

Calendar No. 253

114TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ 114-412

SMALL BUSINESS BROADBAND AND EMERGING INFORMATION TECHNOLOGY ENHANCEMENT ACT

DECEMBER 20, 2016.—Ordered to be printed

Filed, under authority of the order of the Senate of December 10 (legislative day,
December 9), 2016

Mr. VITTER, from the Committee on Small Business and
Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 2116]

The Committee on Small Business and Entrepreneurship, to which was referred the bill (S. 2116) to improve certain programs of the Small Business Administration to better assist small business customers in accessing broadband technology, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

I. INTRODUCTION

The Small Business Broadband and Emerging Information Technology Enhancement Act (S. 2116) was introduced by Jeanne Shaheen, for herself, and Chairman David Vitter on October 1, 2015. The bill provides for training at the SBA to assist small businesses with the goal of providing resources and information for improved small business access to broadband. During the markup of the bill, the bill was approved unanimously by voice vote.

II. HISTORY (PURPOSE & NEED FOR LEGISLATION)

In 2010, the Federal Communications Commission (FCC) released the National Broadband Plan to improve Internet access in the United States. The report included a strategy for maximizing the use of high-speed Internet (“broadband”) for entrepreneurial activity and job growth. This plan included sections for launching a

private-public partnership that helps small businesses use broadband technology. Parts of this report are included in the Findings section of the bill, including the clause that the SBA should hone its expertise in broadband and advanced IT technology to ensure that small businesses benefit from these services. The report suggested that these services be disseminated through the SBA's counseling programs and resource partners. Since the release of the National Broadband Plan, certain areas of the United States continue to have patchwork access to high-speed Internet, despite how necessary it is in the modern economy.

On March 23, 2015, President Obama signed the Presidential Memorandum, "Expanding Broadband Deployment and Adoption by Addressing Regulatory Barriers and Encouraging Investment and Training." This memorandum created the Broadband Opportunity Council, which is tasked with producing "specific recommendations to increase broadband deployment, competition and adoption through executive actions within the scope of existing Agency programs, missions and budgets."

On August 20, 2015, the Broadband Opportunity Council produced a report with a series of recommendations for how federal agencies should meet those objections. One recommendation cited the need for additional training and recommended that the SBA "develop and deploy new digital empowerment training for small businesses" by creating new modules that help businesses utilize broadband-based applications more effectively. These modules are also meant to improve operations and ultimately strengthen market sales.

III. HEARINGS & ROUNDTABLES

In the 110th Congress, the Senate Committee on Small Business and Entrepreneurship held a hearing on September 26, 2007 entitled, "Improving Internet Access to Help Small Business Compete in the Global Economy." This hearing focused on obstacles to the purchase of broadband internet services facing small businesses. The hearing drew attention to the detrimental effects a lack of broadband access can have on small businesses. Senators heard testimony from members of the Federal Communications Commission (FCC), non-profit scholars and software executives. The hearing also examined legislation that would promote competition in the rural broadband market.

In the 111th Congress, the Senate Committee on Small Business and Entrepreneurship held a hearing on April 27, 2010 entitled, "Connecting Main Street to the World: Federal Efforts to Expand Small Business Internet Access." This hearing discussed the National Broadband Plan, the broadband funding contained within the American Recovery and Reinvestment Act (ARRA) and the need for broadband expansion into rural areas. The Senators heard from Federal Communications Commission (FCC) Chairman Julius Genachowski, Administrator Larry Strickling from the National Telecommunications and Information Administration (NTIA), representatives from the Small Business Administration and the Department of Agriculture and various organizations representing broadcasters and wireless providers. Over the course of this hearing, witness testimony suggested that the SBA appoint a coordinator to handle business broadband and information technology

issues. The hearing also focused on ways to increase minority access to broadband and examine the training on broadband services available to small business owners.

On May 13, 2010, the Senate Committee on Small Business and Entrepreneurship held a roundtable entitled, "Connecting Main Street to the World: Small Business Perspectives on Internet Access." The discussion included broadband policy experts, internet providers and a representative of the Association of Small Business Development Centers. The roundtable covered many of the same issues as the April 10th hearing, from the perspective of the small business consumer of broadband services. Dialogue focused on how entrepreneurs' use of Internet access to run their businesses has increased over time, whether competitive options exist to make broadband rates affordable, what broadband speeds and bundles are needed, how business owners fund broadband access and the availability of educational resources on broadband are offered by providers. The roundtable also addressed challenges to broadband access for businesses owned by socially and economically disadvantaged groups.

IV. DESCRIPTION OF BILL

The Small Business Broadband and Emerging Information Technology Enhancement Act addresses the need for access to broadband by U.S. small businesses, an issue that has been explored by the Senate Committee on Small Business and Entrepreneurship for many years. The Act also enables these businesses to utilize broadband resources more effectively. S. 2116 builds on data amassed in the 2010 National Broadband Plan and 2015 Broadband Opportunity Council Report, two comprehensive studies on national broadband. References to these reports are included to provide explanation and perspective for the Act's call for broadband expansion and the need for these resources to be provided through SBA's training and counseling programs. The Small Business Broadband and Emerging Information Technology Enhancement Act also directs an existing SBA senior staff member to coordinate programs relating to broadband policies and directs the agency in providing training for the staff to assist small businesses adapting to technological changes. The Act directs the SBA's Chief Counsel for Advocacy to evaluate current data and the impact of broadband speed and price on small businesses. The Small Business Broadband and Emerging Information Technology Act provides clear direction for the Small Business Administration to bring much needed broadband and information technology training within reach of America's small business community.

V. COMMITTEE VOTE

In compliance with rule XXVI(7)(b) of the Standing Rules of the Senate, the following vote was recorded on October 7, 2015.

A motion to adopt the Small Business Broadband and Emerging Information Technology Enhancement Act, 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, was approved unanimously by voice vote with the following Senators present: Vitter, Scott, Fischer, Gardner,

Ernst, Enzi, Shaheen, Cantwell, Cardin, Booker, Hirono and Peters.

VI. COST ESTIMATE

In compliance with rule XXVI(11)(a)(1) of the Standing Rules of the Senate, the Committee estimates the cost of the legislation will be equal to the amounts discussed in the following letter from the Congressional Budget Office:

OCTOBER 7, 2015.

S. 2116 would direct the Small Business Administration (SBA) to broaden its assistance to small businesses by providing information and counseling on adopting and using broadband and other information technologies. Among other things, S. 2116 would direct the agency to expand the duties of a senior staff member to coordinate broadband programs and activities of SBA and other agencies that work on broadband policy, provide training to SBA staff on ways to assist small businesses to adopt and use those technologies, and broaden the role of small business development centers to provide small businesses with information about broadband technologies. Based on information from SBA, CBO estimates that implementing S. 2116 would cost less than \$500,000 over the 2016–2020 period; any such spending would be subject to the availability of appropriated funds. Enacting S. 2116 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 2116 would not increase net direct spending or on-budget deficits in any of the next four consecutive 10-year periods beginning in 2026.

S. 2116 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

VII. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI(11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant additional regulatory impact will be incurred in carrying out the provisions of this legislation. There will be no additional impact on the personal privacy of companies or individuals who utilize the services provided.

VIII. SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides the title of this Act (“Small Business Broadband and Emerging Information Technology Enhancement Act of 2015”).

Section 2. Findings

This section references reports attesting to the nationwide need for broadband expansion, including the 2010 National Broadband Plan, the 2015 Broadband Opportunity Council Report, and data on applied broadband usage.

Under the 2010 National Broadband Plan, the Small Business Association (SBA) should ensure that its programs maintain broadband expertise, tools and training courses needed to serve small businesses. Congress was advised to consider ways to leverage existing assistance provided through entrepreneurial development programs and focus training on advanced IT and broadband applications. Congress should also consider ways to support technology training among women entrepreneurs through women's business centers. Training programs should include entry-level broadband 101 courses to provide small businesses with an introduction to how to capitalize on broadband connectivity as well as more advanced information technology applications. Small and medium enterprise information technology training should include resources for non-IT staff, such as how to use e-commerce tools for sales, streamline finance with online records and leverage knowledge management across an organization.

The 2015 Broadband Opportunity Council Report focuses on the modernization of federal programs. Modernization allows for greater civic participation, provides tools for open government and streamlines the government process. This section encourages changes in how we access educational resources, collaborate in the educational process, conduct research and continue to learn anytime, anyplace and at any pace. It also facilitates new business models, improves business efficiencies, drives job creation and connects manufacturers and store-fronts to clients and partners worldwide.

This section also highlights how broadband access has been applied to create new business models in the marketplace. Data has shown that more than three-quarters of the highest-grossing mobile software applications ("apps") are produced by startups and small companies. Seventy-eight percent of the leading app companies are located in U.S. regions outside of Silicon Valley. The emergence of the app industry over the past eight years has grown to a \$120 billion-dollar economy fueled by small businesses.

Section 3. Broadband and Emerging Information Technology Coordinator

Subsection 3(a)—This section defines "Associate Administrator" as Associate Administrator for the Office of Investment and Innovation and "Broadband and Emerging Information Technology Coordinator" as an SBA employee designated to carry out broadband and emerging information technology coordination responsibilities of the Small Business Administration.

Subsection 3(b)—The Associate Administrator shall designate a senior employee from the Office of Investment and Innovation to serve as the Broadband and Emerging Information Technology Coordinator. The Coordinator reports to the Associate Administrator, and works in coordination with the Chief Information Officer, Chief Technology Officer, Head of Office of Technology and any other administrator determined appropriate by the Associate Administrator. The Coordinator's qualifications require experience developing and implementing telecommunications policy.

The position would be responsible for coordinating programs that assist small business concerns related to broadband and other emerging information technology. The position would also serve as

primary SBA liaison to other federal agencies related to these policy areas and would identify best practices relating to broadband and emerging IT that may benefit small business concerns.

The Coordinator would also identify and catalog tools and training available through the resource partners that assist small businesses.

The section also states that the Coordinator's hours shall not consist of more than 20 percent travel outside of the United States to perform official duties.

Subsection 3(c). Broadband and Emerging Information Technology Training and Authorization of Appropriations—The Associate Administrator shall provide training at SBA that familiarizes employees with broadband and other emerging information technology and includes instruction on counseling small business concerns and federal government programs related to these areas. Training also ensures that employees fully utilize tools and training cataloged and identified by SBA's resource partners.

No specific appropriation amount is made for this bill, and this section instead authorizes that which is necessary to carry out the section.

Subsection 3(d). Reports—This section requires that, every other year, the Coordinator submit to the House Small Business Committee and Senate Small Business and Entrepreneurship Committee a report on SBA's programs and activities relating to broadband and other emerging information technology. This requirement would commence not later than 2 years after the date on which the Associate Administrator makes the first designation of the position and for every two years thereafter.

This section requires the Chief Counsel for Advocacy to conduct a study evaluating the impact of broadband speed and price on small business concerns. The SBA Office of Advocacy's report will be released not later than 3 years after the date of the enactment of this Act. The Chief Counsel for Advocacy shall submit the results to the Senate's Committee on Commerce, Science and Transportation and Committee on Small Business and Entrepreneurship and the House of Representatives' Committee on Energy and Commerce and Committee on Small Business. The report shall include a survey of broadband speeds available to small businesses, associated costs, types of technology used and policy recommendations for improving small business access to broadband services.

Section 4. Entrepreneurial development

This section amends the problem-solving assistance provisions of the small business development center program to include improving competitiveness and productivity of small business concerns by assisting entrepreneurs in accessing broadband and emerging information technology.