

TO ESTABLISH GROWTH ACCELERATOR FUND COMPETITION WITHIN THE SMALL BUSINESS ADMINISTRATION, AND FOR OTHER PURPOSES

OCTOBER 17, 2019.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Ms. VELÁZQUEZ, from the Committee on Small Business, submitted the following

R E P O R T

[To accompany H.R. 4387]

The Committee on Small Business, to whom was referred the bill (H.R. 4387) to establish Growth Accelerator Fund Competition within the Small Business Administration, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

The purpose of H.R. 4387, “To establish Growth Accelerator Fund Competition within the Small Business Administration, and for other purposes” is to continue the SBA’s support for small business job creation by giving early-stage entrepreneurs opportunities for education, mentorship, financing, cohort-based business training, and technical assistance.

II. BACKGROUND AND NEED FOR LEGISLATION

H.R. 4387 was introduced by Representative Adriano Espaillat (D–NY), and Representative Troy Balderson (R–OH) on September 18, 2019. The legislation would authorize \$2 million in funds annually for four years to carry out the Growth Accelerator Fund Competition.

The Growth Accelerator Fund Competition was created in 2014 to support small business job creation by giving early-stage entrepreneurs opportunities to immerse themselves in intense learning. Accelerator programs provide founders of early-stage companies with education, mentorship, financing, cohort-based training, and technical assistance. There are many accelerator success stories, among them are well-known companies like Airbnb, Dropbox, and Stripe.

The SBA funds the Growth Accelerator Fund Competition for the nation’s most innovative and promising small business accelerators and incubators. Accelerators, incubators, co-working start-up companies, or other entrepreneurial ecosystem models compete for monetary prizes of \$50,000 each. In its fifth round of funding, the competition is currently focused on accelerators that work with high tech entrepreneurs who are potential Small Business Innovation Research (SBIR) or Small Business Tech Transfer (STTR) program applicants.

Not only does the Growth Accelerator Fund Competition spur economic development and create jobs, but it also fills geographic gaps by supporting the development of accelerators and their startups in regions of the country where there are fewer sources of capital. Codifying the program for four years will continue the commitment of investment in the next generation of American entrepreneurs, promote innovation, and increase jobs.

III. HEARINGS

In the 115th Congress, the Committee on Small Business held a hearing on May 3, 2017 titled “Empowering Small Businesses: The Accelerator Model.”¹ The hearing examined how business accelerators help entrepreneurs, startups, and small business grow and create jobs, while also offering Members the opportunity to hear from organizations that are directly involved in offering private sector resources to small businesses. The SBA’s Growth Accelerator Competition Fund was a focus of the hearing wherein witnesses spoke highly of the program and its benefits to small firms and offered their strong support for the program in facilitating entrepreneurship.

¹*Empowering Small Businesses: The Accelerator Model, Hearing Before the H. Comm. On Small Bus., 115th Cong. (2017).*

In the 116th Congress, the Committee on Small Business held another hearing on September 19, 2019 titled “SBA Programs Spurring Innovation.”² The hearing examined the specific benefits of the SBA’s Growth Accelerator Competition Fund and how it helps innovative entrepreneurs, startups, and small businesses grow and create jobs. H.R. 4387 was a product of these hearings and codifies the program while also setting forth metrics by which to measure the success of the program.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on September 25, 2019, and ordered H.R. 4387 favorably reported to the House of Representatives. During the markup, no amendments were offered.

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted by voice vote to favorably report H.R. 4387 to the House at 12:06 P.M.

²*SBA Programs Spurring Innovation, Hearing Before the H. Comm. On Small Bus., 116th Cong. (2019).*

**COMMITTEE ON SMALL BUSINESS
TALLY SHEET**

DATE: 09-25-19
 BILL NUMBER: H.R. 4387
 ROLL CALL:
 VOTE: (AYE) (NO)

QUORUM: 13
 AMENDMENT NUMBER:

12:06
 agreed to
 reported to House

MEMBER	AYE	NO	NOT VOTING
Ms. Velázquez, Chairwoman			
Ms. Finkenauer			
Mr. Golden			
Mr. Kim			
Mr. Crow			
Ms. Davids			
Ms. Chu			
Mr. Veasey			
Mr. Evans			
Mr. Schneider			
Mr. Espaillat			
Mr. Delgado			
Ms. Houlahan			
Ms. Craig			
MR. Chabot Ranking Member			
Ms. Radewagen			
Mr. Kelly			
Mr. Balderson			
Mr. Hern			
Mr. Hagedorn			
Mr. Stauber			
Mr. Burchett			
Mr. Spano			
Mr. Joyce			
TOTALS			

On this vote there were _____ ayes and _____ nos.

