programs as the programs allow small research and development firms to create high quality jobs and cutting edge products.

On May 28, 2009, Chair Landrieu received another letter from Dr. Kington, this time in response to her May 7, 2009 letter. In this letter Dr. Kington outlines more opportunities that the NIH is encouraging small businesses to apply for, such as the "Challenge Grants" and supplemental awards. He notes other steps the NIH has taken to address confusion and discouragement of small businesses to apply for Recovery Act initiatives caused by program managers. For example, the Director's office issued guidance and reminders for small businesses to apply for ARRA initiatives and held outreach events to the SBIR/STTR community to alert them to their eligibility for NIH funding opportunities supported by ARRA funds.

D. OVERSIGHT

The National Academy of Sciences (NAS) and the Government Accountability Office (GAO) issued many reports on the SBIR program since the 2000 reauthorization of SBIR that informed the work of the Committee in drafting (S. 1233 and S. 4053) and validated the merits of reauthorizing these two important federal research and development programs for small, high-technology firms. The studies and reviews are listed below.

- Small Business Innovation Research: Observations on Agencies' Data Collection and Eligibility Determination Efforts, GAO–09–956T, Aug 6, 2009
- Small Business Innovation Research: Information on Awards Made by NIH and DoD in Fiscal Years 2001 through 2004, GAO–06–565, Apr 14, 2006

Agency or topic-specific studies published by the National Research Council in accordance with the mandate to evaluate the program originating in P.L. 106–554 include:

- Revisiting the Department of Defense SBIR Fast Track Initiative (October 2009)
- Venture Funding and the NIH SBIR Program (May 2009)
- An Assessment of the SBIR Program at the National Aeronautics and Space Administration (December 2008)
- An Assessment of the SBIR Program at the Department of Energy (June 2008)

- An Assessment of the SBIR Program at the Department of Defense (November 2007)
- An Assessment of the SBIR Program at the National Institutes of Health (November 2007)
- An Assessment of the SBIR Program at the National Science Foundation (July 2007)
- An Assessment of the Small Business Innovation Research Program (July 2007)
- SBIR and Phase III Challenge of Commercialization (February 2007)
- SBIR: Program Diversity and Assessment Challenges (September 2004)
- Capitalizing on Science, Technology, and Innovation: An Assessment of the Small Business Innovation Research Program—Project Methodology (September 2004)

E. COMMITTEE ROUNDTABLES AND MEETINGS ON THE SBIR AND STTR PROGRAMS

On June 4, 2009, the Committee held a roundtable, "SBIR and STTR Reauthorization: Ensuring a Strong Future for Small Business in Federal Research and Development." The purpose of the roundtable was to give participants the opportunity to discuss past proposals and offer justifications to either retain or change provisions previously adopted by the Committee, including length of reauthorization, the size of awards, preserving the basic program structures, outreach and technical and commercialization assistance initiatives, and eligibility for firms majority-owned by multiple venture capital firms. The discussion also included presentations by the Government Accountability Office (GAO) and the National Academy of Sciences' National Research Council (NRC) on studies regarding the participation of firms with venture capital in the SBIR and STTR programs. In addition to GAO and NRC, participants included small businesses, the SBA and several program agencies, as well as business and industry associations.

On June 22, 2009, Senator Cardin held a field hearing in Rockville, Maryland, "Missed Opportunities: The ARRA and the NIH/SBIR exclusion." The purpose of the hearing was to discuss the passage of the American Recovery and Reinvestment Act ("Recovery Act") and the importance of the SBIR and STTR programs, as well as the impact that the funds available under the Recovery Act could have had on the economy if the NIH had not asked for an exemption from the Recovery Act. The field hearing built a strong record demonstrating that the NIH was not doing enough to include small businesses in their Recovery Act spending. Senator Cardin chaired the hearing, and was accompanied by panelists: Representative Chris Van Hollen, Ways and Means Committee; Representative Donna Edwards, Science Committee; Mr. Jere Glover, Executive Director, Small Business Council; Penny Pickett, Senior Advisor to the Administrator, Acting Associate Administrator for Entrepreneurial Development, Small Business Administration; Mr. Jonathan Cohen, President & CEO of 20/20 Gene Systems; Dr. Aprile Pilson, President & CEO Clarrasance, Inc., and APC Biotech Services, Inc.; Mr. Joe Hernandez, President & CEO, Innovative Biosensors, Inc.

On October 6, 2009, Chairwoman Senator Mary Landrieu held a Recovery Act Oversight Hearing where the committee examined the progress of small business provisions within the Recovery Act. The hearing primarily focused on the finance and contracting changes under the Act. There were various witnesses from the Department of Defense (DoD), Department of Energy (DOE), as well as the Small Business Administration (SBA).

VII. CONTRACTING AND PROCUREMENT

The Federal government is the world's largest purchaser of goods and services, with purchases totaling over $500 billion per year. The Federal government's long-standing policy has been to use its buying power to maximize procurement opportunities for various types of small businesses. Consistent with that policy, Congress has established a number of statutory goals designed to help small businesses compete for federal contracts.

In addition to the goal of awarding at least 23 percent of all federal prime contracting dollars to small businesses, Congress also established Government-wide contracting goals for participation by small businesses that are located in Historically Underutilized Business Zones (3 percent), or owned by women (5 percent), socially and economically disadvantaged individuals (5 percent), or service-disabled veterans (3 percent). These aspirational goals help ensure a level playing field for small businesses, and are essential tools in utilizing small businesses towards job creation and economic recovery.

Yet, despite these goals and requirements, the Federal government has not consistently reached its small business contracting goals. Additionally, small businesses face a myriad of complicated laws and regulations that make it increasingly difficult for them in obtaining a federal contract award. Recognizing the obstacles that small business owners face in the federal contracting arena, the Committee on Small Business and Entrepreneurship, in its legislative and oversight capacity, is committed to providing new opportunities, strengthening existing opportunities and eliminating unnecessary obstacles for small businesses to compete for federal contracts.

A. REAUTHORIZATION OF SBA GENERAL CONTRACTING PROGRAMS

Roundtable: "Small Business Contracting: Ensuring Opportunities for America's Small Business"

On September 22, 2009, the Committee held a roundtable titled "Small Business Contracting: Ensuring Opportunities for America's Small Business." The purpose of the roundtable was to examine ways the Federal government can increase contracts awarded to small businesses by improving government contracting programs, and to build the record in support of legislation reauthorizing those programs. Participants included small business owners and representatives from federal agencies and small business organizations, who discussed their perspectives of the state of the federal contracting arena.

The roundtable focused on the challenges that small business owners face when attempting to contract with the federal government, including the challenges that small business owners face

when attempting to work as subcontractors to large primes. The Committee took note that lack of privity is often cited as the primary reason why the government lacks the authority to protect subcontractors. The General Services Administration's (GSA) Deputy Chief Acquisition Officer, David Drabkin, testified during the roundtable that the Federal government avoids becoming involved in the relationship between prime and subcontractors. Additionally, the roundtable also heard testimony that more communication between subcontractors and prime contractors may help protect subcontractors.

The Small Business Contracting Revitalization Act of 2010 (S. 2829)

On February 4, 2010, Chair Landrieu, along with Ranking Member Snowe, introduced the Small Business Contracting Revitalization Act of 2010 (S. 2829). Based on testimony from the September 22nd roundtable, as well as hearings and activities from the previous Congress, Chair Landrieu and Ranking Member Snowe introduced S. 2829 in an effort to revitalize and renew small business procurement law to better assist small businesses and to meet the changing needs of the 21st century entrepreneur. The bipartisan bill updated contracting provisions pertaining to small business procurement, making significant improvements to the SBA's procurement programs, and authorized several new oversight and pilot program initiatives. Specifically, the bill included provisions that would require each federal agency to include in each solicitation, for any contract above the substantial bundling threshold of that agency, a provision soliciting bids by teams and joint ventures of small businesses and specify that compliance of federal prime contractors with small business subcontracting plans are to be evaluated as a percentage of obligated prime contract dollars, as well as a percentage of subcontracts awarded. Additionally, the bill included provisions to improve small business participation in the acquisition process and creates a presumption of loss to the United States whenever a contract, agreement, or grant intended for award to a small business is instead awarded to an entity that misrepresented itself as a small business.

During the markup of S. 2989 on March 4, 2010, the Committee unanimously adopted, by voice vote, a bipartisan managers' substitute amendment offered by Chair Landrieu. The bill was subsequently adopted by the Committee, as amended, by a unanimous vote. The provisions in S. 2829 were ultimately included in the Small Business Jobs Act of 2010 (P.L. 111–240).

B. SMALL BUSINESS CONTRACT PARITY

Under the SBA's parity policy, before setting aside a contract for small businesses, federal agency contracting officers may choose among the SBA's procurement and business development programs—HUBZone, Service Disabled Veteran-owned small businesses, Women-owned small businesses, and 8(a) programs—without giving one program preference over the others. Two Government Accountability Office (GAO) decisions released in September 2008 and May 2009 contradicted this long-standing SBA policy that federal agency procurement programs should be treated equally when it comes to awarding contracts. In a protest decision arising

out of an Air Force contract, the GAO made clear in its decision that HUBZone firms are entitled to absolute contracting priority over 8(a) firms in all cases where two or more HUBZone firms are available to perform the task. However, in an August 21, 2009 Memorandum Opinion, the Department of Justice directed executive agencies to follow the SBA's existing parity policy and place qualified HUBZone small businesses and 8(a) small businesses on an equal footing. Subsequently, in *Mission Critical* v. *U.S.* (09–864 C, Ct. of Fed. Claims, Feb. 26, 2010), the Court of Federal Claims held that the Small Business Act requires contract opportunities to be set aside for HUBZone firms whenever two HUBZone firms are available to perform the contract at a fair price.

Through legislation and oversight efforts, Chair Landrieu and Ranking Member Snowe sought to clarify and reiterate Congress's original intent not to prioritize one small business program over another and reconcile the decisions made by the Federal Claims Court and the GAO with existing SBA parity policy.

Legislation

On July 21, 2009, Ranking Member Snowe introduced the Small Business Contracting Programs Parity Act (S. 1489) to make clear that contracts to service-disabled veterans, 8(a), HUBZone, or women-owned firms may be awarded with equal deference to each program. The bill also provided HUBZones—the only small business contracting program without a subcontracting goal—such a target, as well as authorized mentor protege programs modeled after those used in the 8(a) program for service-disabled veteran, HUBZone, and women-owned firms.

In May 2009, Ranking Member Snowe filed an amendment to establish parity as part of the Weapon Systems Acquisition Reform Act of 2009 (S. 454). However, the amendment was not adopted. Chair Landrieu and Ranking Member Snowe filed a similar amendment to the National Defense Authorization Act for Fiscal Year 2010 (S. 1390). The amendment was accepted and passed the full Senate on July 24, 2009, but was removed during conference negotiations.

On March 26, 2010, Chair Landrieu, along with Senator Richard Durbin, introduced the Small Business Programs Parity Act of 2010 (S. 3190), to place small business programs on an equal playing field when competing for government work. Building on Chair Landrieu's and Ranking Member Snowe's previous legislative efforts, the bill clarified that the Small Business Act does not limit a contracting officer's discretion when deciding to award a federal contract to a small business participating in any restricted competition program. While no Committee action was taken on S. 3190, the bill was ultimately included as part of the Small Business Jobs Act of 2010 (P.L. 111–240).

Oversight

On October 13, 2010, Chair Landrieu sent a letter to all Federal agencies requesting them to begin implementing the contracting parity provisions included in S. 3190, which were later included in the Small Business Jobs Act of 2010 (P.L. 111–240). In the letters, Chair Landrieu noted the importance of small business contracting programs in job creation and economic growth, and the detrimental

effect of placing one program over another. Chair Landrieu urged the agencies to take swift action in implementing the law and to ensure that the agency is giving each program equal priority when issuing contract awards. As of January 3, 2010, twenty agencies have responded that they fully intend to implement the law without haste.

C. 8(A) BUSINESS DEVELOPMENT PROGRAM

The "8(a)" business development contracting program, named for the Section of the Small Business Act that authorizes the program, is the main program by which economically and socially disadvantaged businesses compete for government contracts. The Committee has long recognized the 8(a) program as a critical tool in improving under-performing sectors of the economy and ensuring socially and economically disadvantaged small business owners are able to compete on a level playing field when pursuing federal contracts. In hearings, roundtables and official meetings held over the last several Congresses, the Committee has received and reviewed numerous reports, official testimony and statements detailing the systemic obstacles that socially and economically disadvantaged business owners, particularly minority-owned businesses, face in accessing and obtaining federal contracts. Chair Landrieu has sought to continue the Committee's effort in developing a significant record, both in breadth and depth, in support of the 8(a) program and corresponding legislative efforts to expand and improve the program.

Roundtable: "Minority Entrepreneurship: Evaluating Small Business Resources and Programs"

On September 24, 2009, the Committee held a roundtable titled "Minority Entrepreneurship: Evaluating Small Business Resources and Programs." The purpose of the roundtable was to examine existing minority entrepreneurship programs and opportunities for expansion, and focused on the difficulties minority-owned businesses have in obtaining contracting dollars. Participants in the roundtable discussion acknowledged that while many federal programs designed to serve minority entrepreneurs have been successful, many have not and that the SBA and other agencies could do more to make existing programs more effective. Participants included interested minority business leaders, successful business owners, representatives from academia, and organizational leaders, as well as an SBA representative.

Legislation

On June 7, 2010, Chair Landrieu introduced the Section 8(a) Improvements Act of 2010 (S. 3458). The legislation sought to improve access to federal contracts for socially and economically disadvantaged small businesses by making key improvements to the SBA's Section 8(a) Business Development Program. Specifically, the bill directed the SBA Administrator to: (1) assign each North American Industry Classification System industry code to a category of either manufacturing, construction, professional services, or general services; and (2) for each category, establish a maximum net worth for the socially disadvantaged individuals who own or control small businesses in that category, for purposes of participation in a pro-

gram for the award of federal procurement subcontracts to socially and economically disadvantaged small businesses. The bill also required an annual inflationary adjustment to the average income and maximum net worth limits of owners of such businesses, as well as a temporary adjustment within the first 30 days after the enactment of the Act.

S. 3458 established a transition period of three years after a small business has graduated from the 8(a) program, during which period such business may receive developmental assistance through the SBA; and included a provision to require the Comptroller General and the Administrator to each evaluate the program and report evaluation results to the congressional small business committees.

Additionally, the bill directed the Administrator to establish a surety bond pilot program under which the Administrator may guarantee any surety against loss resulting from a breach of the terms of a bid bond, payment bond, performance bond, or bonds ancillary by a participating eligible small business. The bill allowed the Administrator, under the pilot program, to pay a surety up to 90 percent of the loss incurred; required the Administrator to provide, for up to three years, technical assistance and educational training to a small business participating in the pilot program; and established a pilot program advisory board and a Small Business Surety Bond Pilot Program Fund. Ultimately, no Committee or legislative action was taken on the bill.

D. OVERSIGHT OF RECOVERY ACT CONTRACTING OPPORTUNITIES

Hearings

On May 21, 2009, the Committee held a hearing titled "The Role of Small Business in Stimulus Contracting." The purpose of the hearing was to examine contracting opportunities for small businesses as a result of the American Recovery and Reinvestment Act ("Recovery Act") (P.L. 111–5). The hearing consisted of two panels. The first panel included witnesses from the SBA and the Department of Transportation, who testified as to their respective agency's efforts to track Recovery Act contracting opportunities for small businesses and discussed ways to improve inclusion of small businesses in Recovery Act-funded projects. The second panel included small business owners and interested organizational representatives, and focused on perspectives of small business owners and their experience in pursuing and obtaining Recovery Act contract awards.

On October 6, 2009, the Committee held a hearing titled "The Recovery Act for Small Businesses: What is Working and What Comes Next?". The purpose of the hearing was to evaluate small businesses' ability to access capital and contracts because of the small business provisions within the Recovery Act. The hearing consisted of five witnesses from various agencies, including representatives from the SBA, the Department of Defense, the Department of Energy and the National Institutes of Health.

Oversight

On August 14, 2009, the SBA provided the Committee with the results of a study required under Section 508(d) of the Recovery

Act pertaining to the SBA Surety Bond Guarantee Program fees and funding structure. Specifically, the Recovery Act required an assessment of (1) whether the program's current funding framework and program fee are inhibiting the program's growth; and (2) whether surety companies and small business concerns could benefit from an alternative funding structure. The study concluded that there was no evidence that the current fees and funding structure are inhibiting growth. However, the SBA continues to explore ways to enhance the program to help ensure that small businesses have robust access to surety bonds and can compete effectively for business contracts.

On September 8, 2009, Chair Landrieu sent letters to 24 executive agencies requesting information regarding Recovery Act contract awards to small businesses. In the letter, Chair Landrieu expressed the importance of small businesses in job creation and economic growth, and the need for greater access to Recovery Act contracting opportunities by small businesses. On September 15, 2009, Ms. Ana Ma, Chief of Staff in the SBA Office of the Administrator, issued a response letter to Chair Landrieu providing information about each agency's contracting awards.

In her response, Ms. Ma outlined the Stakeholder Outreach Initiative (SOI), an effort launched in August of 2009 and co-led by the SBA and the Department of Commerce. Ms. Ma stated that the SOI is designed to ensure that small businesses and disadvantaged businesses, including firms owned by minorities, women and veterans, have greater access to federal government contracting opportunities. Additionally, she indicated that the SOI would focus on training and outreach, and would host over 200 events at which federal agencies would share information with small businesses about government contracting opportunities.

VIII. Small Business International Trade

Despite ongoing domestic economic difficulties, international trade and in particular exports of goods and services, has remained a leading source of U.S. economic growth in recent years. According to the most recent data from the Department of Commerce, exports have increased by nearly 61 percent in the last ten years, growing from $989.3 billion in 1999 to $1.9 trillion in 2009, and support approximately 10 million American jobs. With 96 percent of the world's customers located outside of our borders, foreign markets remain a largely untapped resource for many U.S. businesses.

Key to any future economic growth through international trade—and specifically, through exports—will be the increased engagement of U.S. small businesses. Presently, less than 1 percent of our nation's nearly 29 million small businesses actively export their goods and services abroad. However, these 260,000 small businesses account for nearly 97 percent of all indentified U.S. exporters, including 83 percent of those who employ fewer than 20 employees. This suggests that small businesses, particularly the smallest of our small businesses, are uniquely positioned to benefit from any increase in export opportunities.

For these reasons, the Committee believes that it is critical for the Federal government to do more to both encourage and directly assist U.S. small businesses to expand into foreign markets. Small businesses seeking such opportunities routinely confront a number

of barriers that the private sector has not been able to address, including insufficient access to working capital, lack of up-to-date market information, lack of in-market advocacy, high tariffs, and burdensome and confusing local regulatory laws. All of these factors present tremendous challenges for U.S. small businesses seeking to sell their products abroad and put them at a distinct disadvantage with their foreign counterparts.

Recognizing these unique challenges, during the 111th Congress the Committee has sought to influence the development of U.S. trade and export policy by improving federal export promotion programs, particularly those programs operated and administered by the SBA, and by calling for stronger advocacy on behalf of small businesses at the highest levels of the U.S. government. The following is a summary of those activities.

A. REAUTHORIZATION OF SBA INTERNATIONAL TRADE AND EXPORTING PROGRAMS

Legislation

Chief among the Committee's efforts to increase export opportunities for small businesses during the 111th Congress was the reauthorization and improvement of the export assistance programs offered by the SBA's Office of International Trade (OIT). OIT was established by the Small Business Export Expansion Act of 1980 (P.L. 96–481) and later modified by provisions in the Small Business International Trade and Competitiveness Act of 1988 (P.L. 100–418). Although the SBA has made minor modifications and internal improvements to the office in recent years, the statutes authorizing and dictating the responsibilities of OIT have not been significantly updated since 1988, hindering the SBA's ability to serve small businesses seeking export opportunities.

Building on legislation introduced in both the 109th and 110th Congresses, on June 8, 2009, Chair Landrieu introduced the Small Business International Trade Enhancement Act of 2009 (S. 1196), which sought to reform OIT. The legislation elevated OIT, moving it out of the SBA's Office of Capital Access and creating a new office, headed by an Associate Administrator for International Trade, directly accountable to the Administrator. The legislation also made a number of other critical improvements to the office by establishing internal and interagency goals for OIT, and requiring closer coordination with other core Trade Promotion Coordinating Committee (TPCC) member agencies. Most significantly, the legislation updated the SBA's export loan programs, increasing the maximum loan amounts, raising the loan guarantees, allowing working capital to be an eligible use for loan proceeds and, finally by extending the same terms for collateral and refinancing as with the SBA's 7(a) loan program. To carry out these changes, better serve small exporters and help the SBA effectively market their export assistance programs to the small business community, S. 1196 also called on the SBA to increase and maintain the number of Export Finance Specialists posted in U.S. Export Assistance Centers throughout the country.

On December 9, 2009, Ranking Member Snowe and Chair Landrieu introduced the Small Business Export Enhancement and International Trade Act of 2009 (S. 2862). The legislation was

based largely upon the provisions in S. 1196 as well as provisions from other, similar bills introduced in past Congresses, and S. 1208, the Small Business Export Opportunity Development Act of 2009. Like S. 1196, the legislation elevated OIT, established an Associate Administrator position to head the office, made improvements to the SBA's export financing programs, and increased the number of SBA Export Finance Specialists. Additionally, the legislation created the State Trade and Export Promotion (STEP) Grant Pilot Program, to facilitate and supplement state and locally based export assistance programs serving small businesses. Finally, the legislation strengthened coordination between core TPCC agencies including the SBA, state and local trade agencies and SBA resource partners, and required a report to Congress on the Administration's efforts to promote exports by rural small businesses.

On December 17, 2009, during markup of S. 2862, the Committee unanimously adopted by a voice vote, a bipartisan managers' substitute amendment offered by Chair Landrieu and Ranking Member Snowe. The bill was subsequently adopted by the Committee as amended by a roll call vote of 18–0.

Hearings

To supplement the Committee's efforts to reauthorize the SBA's export assistance programs, Chair Landrieu held a roundtable as well as a field hearing to build a record of support for the reauthorization of SBA export assistance programs. On June 11, 2009, the Committee held a Roundtable titled "Entrepreneurial Development: Investing in Small Businesses to Strengthen Our Economy." Though much of the focus was on the SBA's Entrepreneurial Development programs, a significant portion of the roundtable's discussion included exporting and the SBA's role in supporting small businesses in trade and exporting. Specific topics addressed included the staffing levels of SBA Export Finance Specialists, the creation of a grant program to supplement state and local small business programs, and adjustments to the SBA's export financing programs. Participants contributing to the exporting portion of the discussion included representatives from the U.S. Chamber of Commerce, the Small Business Exporters Association, as well as a representative from the small business export-financing community.

Following the roundtable, on June 30, 2009, the Committee held a field hearing in New Orleans, Louisiana, titled "Keeping America Competitive: Federal Programs that Promote Small Business Exporting." The purpose of the field hearing was to highlight federal export assistance programs and the role of small businesses in international trade. The hearing consisted of two panels of witnesses, with the first panel comprising representatives from federal agencies who discussed their respective agency's role in developing and implementing small business export promotion programs. Witnesses on this panel included SBA Administrator Karen Mills; Ambassador Ronald Kirk, U.S. Trade Representative; Mr. Fred Hochberg, Chairman and President of the U.S. Export-Import Bank; and Ms. Patty Sefcik, then Acting Deputy Assistant Secretary for Domestic Operations of the U.S. and Foreign Commercial Service, within the Department of Commerce's International Trade Administration. Testimony covered topics including updates to the SBA's export financing and counseling programs, the U.S. Export-

Import Bank's financing and insurance programs, USTR's efforts to promote small business interests during the negotiation, implementation and enforcement of trade agreements and finally, an overview of the services and programs offered by the U.S. Foreign and Commercial Service.

The second panel featured a discussion of the obstacles and opportunities facing small businesses operating in foreign markets, as well as the domestic challenges associated with promoting small business exporting. Witnesses on the second panel included representatives from the World Trade Center of New Orleans, the Southern United States Trade Association, the Louisiana Business Incubation Association, and a representative from the Louisiana District Export Council. Specific issues discussed included the effectiveness of Federal export promotions in Louisiana, including those operated by the Department of Commerce and SBA, the effectiveness of these programs, ways to improve these programs and examples of best practices in small business exporting.

B. CREATION OF AN ASSISTANT UNITED STATES TRADE REPRESENTATIVE FOR SMALL BUSINESS

Oversight

In addition to efforts to improve the SBA's export assistance programs, the Committee strongly believes that the needs and concerns of small businesses should be fully incorporated into the development of federal trade policy and more specifically, during the negotiation of free trade agreements. Accordingly, on March 29, 2009, Chair Landrieu and Ranking Member Snowe, along with Senator Charles Schumer, sent a letter to United States Trade Representative Ronald Kirk asking him to consider creating an Assistant United States Trade Representative (AUSTR) for Small Business to ensure that small exporters have a stronger voice during the development of U.S. trade policy. The letter cited key statistics relating to the important role that small businesses play in international trade as well as the significant potential for economic growth and job creation that would result from encouraging and facilitating more participation by small businesses in exporting. The letter also highlighted the many barriers confronting small businesses attempting to access foreign markets and the importance of having a high-level advocate to help these businesses successfully enter and navigate foreign markets.

In a response letter, dated May 21, 2009, Ambassador Kirk outlined efforts undertaken by his office in addressing the obstacles noted in Chair Landrieu's original letter, including addressing issues of customs facilitation and non-tariff barriers to trade, global intellectual property rights protection, expanded outreach by his office to small businesses and local chambers of commerce, and finally expansion of small business representation on USTR's trade advisory committee. Ambassador Kirk indicated his willingness to examine ways to more fully integrate small business interests into USTR's agenda, including through the creation of an Assistant USTR for Small Business. Additionally, during his testimony at the Committee's June 30, 2009 field hearing on exporting, Ambassador Kirk again re-iterated his commitment to improving USTR's small business advocacy and outreach efforts, but indicated that the cre-

ation of an AUSTR for Small Business was Congressional prerogative.

Legislation

As a result of Ambassador Kirk's testimony, on December 9, 2009, Ranking Member Snowe and Chair Landrieu introduced the Small Business Trade Representation Act of 2009 (S. 2861), establishing an AUSTR for Small Business. Prior to the introduction of S. 2861, on October 7, 2009 Chair Landrieu filed an amendment, to the Hiring Incentives to Restore Employment Act (HR 2847/P.L. 111–147), that allocated $500,000 of USTR's FY2010 funding towards the creation of an Assistant U.S. Trade Representative for Small Business. Though the amendment was not ultimately voted upon by the Senate, it helped to bring additional attention to the joint efforts of Chair Landrieu and Ranking Member Snowe in establishing the position.

Creation of an Assistant United States Trade Representative for Small Business

As a result of Chair Landrieu and Ranking Member Snowe's joint efforts, on January 21, 2010, Ambassador Kirk announced that the current AUSTR for Market Access and Industrial Competitiveness would subsequently become the AUSTR for Small Business, Market Access and Industrial Competitiveness, thereby broadening the position's purview to include advocacy for and representation of small business interests in executing USTR's mission.

C. NATIONAL EXPORT INITIATIVE

Letter to the Administration Regarding the National Export Initiative

During his 2010 State of the Union Address on January 27, 2010, President Obama announced the creation of the National Export Initiative (NEI), a government-wide effort that seeks to double U.S. exports within five years and create 2 million new American jobs through the increased engagement of U.S. small businesses and farmers. To accomplish this ambitious goal, the President created an Export Promotion Cabinet consisting of key TPCC agencies and issued an Executive Order directing the Cabinet to conduct to conduct a comprehensive review of existing federal export assistance programs.

In an effort to better understand the central goals of the NEI as they relate to the small business community as well as the Export Promotion Cabinet's role review process, on March 3, 2010, Chair Landrieu and Ranking Member Snowe sent a letter to Secretary of Commerce Gary F. Locke requesting information on the TPCC's role in the NEI. The letter also urged Secretary Locke to fully integrate the SBA into the NEI, as well as into any new government-wide export strategy or programs resulting from the review process. In his response letter to Chair Landrieu and Ranking Member Snowe dated April 19, 2010, Secretary Locke indicated that the intent of the Export Promotion Cabinet was to supplement and better coordinate the work of the TPCC and its working groups, as well as to integrate any of resulting recommendations into the NEI. Sec-

retary Locke also noted that the promotion of exports by small businesses would be a key feature of the NEI and indicated that SBA Administrator Karen Mills had been placed in charge of the small business working group.

Following Secretary Locke's response, Chair Landrieu sent an additional letter to Secretary Locke on July 27, 2010, outlining her recommendations to assist the Export Promotion Cabinet and the Trade Promotion Coordinating Committee (TPCC) in the development and implementation of the small business elements of the National Export Initiative (NEI) plan. In the letter, Chair Landrieu called on the Administration to take five specific steps to improve the Federal export assistance and promotion process; (1) to increase marketing and outreach efforts to small business; (2) to update and improve existing federal export assistance programs used by small businesses; (3) to improve coordination amongst core TPCC agencies; (4) to improve small business advocacy mechanisms intended to help small businesses in foreign markets, and; (5) to increase resources in support of small business export assistance programs. On September, 16, 2010, the Export Promotion Cabinet released a report to the President outlining its recommendations for the implementation of the NEI, as well as improvement to federal export assistance programs. The report included a number of the recommendations previously outlined in Chair Landrieu's letter.

D. ADDITIONAL OVERSIGHT

Letter to the Administration Regarding Changes in U.S. Telecommunications Policy Toward Cuba

In April 2009, President Obama announced of a series of changes to limits on travel and gifts from the U.S. to Cuba, as well as the authorization of greater telecommunications links between the two countries. On May 11, 2009, Chair Landrieu, along with Senators Byron Dorgan, Jeanne Shaheen, Maria Cantwell and Ron Wyden, sent a letter to Treasury Secretary Timothy Geithner requesting that any changes in American telecommunications policy towards Cuba include access to new opportunities for U.S. small businesses. Specifically, Chair Landrieu urged Secretary Geithner to make small businesses a priority in any negotiations with the Cuban government regarding establishing fiber-optic cable by U.S. telecommunications providers and satellite telecommunications facilities linking the U.S. and Cuba. Additionally, Chair Landrieu requested information as to whether export loans program would include business activities in Cuba, the role of SBA in promoting U.S. small business opportunities in Cuba, and the role of the Cuban government in encouraging small business participation in joint ventures between the two countries. In his response letter, dated May 21, 2009, Secretary Geithner expressed agreement as to the need to include small business interests when negotiating policies between the U.S. and Cuba.

Letter to the GAO Regarding the Trade Promotion Coordinating Committee and Inter-Agency Coordination

On August 3, 2009, Chair Landrieu, along with Ranking Member Snowe and Small Business Committee members Benjamin L. Cardin and Jeanne Shaheen, issued a letter to Mr. Gene Dodaro,

Acting Comptroller General of the U.S. Government Accountability Office (GAO), requesting that the GAO conduct an investigation of the Trade Promotion Coordinating Committee's (TPCC) progress in implementing an effective government-wide strategy to promote exporting opportunities for small businesses. In the letter, the Senators asked the GAO to examine the steps being taken to improve inter-agency coordination of export promotion programs, training, and outreach to small businesses. Additionally, GAO was asked to evaluate the allocation of SBA resources to export promotion efforts as compared to other TPCC member agencies, and the Department of Commerce's management and control of the TPCC's activities and whether its control impacts the effectiveness of trade promotion within other agencies. GAO has indicated that a report with the requested items is currently underway and will report back to the Committee on its findings in late 2011.

Letter to the President Regarding Small Business Representation on the President's Export Council

As part of the Administration's efforts to move the NEI forward, on July 7, 2010, President Obama reconvened the dormant President's Export Council and named 22 private sector representatives to the Council. As the principal national advisory committee on international trade, the Council advises the President of government policies and programs that affect U.S. trade performance and provides a forum for discussing and resolving trade-related problems among the business, industrial, agricultural, labor, and government sectors. However, of the 22 members named to the Council in July 2010, the overwhelming majority represent large U.S. corporations, including Boeing, Xerox, Pfizer and Ford Motor Company. As a result, on August 11, 2010, Chair Landrieu sent a letter to President Barack Obama asking him to consider filling the 8 remaining private sector spots on the Council with successful small business exporters.

IX. Education and Entrepreneurial Development

The Committee's role in overseeing the numerous SBA programs has led to the development of several programs aimed at providing small businesses with the tools they need to compete and succeed. These programs are designed to protect the interests of small businesses and most importantly, improve the success rate of small businesses through counseling, training and technical assistance. According to the Aspen Institute, "training and technical assistance are arguably the most important components of microenterprsie development services in the United States, particularly when those services are aimed at low-income clients." Small business counseling and technical assistance programs have the potential to help millions of small businesses by teaching entrepreneurs and small business owners fundamental principles and practices regarding cash flow, cost management, strategies to access to capital and effective business planning.

With the help of its resource partners such as Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Service Corps of Retired Executives (SCORE), Veteran Business Centers (VBCs), and the Program for Investment in Microentrepreneurs (PRIME), the SBA provides technical assistance and in-

formation to potential and current small business owners, but helping to focus the nation's entrepreneurial spirit into concrete economic growth. In 2007, with a modest federal investment of approximately $97 million in assistance, SBDC clients generated nearly $220 million in additional federal revenues. Nationally, this economic activity resulted in approximately $2.26 in revenue for every federal dollar expended. This level of return on investment is not unique to SBDCs. According to an SBA report to Congress, SCORE helped create more than 19,000 new small businesses in 2007 at a cost of $29 per business and helped create more than 25,000 new jobs each year.

During the 111th Congress, the Committee has worked to educate Members of Congress and other interested parties in the vital role that SBA's resource partners play in making SBA and other federal agencies' programs more effective. Additionally, Chair Landrieu and Ranking Member Snowe sought to improve and expand the capacity through which SBA and its resource partners assist small businesses. Through hearings and legislation, the Committee has worked to provide SBA resource partners with the tools they need to effectively serve small businesses.

A. REAUTHORIZATION OF THE SBA'S ENTREPRENEURIAL DEVELOPMENT PROGRAMS

Entrepreneurial Development Act of 2009 (S. 1229)

On June 10, 2009, Chair Landrieu and Ranking Member Snowe introduced the Entrepreneurial Development Act of 2009 (S. 1229). Consistent with the Committee's commitment to improving and providing necessary support to SBA's resource partners, the legislation increases funding authorized by Congress for important counseling, training and technical assistance programs. Additionally, the legislation codifies several programs currently operated and supported by the SBA that are not authorized under the Small Business Act.

S. 1229 is based on S. 1671, the Entrepreneurial Development Act of 2007, which was incorporated into S. 2920, the SBA Reauthorization Act of 2007. Both pieces of legislation were based on S. 3778, the Small Business Reauthorization and Improvements Act of 2006, developed in part by then Chair Snowe during the 109th Congress. S. 1229 builds on the Committee's work in the prior Congresses, making slight changes to the provisions, including clarification on the definitions and qualifications of eligible WBCs. S. 1229 also calls for extending privacy requirements to SCORE clients and increasing the number of members to the National Small Business Development Center Advisory Board. Additionally, S. 1229 authorizes several programs in support of veterans' business development and Native American entrepreneurship, as well as a program to provide information on health insurance options to small business owners.

On June 18, 2009, during markup of the legislation the Committee unanimously adopted, by voice vote, a bipartisan managers' substitute amendment offered by Chair Landrieu and Ranking Member Snowe. The legislation was subsequently adopted by the Committee as amended by a roll call vote of 18–0.

Small Business Community Partner Relief Act of 2010 (S. 3165)

The SBA maintains a national network of WBCs and microloan intermediaries that provide technical assistance, training, counseling and other services to help underserved segments of the population start and grow successful small businesses. More than 110 WBCs across the country help more than 150,000 clients, primarily women, annually on a vast array of topics—from how to write a business plan to where to get financing. Additionally, microloan intermediaries provide small, short-term loans to start-ups or small growing firms that cannot access credit through traditional loan programs. Much like WBCs, microloan intermediaries tend to serve disadvantaged businesses in populations and areas of the country that have been hit the hardest by the recession, with about 48 percent of microloans going to small businesses owned by women and approximately 53 percent to minority-owned small businesses.

As a requirement to receive funding from the SBA, WBCs and microloan intermediaries must also find matching local funds to support their programs. However, in the face of the recent economic downturn, many WBCs and microloan intermediaries who typically receive matching funding from state and local governments, universities and private entities have experienced significant reductions in or the limitation of funding awards due to budget cuts and current economic conditions. As a result, some WBCs and microloan intermediaries have had to reduce or refuse federal money. At least nine WBCs closed or requested reduced funding in 2010 and many other WBCs are struggling to keep their doors open, even in the face of record demand for their services.

To help alleviate the financial burdens causing small business counseling centers to close, on March 25, 2010, Chair Landrieu, Ranking Member Snowe and Senator Richard Durbin introduced the Small Business Community Partner Relief Act of 2010 (S. 3165). The legislation enabled the SBA to temporarily waive or reduce the matching non-federal funding requirement for qualified WBCs and microloan intermediaries who meet certain economic hardship criteria. Under the legislation, the SBA may grant a waiver or reduction of a match requirement on a yearly basis, renewable upon application, through 2012. While no Committee action was taken on S. 3165, the legislation was ultimately included as part of the Small Business Jobs Act of 2010 (P.L. 111–240).

Strengthening Entrepreneurship for America's Veterans Act of 2010 (S. 3394)

According to the Department of Veterans Affairs, there are more than 23.8 million veterans in the country, with hundreds of new veterans returning home from service each day. Additionally, a recent small business study on veteran business ownership revealed that approximately 22 percent of veterans in the U.S. household population were either purchasing or starting a new business or considering purchasing or starting a business in 2004. Of those veteran entrepreneurs, 72 percent planned to hire at least one person in the start of their venture. The report indicates that many veterans and military personnel returning from recent tours become entrepreneurs and create new jobs in their communities, and help to strengthen the economy overall.

Since the passage of the Veterans Entrepreneurship and Small Business Development Act of 1999 (P.L. 106–50), the SBA's Office of Veterans Business Development (OVBD) has been working to provide technical assistance and support to those veterans who have served our country and returned to start or grow a small business. The Committee has supported efforts to ensure successful transitions into civilian life and, more specifically, civilian employment. By encouraging all levels of veteran entrepreneurship and advocating for additional resources, the Committee has worked diligently to provide America's veterans with the information and tools they need to become success small business owners. The Committee continues to recognize the tremendous success and potential of the OVBD in providing critical information and services to veteran small business owners across the country.

In continuing with the Committee's commitment to supporting America's veteran entrepreneurs, on May 20, 2010 Chair Landrieu and Ranking Member Snowe introduced the Strengthening Entrepreneurship for America's Veterans Act of 2010 (S. 3394). The legislation established a Veterans Business Center program within the OVBD, to provide entrepreneurial training and counseling to veterans, service-disabled veterans, reservists, their spouses and surviving spouses. It also authorized funding so that the OVBD may carry out the program. In addition, S. 3394 authorized the OVBD to create an online mechanism through which the SBA may provide information to assist veteran business centers in providing resources to clients. Additionally, the legislation required two reports to be completed, one regarding veterans' access to credit and another on the effectiveness of the veterans business center program. The legislation included provisions similar to those contained in the Entrepreneurial Development Act of 2009 (S. 1229) introduced by Chair Landrieu and Ranking Member Snowe earlier in the Congress.

The Native American Small Business Assistance and Entrepreneurial Growth Act of 2010 (S. 3534)

According to the U.S. Census Bureau, the three-year average poverty rate for American Indians and Alaska Natives was 25.9 percent higher than for any other race groups. Testimony provided during hearings held by the Senate Committee on Indian Affairs in the 111th Congress stated that the national average is 50 percent unemployment for Native Americans living on or near reservations. Additionally, in some places it reaches nearly 80 percent unemployment, and of the 10 poorest counties in America, eight of them are counties located on Indian reservations.

Yet despite the dire statistics, research shows that entrepreneurial development plays a significant role in promoting healthy tribal economies and fostering economic growth across a variety of industries. Data from the U.S. Census shows that in 2007, American Indians and Alaska Natives owned 237,386 nonfarm U.S. businesses in 2007, an increase of 17.9 percent from 2002, and of those, 24,064 had paid employees, employing approximately 191,472 people. In total, these firms generated $34.5 billion in gross receipts.

To help further stimulate the economy and help foster opportunities for entrepreneurship in Indian country, Chair Landrieu, alongside Senator Byron Dorgan, Chairman of the Senate Committee on

Indian Affairs, introduced the Native American Small Business Assistance and Entrepreneurial Growth Act of 2010 (S. 3534). The legislation, which was introduced on June 24, 2010, codified the Office of Native American Affairs within the SBA, which currently works to promote and support Native American entrepreneurs and to encourage important entrepreneurial activity in Native American communities. Additionally, legislation S. 3534 established a grant program to help provide culturally tailored business development training, technical assistance and counseling to Native American entrepreneurs. For communities that have not typically been geared towards private enterprise, the legislation intended to provide critical resources and help to address long-term sustainability issues in tribal communities. The legislation included provisions similar to those contained in the Entrepreneurial Development Act of 2009 (S. 1229) introduced by Chair Landrieu and Ranking Member Snowe earlier in the Congress and builds upon legislation introduced by Senator Tim Johnson in previous Congresses.

B. HEARINGS

Roundtable: "Entrepreneurial Development: Investing in Small Businesses to Strengthen Our Economy"

On June 11, 2009, the Committee held a Roundtable titled "Entrepreneurial Development: Investing in Small Businesses to Strengthen Our Economy." The purpose of the roundtable was to build the record in support of the SBA's counseling and technical assistance programs, and to discuss the changes included in S. 1229. Participants included interested organizational leaders, SBA resource partner and a representative of the SBA, many of whom endorsed many of the changes S. 1229 as well as the increase in funding for these programs.

Roundtable: "Entrepreneurship for the Next Generation: Harnessing the Power of Young Entrepreneurs in a Changing Economic Landscape"

On August 3, 2010, the Committee held a Roundtable titled "Entrepreneurship for the Next Generation: Harnessing the Power of Young Entrepreneurs in a Changing Economic Landscape." The purpose of the roundtable was to discuss the role of young entrepreneurs in strengthening the economy and the obstacles they face in starting or expanding small businesses under the current economic climate. Participants included young entrepreneurs and successful small business owners, leaders in entrepreneurial education, as well as representatives from the Small Business Administration, the Center for American Progress, SCORE, and SBDCs.

C. OVERSIGHT

Letter to the Administration Regarding Appointments to the National Women's Business Council

On July 29, 2010, Chair Landrieu and Ranking Member Snowe sent a letter to SBA Administrator Karen Mills regarding the status of appointments of members, and selection of a Chairperson, to the National Women's Business Council ("the Council"). Under the Women's Business Ownership Act of 1988 (P.L. 100–533), the Council was created to serve as an independent source of advice,

and to provide policy recommendations, to the President, Congress and the SBA, on behalf of women's small business issues.

Under the Act, the Administrator of the SBA is responsible for eight of the fifteen appointments of members to the Council, and vacancies are required to be filled within 30 days. In the letter, Chair Landrieu and Ranking Member Snowe expressed concern that the Council had been operating without a Chairperson or an adequate number of members for an extended period of time, and that the vacancies of the Council were undermining the ability of the organization to remain effective and active in representing the obstacles facing women business owners. Additionally, Chair Landrieu and Ranking Member Snowe requested an update as to the status of the Administrator's appointments as well as information regarding the selection of the Council's Board Chair.

While the SBA did not issue a formal response letter, on August 8, 2010 the Council announced the appointment of Dana Lewis as its new Executive Director, to oversee the daily operations of the Council and to facilitate the appointment and transition of a new Board Chair. Additionally, on October 4, 2010 President Obama announced his intent to appoint Ms. Donna A. James to be the Chair of the National Women's Business Council.

X. Small Business Broadband and Access to Technology

A. LEGISLATION

Small Business Broadband and Emerging Information Technology Enhancement Act of 2010 (S. 3506)

On June 17, 2010, Chair Landrieu and former Chair John Kerry introduced legislation to better assist small business owners in accessing broadband Internet technology. The Small Business Broadband and Emerging Technology Enhancement Act of 2010 (S. 3506) was designed to address many of the recommendations from the Federal Communications Commission's March 2010 report entitled "Connecting America: The National Broadband Plan" which calls for increased broadband access for rural small businesses, and includes many of the Committee's recommendations for increasing small business access to broadband. Specifically, the bill would have amended the Small Business Act to direct the Administrator of the Small Business Administration (SBA) to assign an SBA employee to coordinate SBA programs and activities relating to broadband and emerging information technology (BEIT). The bill was referred to the Committee, though no action was taking on the bill.

The Small Business Investment and Innovation Act of 2010 (S. 3967)

On November 18, 2010, Chair Landrieu introduced the Small Business Investment and Innovation Act of 2010 (S. 3967). While the bill contained a number of provisions aimed at strengthening counseling and technical assistance programs, revising disaster assistance, addressing regulatory concerns, and building contracting and international trade initiatives for small businesses, the bill also contained several provisions targeted to improving small business broadband access. Specifically, S. 3967 would have amended the Small Business Act to assign within the Small Business Ad-

ministration (SBA) a Broadband and Emerging Information Technology Coordinator to assist small businesses in using broadband and other emerging information technologies. This provision would have directed the SBA Administrator to establish a pilot program to provide up to 1,000 excess government-owned computers each year to rural small businesses at no cost or at a reduced cost. In addition, the legislation would have required a report from the SBA Administrator on ways the agency could assist with the development of broadband and wireless technology to the benefit of small businesses. The bill was referred to the Committee, and while a markup of the bill had originally been scheduled to take place in November, the markup was postponed.

B. HEARINGS

Hearing: "Connecting Main Street to the World: Federal Efforts to Expand Small Business Internet Access"

On April 27, 2010, Chair Landrieu and Ranking Member Snowe convened a hearing titled "Connecting Main Street to the World: Federal Efforts to Expand Small Business Internet Access." The hearing focused on implementing the Federal Communications Commission's (FCC) National Broadband Plan and ongoing broadband grant opportunities made available from the American Recovery and Reinvestment Act. Additionally, the hearing served as a foundation for understanding what federal efforts have been made to date to enhance small business access to broadband technology, and to hear industry's input on these efforts.. The hearing brought together the Chairman of the FCC, Julius Genachowski; the Administrator of the Rural Utilities Service, Jonathan Adelstein; the Acting Chief Counsel at the SBA's Office of Advocacy, Susan Walthall, and the Administrator of the National Telecommunications and Information Administration, Larry Strickling, to fully address the National Broadband Plan.

Roundtable: "Connecting Main Street to the World: Small Business Perspectives on Internet Access"

On May 13, 2010 the Committee held a roundtable titled, "Connecting Main Street to the World: Small Business Perspectives on Internet Access." The purpose of the roundtable was to discuss, with small business owners, the specific needs that various small businesses have with regard to broadband access, affordability, and adoption. In the roundtable, participants discussed the implementation of the Federal Communications Commission's (FCC) National Broadband Plan, and whether the plan meets their needs as small business owners and customers of broadband Internet service.

C. OVERSIGHT

Letter to Federal Officials Regarding Recovery Act Funds for Small Business Broadband

On June 10, 2009, Chair Landrieu sent a letter to U.S. Department of Commerce Secretary Gary Locke, National Telecommunications and Information Administration Acting Administrator Anna Gomez, Department of Agriculture Secretary Tom Vilsack and Federal Communication Commission (FCC) Acting Chairman Michael

Copps regarding resources to increase access to technology by small businesses in rural and traditionally underserved communities. In her letter, Chair Landrieu encouraged the respective Federal entities to ensure small business opportunities as they allocate the American Recovery and Reinvestment Act's more than $3.3 billion in broadband-related funds toward expanding access to advanced telecommunications technology and services.

On June 23, 2009, Acting FCC Chairman Michael Copps issued a response letter thanking Chair Landrieu for her recommendations, and informed the Chair of the FCC's role in developing a national broadband plan. In his letter, Acting Chairman Copps outlined the process for seeking input in developing the plan, and expressed a continuing commitment to ensure small businesses are a part of that process.

Letter to the FCC Regarding Broadband and Small Businesses Growth

On November 12, 2009, the Federal Communications Commission (FCC) sought public comment on the relationship between broadband and economic opportunity. On December 4, 2009, Chair Landrieu sent a letter to FCC Chairman Julius Genachowski offering her comments on the impact of broadband technology on small business growth and economic development. In her letter, Chair Landrieu cited several Louisiana-based small businesses and rural cities that have benefitted from the use of advanced technologies. In addition to spurring growth among the nation's small businesses, Chair Landrieu noted that broadband expansion has the ability to boost tourism in rural parts of the country.

Letter to the FCC Regarding the National Broadband Plan

On February 22, 2010, Chair Landrieu sent a letter to the Federal Communications Commission (FCC) regarding the National Broadband Plan and its impact on small businesses. In her letter, Chair Landrieu expressed her interest in broadband's capacity to create and grow small businesses, and her desire that the National Broadband Plan support small business suppliers of broadband as well as small businesses customers of broadband Internet service. Additionally, Chair Landrieu expressed the need for the Small Business Administration to play a role in assisting small businesses in gaining access to and benefitting from broadband technology.

Letter to HUD Regarding Permissible Use of Funding Towards Small Business Broadband

On April 15, 2010 Chair Landrieu sent a letter to the U.S. Department of Housing and Urban Development (HUD) requesting information regarding the eligible uses of various HUD programs to support funding for increasing small business access to technology. Specifically, Chair Landrieu requested information regarding whether Community Development Block Grant (CDBG) funds may be used by state and local governments towards the improvement of broadband technology and infrastructure to the benefit of small businesses. Chair Landrieu also requested information as to whether Section 108 Loan Guarantee program may be used by communities to construct or install broadband Internet infrastructure and

computing facilities. Additionally, Chair Landrieu requested information as to whether Sustainable Communities Planning grants may be used by state, regional or local development groups to fund plans which include expanding or facilitating broadband internet access.

On April 30, 2010, HUD issued a response letter to Chair Landrieu's request for information regarding permissible use of HUD programs towards increasing broadband infrastructure to the benefit of small businesses. In the response, Mr. Peter A. Kovar, Assistant Secretary for Congressional and Intergovernmental Relations, stated that CDBG funds may be used towards the improvement of broadband technology and infrastructure to the benefit of small businesses, in certain circumstances. Mr. Kovar also stated that the Section 108 Loan Guarantee Program may be utilized for broadband and other technology-based projects. Additionally, in his letter, Mr. Kovar informed Chair Landrieu that HUD was in the process of preparing a Notice of Funds Availability (NOFA) for the Sustainable Communities Regional Planning Grant Program, and that they expected that the NOFA would be drafted in such a way as to address Chair Landrieu's concerns.

XI. Minority Small Business Development

Minority-owned small businesses account for nearly 18 percent of our nation's nearly 27.7 million small businesses, earning gross receipts of nearly $668 billion and employing approximately 4.7 million workers, or roughly 9 percent of the workforce. According to the SBA's Office of Advocacy, minority-owned small businesses are among the fastest growing segments of the small business community and it is estimated that over the last decade, minority-owned enterprises have accounted for more than 50 percent of the two million new small businesses started.

Despite this recent growth among minority-owned small businesses, many of these firms face significant barriers when attempting to start or expand their operations. A recent study by the SBA's Office of Advocacy found that race is a significant predictor of opening a business. For example, the odds of a minority opening a business are estimated to be 55 percent lower than those for a non-minority owned firm. Wealth, experience and education have also been found to factor significantly into the ability of minority-owned firms to open, start and expand their business. Further compounding these problems, the recent economic recession has seen credit tighten drastically with many banks withdrawing or reducing their lending activity to small businesses. Minority-owned firms, who struggle to access capital under even the best of economic conditions, have also been significantly and negatively affected by the credit-crunch.

The Committee recognizes the vital role minority-owned businesses play in strengthening our economy and increasing our global competitiveness. Lack of access to capital, contracting and other opportunities for any sector of the small business community results in loss of economic efficiency to the American economy as a whole. The Committee continues to push the SBA to expand its lending, contracting and technical assistance programs to reach underserved segments of the minority community, including minority-owned firms, as well as to provide additional resources in support

programs designed to serve these communities. During the 111th Congress, through hearings and legislation, the Committee has sought to examine and address the obstacles that minority business owners face in starting and growing their small businesses.

A. HEARINGS

Roundtable: "Minority Entrepreneurship: Evaluating Small Business Resources and Programs"

On September 24, 2009, the Committee held a Roundtable titled "Minority Entrepreneurship: Evaluating Small Business Resources and Programs." The purpose of the roundtable was to examine existing minority entrepreneurial development programs as well as opportunities for expansion of these programs, with a specific focus on the difficulties minority-owned businesses have in obtaining federal contracts. Participants in the roundtable included interested minority business leaders and successful business owners, representatives from academia, organizational leaders, as well as a representative of the SBA. A number of the participants acknowledged that although many federal programs designed to serve minority entrepreneurs have been successful, other have not achieved their intended objectives. Additionally, the participants also expressed their views as to how the SBA and other agencies could do more to make existing programs more effective.

Hearing: "Assessing Access: Obstacles and Opportunities for Minority Small Business Owners in Today's Capital Markets"

On April 15, 2010, the Committee held a hearing titled "Assessing Access: Obstacles and Opportunities for Minority Small Business Owners in Today's Capital Markets." The purpose of the hearing was to discuss the opportunities and obstacles for minority business owners in accessing capital and related technical assistance, in order to build a record for Congress to address those issues. Witnesses included minority business owners, as well as representatives from the financial sector, academia, the Department of Commerce's Minority Business Development Agency (MBDA) and the SBA.

During the hearing, Dr. Robert Fairlie, a Professor of Economics at the University of California, testified that minority entrepreneurs face increased scrutiny in finding and receiving capital, and are less likely to receive loans than non-minority owned firms regardless of firm size. In addition, Dr. Fairlie testified that when minority-owned firms do receive financing, it is at lower levels and higher interest rates than non-minority business owners. This testimony was supported by Mr. David Hinson, National Director of the MBDA, who presented similar findings that were included in a recent report published the Agency. Additionally, several witnesses made legislative recommendations for Congress to address these issues.

B. OVERSIGHT

Letter to the SBA Regarding the Appointment of the Associate Administrator for Minority Small Business and Capital Ownership Development

On December 4, 2009, Chair Landrieu sent a letter to SBA Administrator Karen Mills regarding the appointment of the Associate Administrator for Minority Small Business and Capital Ownership Development. According to Section 4(b)(1) of the Small Business Act, the Administrator has the authority to appoint an Associate Administrator for Minority Small Business and Capital Ownership Development, which is responsible "for the formulation and execution of the policies and programs under sections 7(j) and 8(a) of [the Act] which provide assistance to minority small business concerns." At the time Chair Landrieu sent the letter, the position had not been filled. The Chair, in her letter to the Administrator, requested information regarding the SBA's status in filling the position.

Having not received an official response from the SBA, Chair Landrieu sent a follow up letter, on April 7, 2010, to Administrator Mills thanking her for allowing Mr. Grady Hedgespeth, Director of the Office of Financial Assistance, to participate in the Committee's April 15, 2010 hearing titled, "Assessing Access: Obstacles and Opportunities for Minority Small Business Owners in Today's Capital Markets." In the letter, Chair Landrieu reiterated her request for information regarding the status of the appointment to the position and indicated her intent to ask Mr. Hedgespeth whether the SBA intended to fill the position.

During the hearing, Chair Landrieu asked Mr. Hedgespeth about the SBA's intent to appoint an Associate Administrator for Minority Small Business and Capital Ownership Development. Mr. Hedgespeth acknowledged that Administrator Mills had received Chair Landrieu's request for information regarding the position. According to Mr. Hedgespeth, the SBA was moving "swiftly" to fill the position and had identified a well-qualified candidate to potentially assume the role. On August 31, 2010, Darryl K. Hairston was appointed to the position of Associate Administrator for Minority Small Business and Capital Ownership Development. In his capacity, he serves as the Associate Administrator for Business Development (formerly, Associate Administrator for Minority Small Business and Capital Ownership Development). As such he is responsible for the formulation and execution of the policies and programs under sections 7(j) and 8(a) of the Small Business Act which provide assistance to minority small business concerns.

XII. SMALL BUSINESS TAX ISSUES

A. LEGISLATION

The Small Business Stimulus Act of 2009 (S. 156) and the Net Operating Loss (NOL) Carryback Act (S. 823)

As a means to help small businesses quickly recover the cost of certain capital expenses, small business taxpayers are allowed to elect to write-off the cost of these expenses in the year of acquisition as opposed to recovering these costs over time through depreciation. In 2008, Congress passed and the President signed into law

the Economic Stimulus Act of 2008, which allowed American small businesses to expense up to $250,000 of certain investments, including the purchase of new equipment through 2009. On January 6, 2009, Ranking Member Snowe, Chair Landrieu and former Chair John Kerry introduced the Small Business Stimulus Act of 2009 (S. 156) to extend these enhanced expensing limits for small businesses. The bill extended, through 2010, the increased expensing allowance for depreciable business assets included in the Economic Stimulus Act of 2008, and extended, from two to five years, the carryback period for net operating losses incurred in 2008 or 2009. Though no action was taken on the bill, the provisions were ultimately included in the Recovery Act (P.L. 111–5)

On April 2, 2009, Ranking Member Snowe, along with Small Business Committee member Maria Cantwell and Senators Max Baucus, Orrin Hatch, Debbie Stabenow, John Ensign, Blanche Lincoln and Bill Nelson, introduced the Net Operating Loss (NOL) Carryback Act (S. 823). On July 20, 2009, Chair Landrieu cosponsored the bill, which limited the amount of a NOL carried back to the fifth taxable year to 50 percent of taxable income, except for small business taxpayers with gross receipts of $15 million or less. Though no action was taken on the bill, the provisions were ultimately included in the Worker, Homeownership, and Business Assistance Act of 2009 (P.L. 111–92), signed into law on November 6, 2009.

The Small Business and Military Family Assistance Act of 2009 (S. 2748)

On November 6, 2009, former Chair John Kerry, Chair Landrieu and Senator Blanche Lincoln introduced the Small Business and Military Family Assistance Act of 2009 (S. 2748), which extended a tax credit that was designed to provide an incentive for small employers to eliminate any pay gap between civilian and military pay of their reservist employees when they are called to active duty. Specifically, the tax credit provided small businesses with less than 50 employees with a tax credit of 20 percent of the differential pay. The maximum credit is $4,000. The credit is for amounts paid through December 31, 2009. The bill extended this provision for an additional year to apply to amounts paid through December 31, 2010. While no action was taken on the bill, the provisions were ultimately included in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111–312).

Small Business Tax Equalization and Compliance Act (S. 3430)

On May 26, 2010, Ranking Member Snowe and Chair Landrieu introduced the Small Business Tax Equalization and Compliance Act (S. 3430) to provide the salon industry the same tax rules on tips paid to employees as permitted in the restaurant industry. Specifically, the bill provided a tax credit designed for salon employers to offset the matching Social Security and Medicare taxes that the salon employer is required to pay on the tips that employees receive from customers. Building upon similar legislation introduced in previous Congresses, the legislation would also help to make more even-handed IRS enforcement of laws on payroll and income taxes. Subsequent to introduction, S. 3430 was referred to the Finance Committee, which did not take action on the bill.

B. HEARINGS

Roundtable: "What is Working: Tax Incentives to Aid Small Business Recovery"

Shadowing the economic recovery efforts, many tax benefits for small businesses effective for most of the last decade were set to expire during the course of the 111th Congress. In particular, the individual and capital gains tax cuts enacted as part of the Economic Growth and Tax Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Reconciliation Act of 2003 (JGTRRA) (together, the "Bush Tax Cuts") were set to expire on December 31, 2010. As a result of the impending expiration of these tax cuts, on December 3, 2009, the Committee held a roundtable entitled "What is Working: Tax Incentives to Aid Small Business Recovery."

The purpose of the roundtable was to discuss relevant expiring tax provisions and their impact on small businesses and small business owners; and examine the need for extending, redesigning, or making permanent these provisions in the tax code. Participants included interested organizational leaders, tax policy experts, and small business owners. Specific provisions discussed in the roundtable included enhanced expensing provisions originally included in the American Recovery and Reinvestment Act (P.L. 111–5), as well as the New Markets Tax Credit Extension Act of 2009 (S. 1583), a bill co-sponsored by Chair Landrieu and Ranking Member Snowe which would extend the New Market Tax Credit for five years and provide $5 billion in annual allocation authority.

Additionally, many of the provisions discussed—including the need to extend the Bush Tax Cuts—were ultimately included in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111–312) signed into law on December 18, 2010.

C. FORM 1099 DEBATE

Legislation

As part of healthcare reform, beginning in 2012, as an offset, Congress expanded the Form 1099 reporting requirement to require any business to file a Form 1099 for payments made for goods—in addition to services—that cost $600 or more. This created another category of income that required a Form 1099 filing requirement. The Form 1099 filing requirement was also expanded to require businesses that made payments to corporations for services that cost $600 or more to file Form 1099s to report those payments. Following the passage of healthcare reform, small businesses raised concerns regarding these new requirements set to take effect in 2012 (the "2012 Form 1099 Requirements").

On September 14, 2010, during the debate on the Small Business Jobs Act (P.L. 111–240), Senator Mike Johanns and Senator Bill Nelson introduced amendments to address the 2012 Form 1099 Requirements, and neither amendment was agreed to by Senate vote. In addition, on September 14, 2010, Chair Landrieu, together with Senator Barbara Mikulski, introduced the Information Reporting Modernization Act of 2010 (S. 3783) ("IRMA"). The bill was designed to update and modernize the existing Form 1099 reporting requirements as well as the 2012 Form 1099 Reporting Require-

ments. Specifically, the bill amended the Internal Revenue Code to increase the threshold reporting requirement from $600 to $5,000 for reporting to the Internal Revenue Service (IRS) payments made to corporations. Additionally, IRMA authorized the IRS to issue guidance to allow the $5,000 amount to be annually adjusted for inflation every year thereafter; exempted from the reporting requirements altogether, payments made by credit cards and debit cards; and required the IRS to (i) upgrade its scanning technology to allow for the submission of generic 1099–MISC forms downloaded from its site; and (ii) establish a free online entry and submission mechanism.

Building upon S. 3783, on November 15, 2010, Senate Finance Committee Chairman Max Baucus, along with Chair Landrieu, introduced the Small Business Paperwork Relief Act (S. 3946). The bill would repeal the 2012 Form 1099 Requirements. Both S. 3783 and S. 3946 were referred to the Finance Committee, though no action was taken in the Finance Committee on either bill.

On Nov. 29, 2010, the Senate voted to repeal the expanded Form 1099 reporting requirements set to take effect in 2012. Senators Johanns and Baucus each introduced separate amendments to the FDA Food Safety Modernization Act (S. 510). Both the Johanns and Baucus amendments would have repealed the 2012 reporting requirements. To pay for the full repeal, however, the Johanns amendment would have rescinded $39 billion of unobligated, appropriated discretionary funds, except funds appropriated to the Department of Defense and the Department of Veterans Affairs. Alternatively, the Baucus amendment would have been paid for by a reduction in the overall savings triggered by healthcare reform law. Ultimately, neither amendments were successfully voted out of the Senate.

Finance Committee chairman Baucus and Senator Charles Schumer subsequently attempted to resolve the Form 1099 issue through separate amendments to the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111–312). However, both attempts to resolve the issue in connection with P.L. 111–312 failed, and the respective relevant Form 1099 provisions were not included in the final legislation signed into law.

Hearings

On November 18, 2010, the Committee held a roundtable entitled "Assessing the Regulatory and Administrative Burdens on America's Small Businesses." The purpose of the roundtable was to examine overly burdensome Federal regulatory requirements on small businesses, including the 2012 Form 1099 Requirements, and the burden that these requirements impost on small businesses. The hearing consisted of two panels. In the first panel, the Committee heard from Dr. Winslow Sargeant Ph.D., Chief Counsel for Advocacy at the U.S. Small Business Administration; and Mr. James R. White, Director of Tax Issues at the U.S. Government Accountability Office. During the second panel, the Committee heard testimony from small business owners, policy experts, and interested organizational representatives.

XIII. THE SBA BUDGET AND APPROPRIATIONS

In the preceding eight years to the 111th Congress, under President Bush, the Small Business Administration (SBA) suffered more cuts to its budget than any other federal agency, experiencing a budgetary decrease of nearly 28 percent. In conjunction with the financial and economic crisis that began in late 2007, these budget reductions have significantly impeded the Agency's ability to achieve its core mission of providing credit, counseling and contracting assistance to America's nearly 28 million small businesses.

By contrast, since taking office in 2009, President Obama has made small businesses a top priority. In the first two years of his administration, the President submitted higher annual budget requests for the SBA than those submitted in each of the preceding eight years. However, despite these needed increases, some of the SBA's programs and services still would have lacked sufficient resources to meet the demands of small businesses, such as the need for more Procurement Center Representatives to help small businesses contract with the federal government. To that end, Chair Landrieu worked closely with Ranking Member Snowe to provide additional resources to the SBA above the Administration's request.

A. FISCAL YEAR 2010 BUDGET AND APPROPRIATIONS FOR THE SBA

For Fiscal Year (FY) 2010, President Obama requested a budget of $779 million for the SBA. This request represented an overall increase of approximately 19 percent from the Bush Administration's FY 2009 request of $657 million. Excluding disaster loan funding and Congressional initiatives, the President's FY 2010 request was a 40 percent increase above the FY 2009 request and a 24 percent increase over the enacted amount for the same year. For SBA credit programs, the FY 2010 request included $80 million in subsidy costs for the SBA's largest loan program, known as the 7(a) loan guarantee program, to support a program level of $17.5 billion. This program had been removed from the budget during the previous administration and had not received funding since 2005. The FY2010 request also included $7.5 billion in lending authority for the 504 program and $3 billion in authority for the SBIC Debenture program. Additionally, the President requested $3 million in subsidy costs for the microloan program to support a level of $25 million, a significant increase from the FY 2009 budget request of $0.

For SBA's non-credit and technical assistance programs the President requested $138 million, an increase of approximately 38 percent from the Bush Administration's FY 2009 request. While this amount was approximately 15 percent less than the enacted amount for those programs in FY 2009, it is important to note that additional funding for these programs was appropriated to the SBA through the American Recovery and Reinvestment Act of 2009 (P.L. 111–5) and made available through the end of FY 2010. The President factored this additional funding into his FY 2010. As a result, the request included lower amounts for the Microloan technical assistance program, the Program for Investment in Micro-Entrepreneurs (PRIME), Small Business Development Centers, Women's Business Centers and the National Women's Business Council.

Several other non-credit and technical assistance programs above both the requested and enacted FY 2009 levels, including the Agency's Native American outreach programs, the 7(j) technical assistance program, SCORE, and HUBZone technical assistance programs.

On March 13, 2009, Chair Landrieu and Ranking Member Snowe sent a letter to Budget Committee Chairman Kent Conrad and Ranking Member Judd Gregg regarding the Committee's views on the FY 2010 budget request for the SBA. While the President had yet to release the specific details of his FY 2010 budget request for the Agency, the ongoing recession, worsening credit crisis and devastating job losses in the preceding months prompted the Committee to offer overall and specific funding recommendations to the Budget Committee. In the letter, Chair Landrieu and Ranking Member Snowe expressed their concern regarding the significant cuts to the SBA's budget that had taken place during the course of the previous administration and noted the significance of the Agency in helping entrepreneurs start or maintain their businesses. In light of these factors, as well as the important role played by the SBA in supporting and ensuring our country's overall economic growth, Chair Landrieu and Ranking Member Snowe requested a minimum overall funding level of $880 million for the Agency. Specifically, they called for funding increases to a number of specific agency programs, including the 7(a) loan program, 504 loan program, Microloan program, SBA lender oversight efforts, the Office of Technology, Small Business Development Centers, the Office of Veterans Business Development, Women's Business Centers, SCORE, the Office of International Trade, Office of Advocacy, Office of Size Standards and HUBZone technical assistance programs.

On March 25, 2009 the Committee held a hearing on President Obama's budget blueprint for the Small Business Administration (SBA) for FY 2010. The hearing gave the SBA an opportunity to present the preliminary details of the President's FY 2010 budget request and allowed members to communicate to the Administration their priorities for the Agency. At the hearing, Mr. Darryl Hairston, then Acting Administrator for the SBA, testified on behalf of the Administration and emphasized the Administration's commitment to supporting small business community in light of the difficult economic circumstances confronting the country at the time. Both Chair Landrieu and Ranking Member Snowe urged the Administration to increase overall funding for the Agency, with a focus on core SBA programs, including the Microloan program and counseling programs such as Small Business Development Centers and the Women's Business Centers. Chair Landrieu also voiced her support for progress made by former Chairman Kerry and Ranking Member Snowe in reforming the SBA's disaster programs during the 110th Congress and asked the Administration to continue improving and properly funding those programs.

On April 30, 2009, Chair Landrieu and Ranking Member Snowe sent a letter to Senators Durbin and Collins, Chairman and Ranking Member of the Senate Appropriations Committee's Subcommittee on Financial Services and General Government, outlining their funding recommendations for the FY 2010 appropriations bill. In the letter, Chair Landrieu and Ranking Member Snowe reiterated their concerns regarding cuts to SBA's budget

during the previous eight years and again called for the SBA's overall funding level be increased to at least $880 million, with specific increases devoted to the programs and office previously outlined in their March 13th letter to the Budget Committee. Additionally, they noted that the Budget Committee had accepted an amendment during the Committee's markup of the FY 2010 Budget Resolution (S. Con. Res. 13) offered by Senator Benjamin L. Cardin, which increased the SBA's FY 2010 funding to a level consistent with Chair Landrieu and Ranking Member Snowe's request. The letter also reiterated Chair Landrieu and Ranking Member Snowe's concern regarding cuts to the SBA's budget during the previous Administration and cited the critical role that small businesses play in spurring economic growth.

Ultimately, the Consolidated Appropriations Act, FY 2010 (P.L. 111–117) signed into law on December 16, 2009, included an overall funding level of $824 million for the SBA. This included a $211.7 million increase in non-Recovery Act funding for the Agency in FY 2010. A number of core SBA programs benefited from the increase in funding, including: the Microloan program; Veterans Business Center program; Small Business Development Centers; the Program for the Investment in Micro Entrepreneurs (PRIME); the 7(j) technical assistance program; Service Corps of Retired Executives (SCORE); HUBZone oversight; and Native American outreach programs. Additionally, the Federal and State Technology (FAST) Partnership Program, which increases small businesses' participation in the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, received funding for the first time since FY 2004.

B. FISCAL YEAR 2011 BUDGET AND APPROPRIATIONS FOR THE SBA

Building on the progress made by funding increases for key SBA programs in the FY 2010 Consolidated Appropriations Act, Chair Landrieu sought to secure additional resources for the SBA during the FY 2011 budget and appropriations process. On February 1, 2010, President Obama submitted his budget proposal to Congress and requested an overall funding level of nearly $994 million for the SBA. This represented a $170 million or 21 percent increase over the FY 2010 enacted level, and a 27 percent increase from the Administration's FY 2010 request. For SBA credit programs, the FY 2011 request included $164.5 million in subsidy costs for the 7(a) loan program, supporting a program level of $17.5 billion. According to the SBA, the increased funding level request for this program would support nearly $55.3 billion in total 7(a) credit activity, credit badly needed. Additionally, the President's FY 2011 budget request included $7.5 billion in lending authority for the 504 loan program and $3.8 million in subsidy costs for the microloan program to support a program level of $25 million.

For SBA's non-credit and technical assistance programs, the President requested $174 million, representing an increase of nearly $36 million or 26 percent over the FY 2010 request. However, this funding level was approximately 6 percent less than the amount enacted for those programs in the previous fiscal year. For the SBA's non-credit programs, the President's request included increased funding above the levels requested in FY 2010, with the exception of the Drug-Free Workplace and Microloan technical assist-

ance programs, for which the request was the same as FY 2010. The National Women's Business Council was the only program in which the President's request was higher than both the FY 2010 request as well as the enacted level, while the microloan technical assistance program and PRIME experienced funding level requests that were less than the amounts enacted in FY 2010.

On March 5, 2010, Chair Landrieu sent a letter to Budget Committee Chairman Kent Conrad and Ranking Member Judd Gregg to express the Committee's views and estimates on the President's FY 2010 budget request for the SBA. In the letter, Chair Landrieu requested an additional $100 million above the President's FY 2011 request for the SBA, for a total budget request of nearly $1.094 billion. Specifically, Chair Landrieu requested additional funding in support of a wide range of core SBA programs, including the Microloan program, 7(a) loans, 504 loans, Small Business Development Centers, SCORE, Veteran's Business Centers, Women's Business Centers, Native American Outreach programs, International Trade programs, the SBA Office of Advocacy, and the Office of Technology, among others. Additionally, Chair Landrieu noted the importance of the SBA in ensuring that America's entrepreneurs and small business owners have the resources they need to start, grow or expand their business, as well as the overall importance of small businesses in job creation.

On April 21, 2010 the Committee held a hearing on President Obama's budget blueprint for the Small Business Administration (SBA). The purpose of the hearing was to give the Administration an opportunity to present the FY 2011 budget request for the agency and for the Members of the Committee and the Administration to discuss the priorities of the agency. At the hearing, SBA Administrator Karen Mills testified on behalf of the Administration, and reiterated the Agency's commitment to supporting and assisting the small business community in light of the ongoing recession. Specifically, Administrator Mills outlined a number of SBA priorities incorporated in the SBA's FY 2011 request, including: the allocation of additional resources in support of the SBA's capital access programs as well as increases to maximum loan size of loans made through the 7(a), 504, and Microloan programs; stronger oversight of the Agency's small business contracting programs; improvement and expansion of the Agency's core counseling programs like Small Business Development Centers, Women's Business Centers, and SCORE; continued improvement to the Agency's disaster loan programs, and; several new Administration initiatives such as the development of regional innovation clusters. Chair Landrieu expressed her support for key components of the budget request, including increased funding in support of the SBA's loan programs, but also reiterated her belief that more funding was needed to support the programs outlined in her views and estimates letter submitted to the Budget committee.

The Financial Services and General Government Appropriations bill for FY 2011 (S. 3677) passed the Appropriations Committee on July 11, 2011, and recommended an overall funding level of $1.1 billion for SBA, $13.9 million above the FY 2010 enacted level (including funds appropriated through the American Recovery and Reinvestment Act) and $108.7 million above the President's FY 2011 request. The legislation did not receive consideration by the full

Senate in the 111th Congress. However, on December 21, 2010, the Senate voted on and passed Continuing Appropriations and Surface Transportation Extensions Act, 2011 (HR 3082/P.L. 111–322) a continuing resolution to fund the government through March 4, 2011. While the majority of SBA programs continued to be funded at their FY 2010 enacted levels, the resolution contained a provision extending successful SBA lending incentives established by the American Reinvestment and Recovery Act that had been set to expire on December 31, 2010.

XIV. PRESIDENTIAL NOMINATIONS

During the 111th Congress, the Committee on Small Business and Entrepreneurship received four executive nominations from the President.

A. KAREN GORDON MILLS

On April 1, 2009, the Committee held a hearing to consider the nomination of Karen Gordon Mills to serve as Administrator of the SBA. After careful review, the Committee voted unanimously in favor of Ms. Mills, and on April 3, 2009 she was confirmed by a unanimous vote of the Senate as the 23rd Administrator of the SBA. Prior to her confirmation, Ms. Mills served as the President of MMP Group, Inc., a private equity investment and advising firm. She is a founding partner and was the managing director of Solera Capital, a NY-based venture capital firm run largely by women.

B. WINSLOW LORENZO SARGEANT

On August 6, 2009, the Committee held a hearing to consider the nomination of Dr. Winslow Lorenzo Sargeant, PhD to serve as Chief Counsel for Advocacy for the SBA's Office of Advocacy. After careful review, the Committee voted in favor of Dr. Sargeant by a vote of 13–6. While Chair Landrieu supported the President's nomination of Dr. Sargeant as Chief Counsel, Ranking Member Snowe expressed her opposition to the nomination by voting against Dr. Sargeant in Committee. After reporting out Dr. Sargeant's nomination to the full Senate, Republican Senators repeatedly blocked a unanimous consent agreement to confirm his nomination before the full Senate. On August 19, 2010, nearly a year after receiving approval from the Committee, Dr. Sargeant was recess-appointed to the position of Chief Counsel of the Office of Advocacy by President Obama.

Prior to his appointment, Dr. Sargeant served as Managing Director of Venture Investors, a Midwest venture capital company with a concentration on starting up healthcare and technology companies. Previously, he co-founded Aanetcom, a technology company now owned by PMC Sierra and served as a program manager for the Small Business Innovation Research (SBIR) program in electronics at the National Science Foundation.

C. PEGGY E. GUSTAFSON

On August 6, 2009, the Committee held a hearing to consider the nomination of Peggy E. Gustafson to serve as Inspector General of the SBA. On September 16, 2009, the Committee voted unani-

mously in favor of Ms. Gustafson's nomination, and on September 24, 2009 she was confirmed by the full Senate.

Ms. Gustafson previously served as General Counsel to Senator Claire McCaskill (D–MO), where she advised the Senator on government oversight issues and helped write two bills that have significantly strengthened the federal offices of Inspectors General: the Inspector General Reform Act of 2008 and the legislation that strengthened the office of the Special Inspector General for the Troubled Asset Relief Program. Additionally, she served as General Counsel in the Missouri State Auditor's Office, where she worked closely with the auditors on issues of the scope of their duties, the auditors' need to access records, and all other legal issues arising in the course of the audits.

D. MARIE ANNETTE COLLINS JOHNS

On May 19, 2010, the Committee held a hearing to consider the nomination of Marie Annette Collins Johns to serve as Deputy Administrator of the SBA. Ms. Johns' nomination was approved by the Committee and confirmed by the Senate on June 22, 2010.

Prior to her confirmation, Ms. Johns served as a managing member of L&L Consulting, LLC, an organizational effectiveness and public policy consulting practice. Previously, she served as President of Verizon Washington. In 2004, after 21 years of service in the telecommunications industry, retired from Verizon.

XV. OTHER COMMITTEE INITIATIVES

A. SMALL BUSINESS MANUFACTURING

Hearing: Manufacturing Closures in North Louisiana: Impact on Small Businesses and Local Communities

On April 14, 2009, the Committee held a field hearing in Shreveport, Louisiana, titled "Manufacturing Closures in North Louisiana: Impact on Small Businesses and Local Communities." The purpose of the field hearing was to discuss the impact of manufacturing closures on small and main street businesses in north Louisiana. Witnesses testifying at the hearing included Congressman Rodney Alexander, Shreveport Mayor Cedric Glover, Bastrop Mayor Clarence Hawkins, Acting Louisiana State Director for Rural Development at the U.S. Department of Agriculture Karen Nardini, Director of the Manufacturing Extension Partnership of Louisiana Corinne Deputy, U.S. Small Business Administration Louisiana District Director Michael Ricks and Northeast Louisiana Economic Alliance President and Chief Executive Officer Tana Trichel.

Oversight

On March 4, 2009, Chair Landrieu and Ranking Member Snowe issued a letter to Secretary of Labor Hilda L. Solis, Acting Secretary of Commerce Otto J. Wolff and Small Business Administration Acting Administrator Darryl K. Hairston regarding coordination between their agencies' programs designed to help manufacturers hit hard by the economic crisis. In the letter, Chair Landrieu and Ranking Member Snowe expressed the importance of the programs in providing assistance to small businesses and workers in the manufacturing industry that have been adversely affected by

the economic downturn. Chair Landrieu and Ranking Member Snowe urged Secretary Solis, Acting Secretary Wolff and Acting Administrator Hairston to improve coordination among their agencies' programs in order to maximize the effectiveness of these programs.

On March 18, 2009, Acting Administrator Hairston issued a response letter, in which he agreed with Chair Landrieu's and Ranking Member Snowe's assertions as to the importance of these programs and the need for increased coordination between agencies. Additionally, he informed Chair Landrieu and Ranking Member Snowe of the SBA's plans to convene a Small Business Inter-Agency Task Force to encourage further collaboration between small business programs.

B. YOUTH ENTREPRENEURSHIP

Roundtable: Entrepreneurship for the Next Generation: Harnessing the Power of Young Entrepreneurs in a Changing Economic Landscape

On August 3, 2010, the Committee held a roundtable entitled "Entrepreneurship for the Next Generation: Harnessing the Power of Young Entrepreneurs in a Changing Economic Landscape." The roundtable focused on young entrepreneurs and the obstacles they face starting or expanding their business in the current economic climate. Participants at the Roundtable included young entrepreneurs, representatives from SCORE, the Hillman Entrepreneurs Program at Prince George's Community College; the Center for American Progress; the U.S. Small Business Administration; Small Business Development Centers; Susquehanna Patriot Bank; the Idea Village; and the Kauffman Foundation.

XVI. ADDITIONAL VIEWS

MS. SNOWE, FROM THE SENATE COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP, SUBMITTED THE FOLLOWING

A. INTRODUCTION

In accordance with rule XXVI of the Standing Rules of the Senate, all standing committees are to report to the Senate, not later than March 31st of each odd-numbered year, on its legislative activities during the preceding Congress. The Chair of the Senate Committee on Small Business and Entrepreneurship ("Committee") drafted and submitted Report 112–6, 111th Summary of Legislative and Oversight Activities During the 111th Congress ("111th Summary"),[1] on behalf of the Committee, without consultation with its Republican members, including Ranking Member Snowe. Moreover, the 111th Summary was not reported from the Committee. This star report reprints the 111th Summary and adds an Additional Views section. As the Committee Republicans were not involved in the approval process for the 111th Summary, statements contained therein should not be assumed to be endorsed by the Republican Committee members. While not all inclusive, this Additional Views section supplements the 111th Summary, to provide a broader perspective of the activity of the Committee over the 111th Congress.

B. SMALL BUSINESS JOBS ACT

On September 16, 2010, the Senate passed the Small Business Jobs Act of 2010 (H.R. 5297) ("Jobs Act") by a vote of 61 to 38. Only two Republican Senators voted in favor of this legislation. Following its passage in the House of Representatives on September 23, 2010, the Jobs Act was signed into law (P.L. 111–240) by the President on September 27, 2010.

The Jobs Act included several priorities originally introduced by Ranking Member Snowe, including provisions to increase Small Business Administration ("SBA") loan limits in the 7(a), 504 and microloan programs; enhance small business exporting; and provide small businesses greater access to federal contracts. Unfortunately, it contained other initiatives that concerned Republicans, like the inclusion of a highly controversial $30 billion Department of Treasury ("Treasury") Small Business Lending Fund ("Lending Fund") and the expansion of an exceptionally onerous 1099 small business reporting requirement.

[1] Sen. Rpt. 112–6, (Mar. 28, 2011).

Small Business Lending Fund

Chief among Republican concerns during consideration of the Jobs Act was the Lending Fund, and specifically, the likelihood that it would essentially be an extension of the Troubled Asset Relief Program ("TARP"), even though TARP did not appear to substantially increase small business lending. In a May 17, 2010, letter to then House Financial Services Committee Chairman Barney Frank and Ranking Member Spencer Bachus, Neil Barofsky, the Special Inspector General for TARP, wrote that "in terms of its basic design, its participants, its application process, and, perhaps its funding source from an oversight perspective, the [Lending Fund] would essentially be an extension of TARP."

Additionally, the bipartisan Congressional Oversight Panel (COP) for TARP drew similar comparisons between TARP and the Lending Fund stating: "[i]n many ways, however, the SBLF [Lending Fund] substantially resembles the CPP [TARP Capital Purchase Program]: it is a bank-focused capital infusion program that is being contemplated despite little, if any, evidence that such programs increase lending."[2]

Republicans were also concerned that instead of promoting quality loans, the Lending Fund might encourage unnecessarily risky behavior by banks. Under the program, Treasury will lend funds to banks at a 5 percent dividend rate, which can then be reduced to as low as 1 percent if the institutions increase small business lending. However, if recipient banks fail to increase small business lending, the dividend rate could rise to a more punitive 7 percent. This type of incentive has a potential to prompt banks to originate risky loans in order to retain lower dividend rates, resulting in a "moral hazard." The COP had similar concerns, stating:

> Even if the SBLF's [Lending Fund's] incentive is sufficiently strong, the program may produce one key unintended consequence. A capital infusion program that provides financial institutions with cheap capital and a penalty for banks that do not increase lending runs the risk of creating moral hazard by encouraging banks to make loans to borrowers who are not creditworthy. Although, in the legislation, the carrot—an up to four percent decrease—is arguably stronger than the stick—a two percent increase—the stick nonetheless increases the incentive. The stronger the incentive, the greater the likelihood that the program will spur some amount of imprudent lending activity. As evidenced by recent events, imprudent lending activity may in turn inflate a small lending and commercial loan bubble, a result of using an increasing supply of money for transactions of diminishing credit quality.[3]

Another significant problem with the Lending Fund is that TARP recipients might use it to refinance their outstanding TARP loans, obtaining a better interest rate while having less restrictions and safeguards. Moreover, to lock in a low interest rate, a bank need only increase its small business lending, measured against a bench-

[2] The COP May Oversight Report, *The Small Business Credit Crunch and the Impact of the TARP,* at 82, (May 13, 2010).
[3] *Id.* at 77–78.

mark of the institution's average small business lending over the four full quarters immediately preceding the date of the Jobs Act's enactment. This would inevitably be a low benchmark as lending at that time had declined significantly from historical levels. The COP explained the danger of using a low benchmark (considering a 2009 benchmark at the time of COP's analysis) as follows:

> An additional risk is that the SBLF [Lending Fund] may reward banks that would have increased their lending even in the absence of government support. The SBLF's incentive structure is calculated in reference to 2009 lending levels, which were low by historical standards. If a bank increases its lending—not as a result of receiving the SBLF funds but simply to return to a more normal lending level commensurate with its long-term business model—then it will receive a reduced cost of funds. The low lending levels in 2009 also make it unlikely that the penalty provision will have much teeth: because the program uses a low baseline, and many banks may be able to increase their lending levels within two years of receiving SBLF funds. In effect, a bank may receive a government reward and avoid a penalty simply for acting in its normal course of business.[4]

The score for the Lending Fund was another reason that opponents did not want this new, unproven government mechanism included into the Jobs Act. When the House Committee on Financial Services first considered the Lending Fund, reporting it out of Committee, the Congressional Budget Office (CBO) determined that it would cost taxpayers $1.4 billion.[5] That score was derived using the Federal Credit Reform Act of 1990 (FCRA) scoring methodology. FCRA methodology is used when there is a disbursement of funds by the government to a nonfederal borrower under a contract that requires the repayment of the funds. This is the methodology that is used when scoring loans.

After that score was released, the House modified the Lending Fund to eliminate a requirement that the funds be repaid. Of course, there is every intent that the funds will be repaid and, in an effort to make this certain, the dividend rate that banks pay rises to a punitive 9 percent after 4½ years. But, there is no absolute requirement to repay. This change had several effects. First, and foremost, eliminating the requirement to repay put taxpayer funds at greater risk. Second, it allowed banks to treat the money they receive as an investment instead of a loan, therefore counting the funds as Tier 1 capital, the core measure of a bank's financial strength. Finally, because of technical scoring requirements placed on CBO, the Office was forced to score the program under a cash-based estimate.

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[4] *Id.* at 77.

[5] See CBO, Budget Office Cost Estimate, H.R. 5297 Small Business Lending Fund Act of 2010, at 3 (May 25, 2010).

Under a cash-based estimate, the CBO listed the official score for the Lending Fund as raising $1.1 billion over ten years.[6] However, the very same CBO score highlighted that:

> Estimates prepared on a "fair-value" basis include the cost of the risk that the government has assumed; as a result, they provide a more comprehensive measure of the cost of the financial commitments than estimates done on a FCRA basis or on a cash basis. CBO estimates that the cost of the SBLF [Lending Fund] on such a fair-value basis (that is, reflecting market risk) would be $6.2 billion.[7]

While proponents of the Lending Fund repeatedly touted that it would raise $1.1 billion, they ignored that CBO projected the cost to taxpayers as: (a) $1.4 billion using FCRA methodology, and (b) $6.2 billion using the most comprehensive, fair-value, methodology.

The Minority had little appetite for the government to become a long-term stockholder in small, private lending institutions across our nation; especially in light of the program's risks with little potential to substantially increase small business lending. As such, the inclusion of the Lending Fund into the Jobs Act forced nearly every Senate Republican to oppose the Act's passage.

1099 Reporting Requirements

The Jobs Act contained a new exceptionally onerous reporting mandate requiring real estate owners to report to the Internal Revenue Service (IRS) expenditures in excess of $600 for goods or services relating to rental property. This provision was in addition to Form 1099 reporting mandates instituted by the Patient Protection and Affordable Care Act (PPACA), signed into law on March 23, 2010, requiring similar reporting for business purchases that exceed a threshold of only $600 per vendor or supplier. Ranking Member Snowe opposed both of the expanded Form 1099 requirements.

C. ACCESS TO CREDIT

Ensuring that small businesses have responsible access to affordable credit was a key priority for Members from both sides of the aisle throughout the 111th Congress. The Majority and Minority worked together on several initiatives in this regard, including those outlined in the 111th Summary such as the broad support of six extensions of temporary measures to raise the guarantees and reduce the fees on SBA loans. These measures were credited with increasing SBA lending by 90 percent nationwide.

After hearing from small business owners that the SBA's maximum loan levels were insufficient to meet the needs of today's small business borrowers, Ranking Member Snowe introduced S. 1615, the Next Step for Main Street Credit Availability Act on August 6, 2009. In October of 2009, President Obama endorsed the Ranking Member's proposed increases, which were ultimately enacted into law as part of the *Jobs Act.* Specifically, the SBA loan limits were increased from $2 million to $5 million for 7(a) loans,

[6] See CBO, Budget Office Cost Estimate, H.R. 5297 Small Business Lending Fund Act of 2010, at 3 (June 28, 2010).
[7] *Id.* at 4 (emphasis added).

from $1.5 million to $5.5 million for 504 loans, and from $35,000 to $50,000 for microloans.

While Committee members from both sides of the aisle collaborated on numerous measures to provide greater access to credit to small businesses, one significant area in which the members disagreed was the Lending Fund, discussed above.

D. SMALL BUSINESS HEALTH CARE REFORM

Although Ranking Member Snowe, along with all Senate Republicans, opposed the final health care reform legislation, several of its small business provisions were modeled after earlier legislation she worked to develop. The Small Business Health Options Programs (SHOP) Act (S. 2795) was jointly introduced by Ranking Member Snowe, Durbin, Lincoln, and Coleman on April 2, 2008. The SHOP Act developed the framework for what would later be included in the larger Patient Protection and Affordable Care Act (PPACA) (H.R. 3590) as state exchange markets where small businesses could shop for health insurance. The SHOP Act was also the original model that the PPACA drafters used to develop their base proposal for a small business health insurance tax credit, although the credit included in the final legislation was far more complicated and less generous than the one envisioned by Ranking Member Snowe.

The underlying, bipartisan objectives for the health reform legislation were to promote job growth, help more Americans obtain affordable health insurance, and lower the cost of health insurance while increasing the quality of care. Unfortunately, the PPACA failed to achieve these goals. Instead of promoting job growth, a mandate that businesses with 50 or more employees offer prescribed levels of health insurance to employees will incent businesses not to hire in order to stay below the threshold where the mandate will be imposed. Ranking Member Snowe will continue to collaborate with colleagues to repeal this provision in the 112th Congress.

Ranking Member Snowe championed inclusion of the SIMPLE Cafeteria Plan Act of 2009 (S. 988) in the PPACA in order to help small businesses and the self-employed use pre-tax funds to purchase health insurance and retirement plans. This has been a longstanding goal for Ranking Member Snowe, who first introduced the SIMPLE Cafeteria Plan Act (S. 723) in April of 2005. Unfortunately, the provisions were significantly weakened when included in the PPACA.

The costs of health insurance are projected to increase more than 8 percent in 2011. Instead of implementing sensible reforms that could have lowered health insurance costs, the PPACA is creating a massive bureaucracy with approximately 159 new boards, agencies, and programs, and a regulatory regime that has already surpassed 6,000 pages of new rules and official guidance.

Ranking Member Snowe sought to include provisions that would allow health insurance plans to sell policies across state lines. Unfortunately, the final legislation substantially weakened these provisions by creating plans that will be overseen by the federal Office of Personnel Management and highly limited “interstate compacts.” The interstate compacts were intended to allow states to form

agreements to allow interstate health insurance purchasing, but are so restrictive that consumers will experience little, if any, benefit.

While Ranking Member Snowe has advocated for subsidies for low-income individuals to purchase health insurance, the PPACA developed a complicated and expensive new regime that will require all Americans to purchase health insurance. Rather than allowing everyone to purchase affordable catastrophic plans, the PPACA limits those plans to individuals under the age of 25, and requires everyone else to purchase expensive bronze, silver, gold, or platinum plans. Further, Ranking Member Snowe has supported more flexibility in defining qualified plans. Under the PPACA, individuals who purchase high-deductible catastrophic plans will be further disadvantaged by changes that limit the usefulness of Health Savings Accounts and Flexible Spending Arrangements (FSAs)—although Ranking Member Snowe was successful in preventing an outright prohibition of over-the-counter purchases with FSAs.

To pay for the PPACA, a number of revenue provisions were included that will be harmful to small businesses, including a tax on health insurers that applies to plans sold to small businesses, but exempts large employer plans, where insurance companies act as third-party administrators to self-insured plans. Another tax will target those who purchase health insurance plans with high premiums—which will be most harmful to small businesses that cannot produce economies of scale to spread risk the way large businesses can. In the Senate Finance Committee, Ranking Member Snowe worked to include protections for retirees and high-cost occupations, but was not able to completely prevent this new tax. Further, the PPACA also creates another new tax aimed at high-income individuals that will disproportionately affect small business owners who file as individuals. In addition, Ranking Member Snowe successfully exempted some small businesses from another new tax that will apply to medical device manufacturers, but could not persuade the Majority to remove it altogether.

In the 112th Congress, Committee Republicans will work to implement health care policies that curb the rising costs of insurance, increase access for small businesses to affordable plan options, and reduce the new costs and burdens imposed on small businesses by the health care law. Moreover, they will pursue market-driven, consumer-centered solutions to the nation's health care challenges.

E. SMALL BUSINESS TRADE AND EXPORTING

Small Business Exporting Assistance

Increasing small business exports is vital for economic growth and the Committee took several steps to improve and modernize the SBA's international trade and export assistance programs during the 111th Congress. These programs, administered through the SBA's Office of International Trade (OIT), provides small businesses seeking to export goods and services with critical international trade financing assistance and business counseling services. Programs such as the International Trade Loan (ITL) program, the Export Working Capital Loan Program (EWCP), and the

Export Express Loan program are intended to bolster sales opportunities and sales volume by small business exporters.

Republican Committee members are concerned that the SBA is not reaching enough small businesses through these programs, and is failing to provide small businesses with the resources and tools they need to become successful exporters. For example, in Fiscal Year (FY) 2008, the SBA funded approximately 3,000 loan guarantees to small exporters and counseled 4,500 small businesses on export related activities. While the SBA's programs enabled these small exporters to post over $2.4 billion in export sales in FY 2008, these export sales accounted for less than one percent of the total export volume produced by all U.S. small businesses during that fiscal year. Furthermore, the limited number of small businesses assisted by the SBA in FY 2008 represented fewer than three percent of all identified U.S. small exporters.

The vigorous promotion of small businesses that currently export would help them expand to additional foreign markets and increase the value of their exports. The Federal Government should be doing more to both encourage and directly assist U.S. small business expansion into foreign markets. Small businesses seeking such opportunities routinely confront a number of barriers that the private sector has not been able to address, including insufficient access to working capital, the absence of up-to-date market information, a lack of in-market advocacy, high tariffs, and burdensome and confusing local regulatory laws. All of these factors present tremendous challenges for U.S. small businesses seeking to sell their products abroad and put them at a distinct disadvantage with their foreign counterparts.

Recognizing these unique challenges, during the 111th Congress the Committee has sought to influence the development of U.S. trade and export policy by improving federal export promotion programs, particularly those operated and administered by the SBA, and by calling for stronger advocacy on behalf of small businesses at the highest levels of government.

The Small Business Export Enhancement and International Trade Act of 2009

The Jobs Act, signed into law on September 27, 2010, included numerous provisions from the Small Business Export Enhancement and International Trade Act of 2009 (S. 2862), which Ranking Member Snowe introduced on December 9, 2009. The legislation—cosponsored by Chair Landrieu, and Senators Shaheen, Bayh and Cardin—passed unanimously out of the Committee on December 17, 2009.

S. 2862 was derived from two separate pieces of legislation introduced on June 8, 2009: (a) Ranking Member Snowe's Small Business Export Opportunity Development Act of 2009 (S. 1208); and (b) Chair Landrieu's Small Business International Trade Enhancements Act of 2009 (S. 1196).

Critical provisions in S. 2862, now enacted into law originated in Ranking Member Snowe's export legislation, S. 1208, such as increasing the loan limits for the International Trade Loan and the Export Working Capital Loan Program from $2 million to $5 million; authorizing a permanent Export Express loan program; estab-

lishing a State Trade and Export Program to promote small business export opportunities on the state level; bolstering the number of the SBA's Export Assistance Finance Specialists assigned to regions throughout the country; expanding export assistance provided by existing SBA resource partners, particularly the Small Business Development Centers; and improving coordination between the SBA and other federal agencies with responsibility for U.S. trade and export policy. Ranking Member Snowe's efforts were endorsed by the U.S. Chamber of Commerce, the Small Business Exporters Association, Association of Small Business Development Centers, the State International Development Officers, and the Bankers Association for Finance and Trade. Additional information on the provisions is contained in the 111th Summary.

Creation of Assistant USTR for Small Business

It has long been a priority of Ranking Member Snowe to create the position of Assistant United States Trade Representative (AUSTR) for Small Business. Ranking Member Snowe asserts that the United States Trade Representative (USTR) has often overlooked U.S. small businesses' concerns and that more should be done to promote small business exporting and remove unfair trade practices that disproportionately impact small firms.

In January of 1999, Ranking Member Snowe introduced the Small Business Enhancement Act of 1999 (S. 80), legislation that called for the creation of the AUSTR position. Subsequently, on November 25, 2003, during the 108th Congress, then-Chair Snowe introduced the Small Manufacturers Assistance, Recovery, and Trade Act (S. 1977), cosponsored by Senators Voinovich, Collins, and Cochran, which also contained a provision to established an AUSTR for Small Business.

In addition to the efforts outlined in the 111th Summary, on January 12, 2010, Ranking Member Snowe, in her dual capacity as Ranking Member of the Committee and a senior member of the Senate Finance Committee, sent a letter with Finance Committee Chair Max Baucus to USTR Ambassador Ron Kirk requesting the creation of an AUSTR for Small Business. As a result of the various efforts, Ambassador Kirk announced the establishment of the AUSTR for Small Business, Market Access and Industrial Competitiveness.

Ranking Member Snowe appreciates the efforts of Ambassador Kirk and the Senators who collaborated with her over the years to create this position. Ranking Member Snowe encourages current and future AUSTRs for Small Business, Market Access and Industrial Competitiveness to work tirelessly to address small businesses' trade concerns in the international marketplace.

F. CONTRACTING

Small Business Contracting Programs

The Committee has long promoted small business participation in the federal contracting arena. Small businesses, the nation's most dynamic job generators, create healthy competition—including lower prices and quality services and products—to the Federal Government, the largest purchaser of goods and services in the

world. In fact, the U.S. government procures around $500 billion annually in products and services.

In the 111th Congress, the Committee reviewed the SBA's government contracting and business development programs, which include the SBA's Prime Contracting and Subcontracting Programs, the Historically Underutilized Business Zone (HUBZone) Program, the Small Disadvantaged Business Program, the women-owned small business program, and the service-disabled veteran-owned small business program. Stakeholders of these programs provided critical insight and recommendations to the Committee. In addition to advocating for small businesses to have increased opportunities to participate in the federal marketplace, the Committee also takes its oversight role very seriously in ensuring that the Federal Government meets its statutory goal of awarding 23 percent of contracts to small businesses.

Small Business Contracting Revitalization Act of 2010 (S 2989)

On February 4, 2010, Chair Landrieu and Ranking Member Snowe introduced the Small Business Contracting Revitalization Act of 2010 (S. 2989), targeted toward revitalizing and renewing small business procurement law to better assist small businesses and the evolving needs of entrepreneurs. This bipartisan legislation updated contracting provisions to make significant improvements to the SBA's procurement programs, and authorized several new oversight and pilot program initiatives.

Specifically, S. 2898 required federal agencies to include in each solicitation, for any contract above the substantial bundling threshold, a provision soliciting bids by teams and joint ventures of small businesses. Additionally, the legislation provided multiple protections to subcontractors, many of which are small businesses, by requiring federal prime contractors to: (a) comply with original subcontracting plans, and (b) present a written explanation to their contracting officer if they fail to utilize the subcontractor in the manner described in their bid or proposal.

The legislation also included provisions to improve small business' participation in the acquisition process and created a presumption of loss to the United States whenever a contract, agreement, or grant intended for award to a small business is instead awarded to an entity that misrepresents itself as a small business.

During the markup of S. 2989 on March 4, 2010, the Committee unanimously adopted, by voice vote, a bipartisan managers' substitute amendment offered by Chair Landrieu. The legislation was subsequently adopted by the Committee, as amended, by a unanimous vote. The provisions from S. 2989 were ultimately included in the Jobs Act, discussed above.

Small Business Contract Parity

On May 6, 2009, Ranking Member Snowe filed an amendment to establish parity as part of the Weapon Systems Acquisition Reform Act of 2009 (S. 454) but the amendment was not adopted. Chair Landrieu and Ranking Member Snowe subsequently filed a similar amendment to the National Defense Authorization Act for Fiscal Year 2010 (S. 1390). The amendment was accepted and passed by

the full Senate on July 24, 2009, only to be removed during conference negotiations.

On July 21, 2009, Ranking Member Snowe introduced the Small Business Contracting Programs Parity Act (S. 1489) to ensure that federal contracts to service-disabled veteran-owned small businesses, 8(a), HUBZone, or women-owned small firms may be awarded with equal deference to each program. The legislation also provided HUBZones, the only small business contracting program without a subcontracting goal, such a target. Additionally, it authorized mentor protégé programs, modeled after those used in the 8(a) program, for small businesses that are HUBZone-certified, or that are owned by service-disabled veterans or women. S. 1489 was ultimately enacted into law as part of the Jobs Act.

Oversight of Recovery Act Contracting Opportunities

On December 16, 2010, Chair Landrieu and Ranking Member Snowe sent a letter to SBA Administrator Karen Mills requesting that the SBA provide a detailed plan for rectifying vulnerabilities plaguing its various contracting programs and inquiring into the SBA's plan for implementing recommendations from a series of Government Accountability Office reports demonstrating waste, fraud, and abuse in the SBA's small business contracting programs. The Committee did not receive a response to this letter during the 111th Congress.

G. SMALL BUSINESS TAX REFORM

In her dual capacity as Ranking Member of this Committee and as a senior member of the Senate Finance Committee, Ranking Member Snowe consistently fought throughout the 111th Congress to minimize the tax burdens on small businesses. The Jobs Act reflects these efforts, building on her work from previous congressional sessions to provide small business tax relief.

For instance, Ranking Member Snowe worked to include in the Jobs Act expanded Section 179 expensing provisions for small businesses. Specifically, the revisions allowed for increased expensing limitations for qualified leasehold improvement property, restaurant property, and retail improvement property. Ranking Member Snowe is a longtime proponent of tax incentives to encourage and facilitate small business capital purchases and property improvements, as evidenced by legislation she introduced or cosponsored in the 111th Congress, including: (a) the Small Business Stimulus Act of 2009 (S. 156) (cosponsored by former Committee Chairman John Kerry and current Chair Mary Landrieu); the Small Business Expensing Permanency Act (S. 2822) (cosponsored by Chair Landrieu); and the Small Business Job Creation Act of 2010 (S. 3103).

The Jobs Act also included provisions that emanated from the SHOP Act (S. 979), legislation that Senator Richard Durbin and Ranking Member Snowe jointly developed over a period of years. For instance, the Jobs Act incorporated the SHOP Act's call to allow self-employed business owners to deduct their health insurance expenses for payroll purposes. Further details on the SHOP Act are contained in the "Small Business Health Reform" section, above.

Ranking Member Snowe fought for other Jobs Act small business tax provisions including a temporary elimination of tax on the net recognized built-in gain of an S corporation and an extension, through 2011, of the 50-percent first-year bonus depreciation for certain qualified property. Also, the legislation extended from 1 to 5 years the carryback period for eligible small business credits, and set forth special rules for eligible small business credits in 2010, including treating the tentative alternative minimum tax (AMT) as being zero.

Additionally, the Jobs Act contains a provision from the Invest in Small Business Act of 2009 (S. 78), introduced by Senators Kerry and Ranking Member Snowe on January 6, 2009. This provision allows a temporary exclusion from gross income of the gain from the sale or exchange of qualified small business stock acquired after March 15, 2010, and before January 1, 2012.

Regrettably, the Jobs Act also extended onerous Form 1099 tax reporting requirements on small businesses, which Republicans broadly opposed. More information on this is contained in the "Small Business Jobs Act" section, above.

Ranking Member Snowe had several other tax related initiatives that she introduced during the 111th in an effort to provide tax relief and assist small businesses. While there were many, the following are a few examples. On June 25, 2009, Ranking Member Snowe and Senator Kent Conrad introduced the Home Office Tax Deduction Simplification and Improvement Act of 2009 (S. 1349). This measure would help simplify the home office tax deduction and make it more accessible for eligible taxpayers. The Act would direct the Secretary of the Treasury to draft regulations detailing a method to calculate an optional standard home office deduction in lieu of substantiating actual costs.

On August 6, 2009, Ranking Member Snowe along with Senators Dianne Feinstein and Jeff Bingaman introduced bipartisan legislation, the Expanding Building Efficiency Incentives Act of 2009 (S. 1637), to encourage energy efficient technology and construction by providing tax incentives for the construction of energy efficient new homes, energy efficient manufactured homes, energy efficient commercial buildings, and major incentives for the residential energy efficiency industry.

On May 26, 2010, Ranking Member Snowe and Chair Landrieu introduced the Small Business Tax Equalization and Compliance Act of 2010 (S. 3430), which would allow the salon and cosmetology industry to have the same tax rules on tips paid to employees as is permitted in the restaurant industry. The legislation would provide a tax credit equal to the amount of payroll tax paid by the employer on employees' tips. The legislation would increase compliance with payroll tax obligations and will make sure that the women who work in the salon industry earn all the Social Security retirement/disability benefits they should be entitled to.

H. ENTREPRENEURIAL DEVELOPMENT AND TECHNICAL ASSISTANCE

The recession resulted in continued high unemployment and depressed demand for goods and services. This caused more small businesses to seek technical assistance to maintain business oper-

ations and enabled unemployed individuals to pursue business ventures as an alternative to the difficult job market.

The SBA's technical assistance partners, including the Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Veterans Business Outreach Centers (VBOCs), and SCORE, have been critical in helping existing and potential entrepreneurs during this challenging economic environment. Additionally, the tight credit market has caused small business borrowers to require more hours of counseling and assistance as a result of enhanced lender requirements.

Ranking Member Snowe and Republican Committee members have been supportive of the SBA's technical assistance programs, unanimously supporting the Entrepreneurial Development Act of 2009 (S. 1229), which reauthorized and improved the SBDC, WBC, VBOC and SCORE programs. Ranking Member Snowe also proposed including in the Jobs Act an additional $50 million for the SBDCs to hire more counselors and expand services during the economic recovery. This proposal was ultimately included in the legislation signed into law by President Obama.

In the 112th Congress, the Committee Republicans intend to examine areas in which the SBA's entrepreneurial development programs are duplicative, inefficient, or fragmented and ways to improve the effectiveness of programs that are determined to be vital to assisting small businesses.

I. SMALL BUSINESS ADMINISTRATION BUDGET

During Ranking Member Snowe's tenure as Chair or Ranking Member of the Committee since the 108th Congress, she has consistently called for a larger investment in the SBA, which had been historically underfunded. However, with the nation's debt projected to reach 100 percent of our gross domestic product and the Federal Government spending far in excess to tax revenues, the Ranking Member and other Committee Republicans recognize the need to reign in Federal spending, cut duplicative and overlapping government programs, and restrain the growth of programs as necessary.

The Committee Republicans are particularly concerned about growth in the SBA's budget that is attributed to administrative expenses and overhead. Given that the SBA received an additional $240 million for its operations and core programs—through the American Recovery and Reinvestment Act of 2009 (ARRA) (H.R. 1), supplemental appropriations, and the Jobs Act—additional growth in the SBA's core budget and unauthorized programs, as requested in the President's budget is imprudent in view of the nation's staggering deficits.

In the 112th Congress, the Committee Republicans will continue to press the SBA to reduce its operating costs and find savings in administrative expenses, while eliminating or reducing funding to programs that are inefficient, repetitive, and ineffective.

J. DISASTER ASSISTANCE

The Committee has worked in a bipartisan fashion to address the failures of the Federal Government, and specifically the SBA, in responding to the devastating hurricanes of 2005 and 2006. The Agency's response was slow, inefficient, and incompetent. Ranking

Member Snowe was Chair of the Committee at the time of Hurricanes Katrina and Rita, and through the Committee's tireless efforts, including trips to the Gulf, aggressive oversight hearings, and numerous pieces of legislation, the Committee was able to include in the Food, Conservation, and Energy Act of 2008 (H.R. 2419) ("2008 Farm Bill") key provisions to address many of the fundamental flaws in the SBA's disaster assistance programs.

While the Committee's aggressive oversight and reforms led to a streamlined and improved agency that is better prepared today to help victims of natural disasters recover and rebuild, the Minority is concerned about reports from the GAO that the SBA has only fully met 15 of the 26 requirements of the 2008 Farm Bill, and missed deadlines on five of the major components of the law.

Further, the Committee Republicans are alarmed with reports issued by the SBA's Inspector General in the fall of 2009 indicating that the SBA has failed to protect taxpayer dollars by not ensuring compliance with insurance requirements on collateral used to secure loans, and for not correctly applying insurance offsets to loan balances. As the Federal Government takes increasing responsibility from the states when it comes to disaster recovery and response, as has been the trend since Hurricane Katrina in 2005, we must ensure that taxpayer dollars are safeguarded with the utmost care and used efficiently.

K. DEEPWATER HORIZON DISASTER AND SIX-MONTH DEEPWATER DRILLING MORATORIUM

In her dual capacity as Ranking Member of the Committee and Ranking Member of the Senate Commerce Committee's Oceans, Atmosphere, Fisheries, and Coast Guard Subcommittee, Ranking Member Snowe sent a letter to President Obama on June 3, 2010, urging the coordination of economic relief efforts for individuals and small businesses impacted by the Deepwater Horizon.

Ranking Member Snowe furthered that sentiment with Coast Guard Rear Admiral Ronald Rabago during a June 17, 2010, Committee hearing titled: Harnessing Small Business Innovation: Navigating the Evaluation Process for Gulf Coast Cleanup Proposals. Ranking Member Snowe called for a single point of federal accountability for approving new technologies to protect the Gulf Coast's ecology, as well as clarification in the chain of command for clean-up efforts overall. Ranking Member Snowe questioned the necessity of and reasons for two apparent approval processes (one for the Federal Government, and another for BP) in approving oil removal methods. Committee member Senator Vitter implored the Federal Government, as well as BP, to involve local Louisiana small businesses in clean-up efforts as a way of mitigating the economic impact on them. Senator Vitter also spoke against the moratorium—both in deepwater, in addition to what he described as a de facto moratorium in shallow water, following the Administration's halt on accepting new permit applications.

On July 27, 2010, the Committee held another hearing on this matter titled: The Deepwater Drilling Moratorium: A Second Economic Disaster for Small Businesses? On July 22, 2010, Senator Vitter wrote to President Obama requesting that a senior member of the Administration participate on the Committee's witness panel

for the July 27 hearing to explain the merits of the deepwater drilling moratorium in contrast to the obvious economic damage to the state of Louisiana as well as the Gulf Coast. The Obama Administration did not provide a witness for this hearing. Committee member Senator Wicker expressed concern in the Federal Government's overreaction to halting drilling on deepwater rigs, suggesting that the government's response to the spill could be more costly than the spill itself. Both Senators Vitter and Wicker contributed witnesses to the hearing's panels.

On September 16, 2010, the Committee held a hearing titled: The Deepwater Drilling Moratorium: A Review of the Obama Administration's Economic Impact Analysis on U.S. Small Businesses. Following calls from both Chair Landrieu and Committee member Vitter for the Administration to provide a high level witness to discuss the financial impact of the moratorium to the affected states, Ms. Rebecca Blank, Department of Commerce Under Secretary for Economic Affairs, discussed the Administration's rationale for halting deepwater drilling. Under questioning from Committee member Vitter, Ms. Blank stated that, prior to the decision to shut down deepwater drilling, no economic analysis was performed by the Federal Government.

L. OVERSIGHT

In the 111th Congress, Committee members collaborated, on a bipartisan basis, to conduct oversight of the SBA and the programs under the SBA's purview. The 111th Summary contains examples of those activities. Following is a sampling of additional measures taken by Ranking Member Snowe and the Committee Republicans in this regard:

On March 10, 2009, Ranking Member Snowe wrote to Department of Energy Secretary Steven Chu regarding Title 17 of the *ARRA*; the Innovative Technology Loan Guarantee Program, to assert that the Loan Guarantee Program has presented insurmountable bureaucratic obstacles to small businesses participating in the programs.

Secretary Chu responded on April 28, 2009, that in February, 2009 he approved a series of reforms to the Loan Guarantee Program including streamlining and simplifying loan application forms and other paperwork.

On March 27, 2009, Ranking Member Snowe wrote to Secretary of Labor Hilda Solis, urging her and the Employment Training Administration to include mobile manufacturing skills training and rapid job placement programs when they compile the parameters for competitive grants under the American Recovery and Reinvestment Act. Ranking Member Snowe asserted that mobile manufacturing training can provide a valuable resource for expeditiously and effectively implementing the employment and training portions of the ARRA, placing thousands of disadvantaged workers into critical advanced manufacturing jobs in high growth, green, and emerging industries.

Secretary Solis did not respond to Ranking Member Snowe's letter as of the end of the 111th Congress.

On April 21, 2009, Ranking Member Snowe wrote to SBA Administrator Mills regarding the establishment of an Interagency Task

Force to assist veterans in realizing their entrepreneurial goals. Ranking Member Snowe authored the initial legislation, the Veterans Small Business Opportunity Act of 2007 (S. 904) in March of 2007 to create the Task Force, whose mission included increasing capital access, contracting opportunities and integrity, and training and counseling for veteran-owned small businesses. This was subsequently included in the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008 (H.R. 4253) and signed into law (P.L. 110–186) on February 14, 2008.

Although the law required the Task Force to be established within 90 days, it had not yet occurred. In her letter, Ranking Member Snowe urged Administrator Mills to make implementation of the Task Force a priority as she began her new role at the helm of the SBA.

Having not received a response to the April 21, 2009, letter, Ranking Member Snowe sent a follow-up letter on October 15, 2009, inquiring about a delay in implementing the Task Force and reasserting that the Task Force should be formed without further delay.

Administrator Mills responded on October 23, 2009, stating that the SBA was working with the White House to establish the Task Force vis-a-vis a Presidential Executive Order. President Obama finally issued an Executive Order establishing the Interagency Task Force on Veterans Small Business Development on April 26, 2010, and the Task Force held its first public meeting on October 15, 2010.

On July 21, 2009, Ranking Member Snowe wrote to SBA Administrator Mills, requesting a status report on issues regarding: (a) the Government Accountability Office and SBA Inspector General's series of reports, testimonies, and studies identifying concerns with the SBA's HUBZone and Alaskan Native Corporation programs; and (b) the number of statutorily mandated reporting deadlines that the SBA had missed relative to the Small Business Innovation Research (SBIR), the Small Business Technology Transfer (STTR), and the 8(a) business development programs.

Administrator Mills responded on July 31, 2009 in a letter outlining the status of various initiatives.

On September 21, 2009, Ranking Member Snowe wrote to SBA Administrator Mills regarding the following three issues: (a) small business prime contracting goal achievement; (b) the data quality of procurement information; and (c) fraud in the SBIR program. Regarding the first concern, the Federal Government has consistently failed to satisfy its goal that 23 percent of contracts be awarded to small business and its goals for small businesses that are women-owned, service-disabled veteran-owned, or HUBZone certified. For the second issue, data regarding procurement information has been perceived as incomplete and lacking in integrity. With respect to abuse, there was a consistent pattern of fraudulent and incomplete information contained on the SBA's public database.

Administrator Mills responded on October 9, 2009 in a letter outlining the staffing reviews and changes that were initiated; the ways in which the SBA is developing a procedure to verify the size

status of small business; and flagging inconsistencies and fraud in the SBIR program.

On October 19, 2009, Ranking Member Snowe wrote to SBA Administrator Mills regarding the women-owned small business contracting program and the fact that the government consistently falls short of its goal that five percent of federal contracts be awarded to women-owned firms. Ranking Member Snowe asserted that women are still inhibited by the SBA's failure to pass meaningful and effective regulations.

Administrator Mills responded on October 19, 2009 that the SBA was taking critical steps to promulgate the implementing regulations for the women-owned small business contracting program. Administrator Mills further stated that the regulatory process does not allow her to suggest a precise timetable, as it is under interagency review.

On November 19, 2009, Ranking Member Snowe wrote to SBA Administrator Mills and Edward DeSeve, Special Advisor to the President for Implementation of the ARRA, regarding the accuracy of the Administration's reporting on job creation and retention. Ranking Member Snowe asked for: (a) a comprehensive outline of the methodology used by the Administration to calculate its figures; and (b) for the Administration to rectify any reporting inaccuracies on the recovery.gov website.

Administrator Mills responded on November 25, 2009 expressing that much of the data is self-reported by small businesses, microlenders, and contractors, and that the SBA tries to maintain as accurate information as possible.

On November 19, 2009, Ranking Member Snowe wrote to Eric Shinseki, Secretary of the Department of Veterans Affairs (VA), and to SBA Administrator Mills, regarding Veterans' Assistance programs and the fact that the Federal Government has never met its statutory contracting goal for service-disabled veteran-owned small businesses. Ranking Member Snowe urged that proven waste, fraud, and abuse in the contracting program be addressed immediately, and recommended: (a) expanding the use of the VA verified database, government-wide, for the purposes of validating all service-disabled veteran-owned small business eligible firms for contracting; (b) requiring that all contractors who knowingly misrepresent their status as one of these firms be debarred; and (c) having the SBA Administrator refer all service-disabled veteran-owned small business firms that submit misrepresentations of their status to the SBA's Office of Inspector General for review and further investigation.

Administrator Mills responded on December 3, 2009, stating that the SBA and the VA are conducting a joint review of the GAO's report recommendations in order to provide Ranking Member Snowe with a comprehensive response. The letter stated that the SBA's efforts would primarily focus on eligibility surveillance, monitoring, and enforcement.

On December 15, 2009, Ranking Member Snowe wrote to VA Secretary Shinseki and SBA Administrator Mills regarding interim rule 819.307 published in the Federal Register on December 8, 2009, regarding the VA's Executive Director of the Office of Small and Disadvantaged Business Utilization (OSDBU). This rule would

have allowed the Executive Director of the OSDBU to solely decide service-disabled veteran-owned small business and veteran-owned small business status protests. Ranking Member Snowe urged the groups to complete negotiations and establish a feasible yet effective protest system within the next 60 days. These status protests allow veterans to self-police the service-disabled veteran-owned small business and veteran-owned small business programs to prevent fraud and abuse.

Secretary Shinseki responded on February 4, 2010, asserting that the VA's Acquisition Regulation was fully implemented on January 7, 2010, and that the VA and the SBA were working together to formalize an Interagency Agreement for the SBA to process veteran-owned small business status protests.

On January 26, 2010, Ranking Member Snowe wrote to Administrator Cass Sunstein of the Office of Information and Regulatory Affairs (OIRA) regarding the review process of the women's contracting program regulations, and requested that OIRA conclude its review no later than February 12, 2010. Ranking Member Snowe reiterated her frustration with the Administration's lack of urgency in regard to the women's contracting rule, asserting that the Federal Government has consistently failed to meet its annual five percent women's contracting goal. Ranking Member Snowe urged OIRA to conclude its review in a timely manner to ensure swift and effective implementation of the women's procurement program.

Administrator Sunstein responded on March 11, 2010, stating that, on October 21, 2009, the SBA submitted a draft of its proposed rule to OMB, which concluded its review on February 12, 2010.

On May 24, 2010, Ranking Member Snowe wrote to SBA Administrator Mills regarding certain SBA oversight practices, and the SBA's ability to find effective solutions to oversight problems. The letter referred to a House of Representatives' hearing on April 21, 2010, during which House Small Business Committee Chairwoman Velázquez referenced a September 29, 2009 award made to McKinsey & Company in the amount of $580,000 to review the SBA's new loan management software. Apparently, Chairwoman Velázquez asked to see the McKinsey & Company file on April 6, 2010 and was informed on April 16, 2009 that the file was lost. Copies of select documents from this file were forwarded to Chairwoman Velázquez in order to recreate the SBA's record. Meanwhile, McKinsey & Company was in the process of obtaining an additional $5 million contract to consult with the SBA and the Administrator's Office. Ranking Member Snowe wrote to Administrator Mills to request copies of the items given to Chairwoman Velázquez, as well as all materials regarding the current contract with McKinsey & Company to ensure that the procurement process is independent, competitive, and impartial.

Administrator Mills responded immediately by forwarding all available documentation to meet the demands of this request.

On September 7, 2010, Ranking Member Snowe wrote to SBA Administrator Mills regarding SBA guaranteed, deferred interest debentures in order to make investments in small businesses engaged in researching, manufacturing, developing, or providing goods, products, or services that reduce the use or consumption of

non-renewable energy sources, signed into law by the Energy Independence and Security Act of 2007. Nearly three years later, however, the SBA had yet to carry out these energy-saving debentures. Ranking Member Snowe was concerned about a lack of progress in these crucial small business energy initiatives and requested that the SBA promulgate an interim final rule by September 30, 2010.

Administrator Mills responded on October 8, 2010, indicating that the SBA had drafted a rule to implement the program, and that the draft rule was being reviewed by the Office of Management and Budget (OMB). Because OMB considered the rule to be "significant" under Executive Order 12866 (Regulatory Planning and Review), Administrator Mills stated that OMB would submit the draft rule for interagency review.

On September 8, 2010, Ranking Member Snowe wrote to the Chief Counsel for Advocacy at the SBA, Dr. Winslow Sargeant asking how the SBA's Office of Advocacy would handle the responsibilities from Senate Amendment 3883 to the Restoring American Financial Stability Act of 2010 (S. 3217), which created small business advocacy review panels within the newly created Consumer Financial Protection Bureau (CFPB).

Dr. Sargeant responded on September 16, 2010 that the SBA's Office of Advocacy would work to ensure that the CFPB effectively utilized the small business review panel process and that his Office had already been in touch with the Federal Reserve and the Department of the Treasury regarding the process, in addition to offering training on the Regulatory Flexibility Act to new CFPB staff.

On September 21, 2010, Senators Collins, Snowe, Enzi, Bennett, McCain, Voinovich, Graham, Coburn, Brown, and Ensign wrote to SBA Administrator Mills with concerns over a significant change in federal procurement policy under the consideration of the Administration, which would seriously undermine the ability of small businesses to compete effectively for contracts in the $500 billion federal marketplace. The issue at hand relates to "High Road" contracting that would effectively eliminate otherwise qualified businesses from consideration for a contracting award even though it offers the government the lowest price, provides the best technical solution, and is fully compliant with labor laws. The "High Road" contracting scheme would require "scores" for potential contracting based on the agencies' perception of the labor practices of these businesses, leaving room for the introduction of inappropriate or political considerations into the federal procurement process.

Senators requested a response and stance on "High Road" contracting policy by September 30, 2010.

Administrator Mills responded on September 30, 2010, that the SBA has taken the recommendations made by the President's Interagency Task Force on Federal Contracting Opportunities for Small Businesses, and that the SBA is working across federal agencies to implement those recommendations promptly and fully. She noted that there had been no decision in regard to "High Road" contracting, but that she was confident that small business concerns would be taken into consideration in any procurement policy decision in the future.

On October 5, 2010, Ranking Member Snowe wrote to SBA Chief Counsel for Advocacy Sargeant concerning his Office's failure to

submit formal comments to a recent Request for Information solicited by the Treasury Department and the Internal Revenue Service (IRS) involving the new IRS form 1099. The Office did not provide "specific comments . . . regarding the burdens associated with implementing the new reporting requirements for different types of taxpayers and businesses."

Ranking Member Snowe requested that Dr. Sargeant provide, within two weeks, a specific plan regarding how the Office of Advocacy will address the 1099 issue to mitigate small business impact.

Dr. Sargeant responded on October 21, 2010 that the Office of Advocacy engaged in the issue through confidential interagency comments with the IRS rather than through the public comment process because "the particular IRS notice in question did not address the full impact of the 1099 burden on small business."

On November 15, 2010, Ranking Member Snowe and Senator Enzi wrote to Department of Labor Secretary Solis expressing concerns with several actions taken by the Occupational Safety and Health Administration (OSHA) that could undermine the job creation ability of our nation's small businesses. Even with positive numbers highlighting the effectiveness of a collaborative approach, OSHA recently proposed several significant regulatory changes that will negatively affect small businesses, without the benefit of small business review panels or comprehensive outreach to small business.

A response from Secretary Solis had not been received as of the end of the 111th Congress.

On December 13, 2010, Ranking Member Snowe and former Committee Chair Kerry wrote to SBA Administrator Mills requesting an update on the SBA's activities regarding implementation of the SBA's provisions of the Energy Independence Act, specifically Sections 1201 through 1207 of the Energy Independence Act. The Senators requested information on the SBA's successes, performance metrics, benchmarks, and on what provisions remained to be implemented. Ranking Member Snowe and Senator Kerry requested a response to the letter by January 7, 2011, detailing what the SBA has done to implement each measure and what steps the SBA will take in the near future to further completion.

Administrator Mills responded at the beginning of the 112th Congress with a comprehensive letter stating that the SBA was working to establish an energy debenture program by consulting with the Department of Energy and other experts concerning some crucial technical issues involved with the rulemaking. Administrator Mills further disclosed that many programs were never implemented.

M. REGULATORY REFORM

Committee Republicans have long regarded regulatory reform as a top priority for assisting small businesses. Small businesses and their trade associations repeatedly express concerns that the greatest inhibitors to small business' success and ability to compete and create jobs are the onerous regulatory burdens imposed by the local, federal, and state government. These concerns include: (a) the lack of predictability in the rulemaking process and how laws are interpreted; (b) the failure of agencies to fully consider the ef-

fects of rulemaking on small businesses; (c) the need for agencies to examine certain indirect economic effects of regulations; and (d) the failure of agencies to regularly review existing rules for possible revisions or eliminations.

Regulatory compliance costs fall even more heavily on small businesses because they lack the resources to deal with complex and ever-changing rules. According to a 2010 report commissioned by the SBA's Office of Advocacy, the total cost of federal regulations on businesses is $1.75 trillion.[8] Small firms, with fewer than 20 employees, bear a disproportionate burden of compliance and pay $10,585 per employee annually to comply with federal regulations, which is 36 percent higher than the regulatory cost facing larger firms.[9]

Since enactment of the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA) (PL 104–121), more than 50,000 new rules have gone into effect, including 1,000 "major" rules, each of which with an estimated impact of more than $100 million annually.

In the 111th Congress, Ranking Member Snowe proposed an amendment (S. Amdt. 3883) to the Restoring American Financial Stability Act of 2010 (S. 3217) that requires the new Consumer Financial Protection Bureau (CFPB) to hold a Small Business Regulatory Enforcement Fairness Act (SBREFA) panel whenever a CFPB planned rule is likely to have a significant economic impact on a substantial number of small entities. SBREFA panels are a critical first opportunity in the rulemaking process for small businesses to voice their concerns about the potential effects that a rulemaking might have on the economy. The panels prepare reports with constructive recommendations to the agency, and that report is published with the proposed rule. Ranking Member Snowe's provision was approved by voice vote on May 19, 2010, and became law on July 21, 2010 (Public Law No. 111–203).

Ranking Member Snowe also introduced the Small Business Job Creation Act of 2010 (S. 3103) on March 10, 2010. S. 3103 would amend the Regulatory Flexibility Act to require that each agency: (a) include in its Initial Regulatory Flexibility Analysis (IRFA) an estimate of the economic impact of a proposed rule on small businesses; (b) notify the SBA Chief Counsel for Advocacy of any draft rules that may have a significant economic impact on a substantial number of small businesses; (c) publish its final regulatory flexibility analysis on its website; and (d) consider specified factors, including the continued need for the rule, the nature of complaints received, and the rule's complexity and current impact.

Ranking Member Snowe filed the Job Impact Analysis Act of 2010 (S. 3024) on February 23, 2010. This legislation would help ensure that the Federal government—both Congress and Executive Branch agencies—fully consider small business job creation in the legislation Congress passes and in the rules and regulations that agencies promulgate. The Job Impact Analysis Act of 2010 included several targeted regulatory reforms to help ensure that Congress

[8] See Crain & Crain, Sept. 2010.
[9] See Crain & Crain, Sept. 2010.

and Federal agencies fully consider small business implications when enacting laws and promulgating rules, including:

(a) Jobs Impact Statement. The legislation would direct the Congressional Budget Office (CBO), to the extent practicable, to create a "job impact statement" estimating the potential job creation or job loss attributable to each bill or joint resolution reported by a congressional committee that exceeds $5 billion in costs.

(b) Small Business Regulatory Reform. The legislation would strengthen the effectiveness of the Regulatory Flexibility Act that requires agencies to consider the impact of regulatory proposals on small businesses and analyze effective alternatives that minimize the negative impact. It would also require Federal agencies to take into account comments provided by the SBA's Office of Advocacy as an independent voice for small business within the Federal government.

(c) Independent Office of Advocacy. The legislation would guarantee the statutory and budgetary independence of the SBA Office of Advocacy to enable its independence and ensure impartiality.

The Jobs Act incorporated various provisions from the Job Impact Analysis Act of 2010. For example, it provides budgetary independence for the SBA Office of Advocacy. Additionally it requires that agencies include in their rulemaking responses to any comments filed by the Chief Counsel of the SBA Office of Advocacy regarding a proposed rule, and that the agency provide a detailed statement of any changes made to the proposed rule in the final rule as a result of the comments.

In the 112th Congress, Minority members will continue to pursue meaningful regulatory reform and ease barriers placed on small businesses that are limiting their job creation potential.

N. NOMINATIONS

Dr. Winslow Sargeant

On May 21, 2009, President Obama announced the nomination of Dr. Winslow Sargeant to be Chief Counsel for the SBA's Office of Advocacy. The Committee scheduled a hearing for this nominee on Thursday, August 6, 2009, where Dr. Sargeant, via testimony, described outreach to rural America, access to capital, intellectual property protections, and advocacy on behalf of minority or women-owned, disadvantaged businesses as "pressing issues that we must proactively address."

As the SBA's Chief Counsel for Advocacy is the one regulatory official within the Federal Government who represents small business' interests during the federal rulemaking process, Committee members were concerned that Dr. Sargeant did not adequately identify the regulatory burden on small business as Advocacy's primary purpose and concern. Further, Dr. Sargeant failed to discuss the Regulatory Flexibility Act in interviews with Committee staff or in his hearing testimony. Another concern was that, if selected, Dr. Sargeant would become the first Chief Counsel for Advocacy since the office's inception in 1978 to not hold a legal degree, nor did he have a significant background in regulatory issues. The Committee held a markup for Dr. Sargeant's nomination on Sep-

tember 16, 2009, where he passed out of the Committee by a vote of 13–6.

On October 5, 2009, Senators Snowe, Vitter, Thune, Enzi, and Isakson sent a letter to President Obama appealing that he resubmit Dr. Sargeant's nomination for an alternate post at the SBA, such as the position of Deputy Administrator. The White House responded on January 11, 2010, contending that "Dr. Sargeant is highly qualified to serve as the SBA's Chief Counsel for Advocacy."

Dr. Sargeant was recess appointed to serve as Chief Counsel for Advocacy on August 19, 2010.

XVII. APPENDICES

A. HEARINGS, ROUNDTABLES, AND MARKUPS OF 111TH CONGRESS

First Session

- January 29, 2009: Hearing titled "Investing in Small Business: Jumpstarting Engines of Our Economy," Senator Landrieu chaired.
- March 19, 2009: Hearing titled "Perspectives from Main Street on Small Business Lending," Senator Landrieu chaired.
- March 25, 2009: Hearing titled "The FY2010 Budget Request for the SBA," Senator Landrieu chaired.
- April 1, 2009: Hearing titled "Nomination of Karen G. Mills as Administrator of the Small Business Administration," Senator Landrieu chaired.
- April 14, 2009: Field Hearing titled "Manufacturing Closures in North Louisiana: Impact on Small Businesses and Local Communities," Senator Landrieu chaired.
- May 13, 2009: Hearing titled "Small Business Financing: Progress Report on Recovery Act Implementation and Alternative Sources of Financing," Senator Landrieu chaired.
- May 21, 2009: Hearing titled "The Role of Small Business in Stimulus Contracting," Senator Landrieu chaired.
- June 4, 2009: Roundtable titled "SBIR and STTR Reauthorization: Ensuring a Strong Future for Small Business in Federal Research and Development," Senator Landrieu chaired.
- June 11, 2009: Roundtable titled "Entrepreneurial Development: Investing in Small Businesses to Strengthen Our Economy," Senator Landrieu chaired.
- June 18, 2009: Markup of S. 1233, "A Bill to Reauthorize the Small Business Innovation Research and Small Business Technology Transfer Programs" and Markup of S. 1229, "A Bill to Reauthorize the SBA's Entrepreneurial Development Programs," Senator Landrieu chaired.
- June 22, 2009: Field Hearing titled "Missed Opportunities: The ARRA and the NIH/SBIR Exclusion," Senator Cardin chaired.
- June 30, 2009: Field Hearing titled "Keeping America Competitive: Federal Programs that Promote Small Business Exporting," Senator Landrieu chaired.
- July 9, 2009: Roundtable titled "Healthcare Reform: The Concerns and Priorities from the Perspective of Small Businesses," Senator Landrieu chaired.
- August 6, 2009: Hearing to consider the nomination of Mr. Winslow Lorenzo Sargeant to be Chief Counsel for Advocacy for the Small Business Administration and Ms. Peggy E. Gustafson to be Inspector General of the Small Business Administration, Senator Landrieu chaired.
- August 12, 2009: Field Hearing titled "Small Business Survival, Weathering the Economy, Creating Jobs, and What the SBA Can Do to Assist," Senator Snowe and Senator Shaheen chaired.
- September 16, 2009: Hearing to confirm Dr. Winslow Lorenzo Sargeant to be Chief Counsel for Advocacy for the Small Business Administration and Ms. Peggy E. Gustafson to be Inspector General of the Small Business Administration, Senator Landrieu chaired.

• September 22, 2009: Roundtable titled "Small Business Contracting: Ensuring Opportunities for America's Small Business," Senator Landrieu chaired.
• September 24, 2009: Roundtable titled "Minority Entrepreneurship: Evaluating Small Business Resources and Programs," Senator Landrieu chaired.
• September 25, 2009: Field Hearing titled "A Year Later: Lessons Learned and Progress Made After Hurricane Ike," Senator Landrieu chaired.
• October 1, 2009: Roundtable titled "Reauthorization of SBA Finance Programs and the Impact of the Small Business Provisions in the Recovery Act," Senator Landrieu chaired.
• October 6, 2009: Hearing focused on the implementation of the small business provisions in the Recovery Act, Senator Landrieu chaired.
• October 20, 2009: Hearing titled "Reform Done Right: Sensible Health Care Solutions for America's Small Businesses," Senator Landrieu chaired.
• December 3, 2009: Roundtable titled "What Is Working: Tax Incentives to Aid Small Business Recovery," Senator Landrieu chaired.
• December 17, 2009: Markup of S. 2862, "Small Business Export Enhancement and International Trade Act of 2009" and S. 2869, "Small Business Job Creation and Access to Capital Act of 2009," Senator Landrieu chaired.

Second Session

• March 4, 2010: Markup of S. 2989, "Small Business Contracting Revitalization Act of 2010," Senator Landrieu chaired.
• April 15, 2010: Hearing titled "Assessing Access: Obstacles and Opportunities for Minority Small Business Owners in Today's Capital Markets," Senator Landrieu chaired.
• April 21, 2010: Hearing titled "The FY2011 Budget Request for the Small Business Administration," Senator Landrieu chaired.
• April 27, 2010: Hearing titled "Connecting Main Street to the World: Federal Efforts to Expand Small Business Internet Access," Senator Landrieu chaired.
• May 13, 2010: Roundtable titled "Connecting Main Street to the World: Small Business Perspectives on Internet Access," Senator Landrieu chaired.
• May 19, 2010: Hearing titled "The SBA Disaster Assistance Program and the Impact of the Deepwater Horizon Oil Spill on Small Businesses," Senator Landrieu chaired.
• May 19, 2010: Confirmation Hearing of Marie Annette Collins Johns to be the Deputy Administrator of the Small Business Administration, Senator Landrieu chaired.
• May 27, 2010: Hearing titled "Impact of the Deepwater Horizon Oil Spill on Small Businesses," Senator Landrieu chaired.
• June 8, 2010: Roundtable titled "The State of Small Business Lending: Identifying Obstacles and Exploring Solutions," Senator Landrieu chaired.
• June 17, 2010: Hearing titled "Harnessing Small Business Innovation: Navigating the Evaluation Process for Gulf Coast Cleanup Proposals," Senator Landrieu chaired.

• July 27, 2010: Hearing titled "The Deepwater Drilling Moratorium: A Second Economic Disaster for Small Businesses?" Senator Landrieu chaired.
• August 3, 2010: Roundtable titled "Entrepreneurship for the Next Generation: Harnessing the Power of Young Entrepreneurs in a Changing Economic Landscape," Senator Landrieu chaired.
• August 17, 2010: Field Hearing titled "The Deepwater Drilling Moratorium: An Economic Disaster for Louisiana's Small Businesses?" Senator Landrieu chaired.
• September 16, 2010: Hearing titled "The Deepwater Drilling Moratorium: A Review of the Obama Administration's Economic Impact Analysis on U.S. Small Businesses," Senator Landrieu chaired.
• November 17, 2010: Roundtable titled "Small Business Access to Capital: Challenges Presented by Commercial Real Estate," Senator Landrieu chaired.
• November 18, 2010: Hearing titled "Assessing the Regulatory and Administrative Burdens on America's Small Businesses," Senator Landrieu chaired.

B. BILLS REFERRED TO THE COMMITTEE

First Session

• S. 177 (Mr. Feingold) January 8, 2009. A bill to amend the Small Business Act to extend the Small Business Innovation Research and Small Business Technology Transfer programs, to increase the allocation of Federal agency grants for those programs, to add water, energy, transportation, and domestic security related research to the list of topics deserving special consideration, and for other purposes.
• S. 1070 (Ms. Snowe) May 19, 2009. A bill to establish the Small Business Information Security Task Force to address information security concerns relating to credit card data and other proprietary information.
• S. 1196 (Ms. Landrieu) June 8, 2009. A bill to amend the Small Business Act to improve the Office of International Trade, and for other purposes.
• S. 1208 (Ms. Snowe) June 8, 2009. A bill to amend the Small Business Act to improve export growth opportunities for small businesses, and for other purposes.
• S. 1229 (Ms. Landrieu) June 10, 2009. A bill to reauthorize and improve the entrepreneurial development programs of the Small Business Administration, and for other purposes.
• S. 1233 (Ms. Landrieu) June 10, 2009. A bill to reauthorize and improve the SBIR and STTR programs and for other purposes.
• S. 1489 (Ms. Snowe) July 21, 2009. A bill to amend the Small Business Act to create parity among small business contracting programs, and for other purposes.
• S. 1615 (Ms. Snowe) August 6, 2009. A bill to amend the Small Business Act and the Small Business Investment Act of 1958 to stop the small business credit crunch, and for other purposes.
• S. 1817 (Mr. Brown) October 20, 2009. A bill to temporarily raise the limits on certain loans under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes.

• S. 1831 (Mr. Kerry) October 21, 2009. A bill to amend the Small Business Investment Act of 1958 to reauthorize the venture capital program, and for other purposes.
• S. 1832 (Ms. Landrieu) October 21, 2009. A bill to increase loan limits for small business concerns, provide for low interest refinancing for small business concerns, and for other purposes.
• S. 2661 (Mr. Kerry) November 2, 2009. A bill to create a 3-year pilot program that makes small, nonprofit child care businesses eligible for loans under title V of the Small Business Investment Act of 1958.
• S. 2731 (Ms. Landrieu) November 5, 2009. A bill to improve disaster assistance provided by the Small Business Administration, and for other purposes.
• S. 2765 (Mr. Kerry) November 10, 2009. A bill to amend the Small Business Act to authorize loan guarantees for health information technology.
• S. 2770 (Ms. Gillibrand) November 10, 2009. A bill to amend the Small Business Act to establish a Veterans Business Center program, and for other purposes.
• S. 2777 (Ms. Snowe) November 16, 2009. A bill to repeal the American Recovery Capital loan program of the Small Business Administration.
• S. 2780 (Mr. Levin) November 17, 2009. A bill to amend the Small Business Act to establish a small business intermediary lending pilot program.
• S. 2808 (Ms. Shaheen) November 20, 2009. A bill to improve the Express Loan Program of the Small Business Act.
• S. 2862 (Ms. Snowe) December 9, 2009. A bill to amend the Small Business Act to improve the Office of International Trade, and for other purposes.
• S. 2869 (Ms. Landrieu) December 10, 2009. A bill to increase loan limits for small business concerns, to provide for low interest refinancing for small business concerns, and for other purposes.
• S. Res. 50 (Ms. Landrieu) February 13, 2009. An original resolution authorizing expenditures by the Committee on Small Business and Entrepreneurship.
• H.R. 1803 (Mr. Nye) March 31, 2009. To amend the Small Business Act to establish a Veterans Business Center program, and for other purposes.
• H.R. 1807 (Mr. Thompson) March 31, 2009. To provide distance learning to potential and existing entrepreneurs, and for other purposes.
• H.R. 1834 (Ms. Kirkpatrick) April 1, 2009. To amend the Small Business Act to expand and improve the assistance provided to Indian tribe members, Alaska Natives, and Native Hawaiians, and for other purposes.
• H.R. 1838 (Ms. Fallin) April 1, 2009. To amend the Small Business Act to modify certain provisions relating to women's business centers, and for other purposes.
• H.R. 1839 (Mr. Buchanan) April 1, 2009. To amend the Small Business Act to improve SCORE, and for other purposes.
• H.R. 1842 (Mr. Luetkemeyer) April 1, 2009. To amend the Small Business Act to improve the Small Business Administra-

tion's entrepreneurial development programs, and for other purposes.

• H.R. 1845 (Mr. Schock) April 1, 2009. To amend the Small Business Act to modernize Small Business Development Centers, and for other purposes.

• H.R. 2352 (Mr. Shuler) May 12, 2009. To amend the Small Business Act, and for other purposes.

• H.R. 3014 (Ms. Dahlkemper) June 24, 2009. To amend the Small Business Act to provide loan guarantees for the acquisition of health information technology by eligible professionals in solo and small group practices, and for other purposes.

• H.R. 3737 (Mr. Ellsworth) October 7, 2009. To amend the Small Business Act to improve the Microloan Program, and for other purposes.

• H.R. 3738 (Mr. Nye) October 7, 2009. To amend the Small Business Investment Act of 1958 to establish a program for the Small Business Administration to provide financing to support early-stage small businesses in targeted industries, and for other purposes.

• H.R. 3743 (Mr. Griffith) October 7, 2009. To amend the Small Business Act to improve the disaster relief programs of the Small Business Administration, and for other purposes.

• H.R. 3854 (Mr. Schrader) October 20, 2009. To amend the Small Business Act and the Small Business Investment Act of 1958 to improve programs providing access to capital under such Acts, and for other purposes.

Second Session

• S. 2986 (Ms. Landrieu) February 4, 2010. A bill to authorize the Administrator of the Small Business Administration to waive interest for certain loans relating to damage caused by Hurricane Katrina, Hurricane Rita, Hurricane Gustav, or Hurricane Ike.

• S. 2989 (Ms. Landrieu) February 4, 2010. A bill to improve the Small Business Act, and for other purposes.

• S. 3020 (Ms. Snowe) February 23, 2010. A bill to direct the Administrator of the Small Business Administration to reform and improve the HUBZone program for small business concerns, and for other purposes.

• S. 3089 (Ms. Landrieu) March 9, 2010. A bill to require a study and report by the Office of Advocacy of the Small Business Administration regarding the effects of proposed changes in patent law.

• S. 3165 (Ms. Landrieu) March 25, 2010. A bill to authorize the Administrator of the Small Business Administration to waive the non-Federal share requirement under certain programs.

• S. 3190 (Ms. Landrieu) March 26, 2010. A bill to reaffirm that the Small Business Reauthorization Act of 1997 does not limit a contracting officer's discretion regarding whether to make a contract available for award pursuant to any of the restricted competition programs authorized by the Small Business Act.

• S. 3228 (Mr. Schumer) April 20, 2010. A bill to authorize the Administrator of the Small Business Administration to make grants to small business concerns to assist the commercialization of research developed with funds received under the second phase of the Small Business Innovation Research Program.

• S. 3279 (Mr. Wyden) April 29, 2010. A bill to reauthorize the national small business tree planting program, and for other purposes.
• S. 3394 (Ms. Landrieu) May 20, 2010. A bill to establish the veterans' business center program, to improve the programs for veterans of the Small Business Administration, and for other purposes.
• S. 3399 (Ms. Snowe) May 24, 2010. A bill to remove the limit on the anticipated award price for contracts awarded under the procurement program for women-owned small business concerns, and for other purposes.
• S. 3432 (Ms. Boxer) May 27, 2010. A bill to establish a temporary Working Capital Express loan guarantee program for small business concerns, and for other purposes.
• S. 3444 (Ms. Snowe) May 27, 2010. A bill to require small business training for contracting officers.
• S. 3458 (Ms. Landrieu) June 7, 2010. A bill to improve the program under section 8(a) of the Small Business Act and to establish a surety bond pilot program.
• S. 3506 (Ms. Landrieu) June 17, 2010. A bill to improve certain programs of the Small Business Administration to better assist small business customers in accessing broadband technology and for other purposes.
• S. 3534 (Ms. Landrieu) June 24, 2010. A bill to establish a Native American entrepreneurial development program in the Small Business Administration.
• S. 3545 (Ms. Landrieu) June 29, 2010. A bill to require a study of the effect of a 6-month moratorium on new deepwater drilling in the Gulf of Mexico on small businesses.
• S. 3563 (Mr. Merkley) June 30, 2010. A bill to amend the Small Business Act to temporarily designate as a HUBZone, counties that are most affected by a recession.
• S. 3604 (Ms. Snowe) July 15, 2010. A bill to extend the small business loan enhancements.
• S. 3835 (Mr. Cardin) September 23, 2010. A bill to reinstate the increase in the surety bond guarantee limits for the Small Business Administration.
• S. 3836 (Mr. Cardin) September 23, 2010. A bill to make permanent the increase in the surety bond guarantee limits for the Small Business Administration.
• S. 3959 (Ms. McCaskill) November 17, 2010. A bill to eliminate the preferences and special rules for Alaska Native Corporations under the program under section 8(a) of the Small Business Act.
• S. 3967 (Ms. Landrieu) November 18, 2010. A bill to encourage investment in and innovation by small business concerns, and for other purposes.
• S. 4053 (Ms. Landrieu) December 22, 2010. A bill to reauthorize and improve the SBIR and STTR programs, and for other purposes.
• H.R. 6191 (Mr. Miller) September 23, 2010. To amend the Small Business Jobs Act of 2010 to include certain construction and land development loans in the definition of small business lending.

C. PUBLIC LAWS

Public Law 111–5 (H.R. 1) American Recovery and Reinvestment Act of 2009. Signed into Law: February 17, 2009.

Public Law 111–10 (H.R. 1541) To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: March 20, 2009.

Public Law 111–24 (H.R. 627/Related Bill S. 1070) Credit Card Accountability Responsibility and Disclosure Act of 2009. Signed into Law: May 22, 2009.

Public Law 111–43 (S. 1513) A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: July 31, 2009.

Public Law 111–66 (H.R. 627) To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: September 30, 2009.

Public Law 111–89 (S. 1929) A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: October 30, 2009.

Public Law 111–118 (H.R. 3326) Department of Defense Appropriations Act, 2010. Signed into Law: December 19, 2009.

Public Law 111–136 (H.R. 4508) To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: January 29, 2010.

Public Law 111–144 (H.R. 4691) Temporary Extension Act of 2010. Signed into Law: March 2, 2010.

Public Law 111–150 (H.R. 4938) To permit the use of previously appropriated funds to extend the Small Business Loan Guarantee Program, and for other purposes. Signed into Law: March 26, 2010.

Public Law 111–157 (H.R. 4851) Continuing Extension Act of 2010. Signed into Law: April 15, 2010.

Public Law 111–162 (S. 3253) A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: April 30, 2010.

Public Law 111–214 (H.R. 5849) To provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: July 30, 2010.

Public Law 111–240 (H.R. 5297/Related Bill S. 1196) Small Business Jobs and Credit Act of 2010. Signed into Law: September 27, 2010.

Public Law 111–251 (S. 3839) A bill to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958, and for other purposes. Signed into Law: September 30, 2010.

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