VI. SECTION-BY-SECTION OF H.R. 4387

Section 1. Growth Accelerator Fund Competition

Subsection (a) establishes a Growth Accelerator Fund Competition, which allows the Small Business Administration to award monetary prizes on a competitive basis to covered entities that assist small businesses with accessing capital and finding mentors and networking opportunities, and advise small businesses on areas including: market analysis, company strategy, revenue growth, and securing funding.

Subsection (b) requires the Administrator to carry out the program in accordance with the requirements of section 24 of the Stevenson-Wydler Technology Innovation Act of 1980.

Subsection (c) requires covered entities to submit an application containing certain material and within a designated timeframe.

Subsection (d) states that to be eligible for the grant, covered entities may not have an unresolved financial obligation to the Federal Government and may not have been suspended or debarred under subpart 9.4 of title 48, Code of Federal Regulations.

Subsection (e) states that the Administrator shall select covered entities that provide small businesses with regular networking and mentoring opportunities, shared work environment focused on building a strong community with other similar small businesses, resources, opportunities to pitch ideas to investors, and assistance in securing funding under SBIR and STTR program.

Subsection (f) requires the Administrator to prioritize applications that provide assistance and advice to women-owned, veteran-owned, and socially and economically disadvantaged small businesses.

Subsection (g) requires that not less than 20 percent of the prizes will assist and advise small businesses owned and controlled by women, and not less than 20 percent of prizes will assist and advise socially and economically disadvantaged small businesses.

Subsection (h) requires the recipients of the prize to use a selective process to identify small businesses to provide advice and assistance under the law.

Subsection (i) requires the Administration to develop metrics that are science-based and statistically driven, reflect the mission of the Administration, and include factors related to the economic impact of the Growth Accelerator Fund Competition.

Subsection (j) authorizes \$2 million in funds annually for 4 years to carry out the Growth Accelerator Fund Competition.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

At the time H.R. 4387 was reported to the House, the Congressional Budget Office had not provided a cost-estimate.

VIII. UNFUNDED MANDATES

H.R. 4387 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act, Public Law No. 104-4, and would impose no costs on state, local, or tribal governments.

IX. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to § 402 of the Congressional Budget Act of 1974, the Committee does not believe that there will be any additional costs attributable to this legislation because all authorizations would be subject to future appropriation action.

X. OVERSIGHT FINDINGS

In accordance with clause 2(b)(1) of rule X of the Rules of the House, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 4387 are incorporated into the descriptive portions of this report.

XI. STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 7 of rule XII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in Art. I, § 8 of the Constitution of the United States.

XII. CONGRESSIONAL ACCOUNTABILITY ACT

H.R. 4387 does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of § 102(b)(3) of Public Law No. 104-1.

XIII. FEDERAL ADVISORY COMMITTEE ACT STATEMENT

H.R. 4387 does not establish or authorize the establishment of any new advisory committees as that term is defined in the Federal Advisory Committee Act, 5 U.S.C. App. 2.

XIV. STATEMENT OF NO EARMARKS

Pursuant to clause 9 of rule XXI, H.R. 4387 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in subsections (d), (e), or (f) of clause 9 of rule XXI of the Rules of the House.

XV. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3 of rule XIII of the Rules of the House, no provision of H.R. 4387 establishes or reauthorizes a program of the federal government known to be duplicative of another federal program, a program that was included in any report from the United States Government Accountability Office pursuant to § 21 of Pub. L. No. 111-139, or a program related to a program identified in the most recent catalog of federal domestic assistance.

XVI. DISCLOSURE OF DIRECTED RULEMAKINGS

Pursuant to clause 3 of rule XIII of the Rules of the House, H.R. 4387 does not direct any rulemaking.

XVII. PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XII of the Rules of the House, the Committee establishes the following performance-related goals and objectives for this legislation:

H.R. 4387 continues and builds upon the SBA's commitment of investing in the next generation of American entrepreneurs, spurring economic development and encouraging job creation in regions of the country where access to start-up capital is otherwise limited.

XVIII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause (E) of rule XIII of the Rules of the House, changes in existing law made by the bill, as reported, as shown as follows: existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman.