

STEP IMPROVEMENT ACT OF 2022

OCTOBER 14, 2022.—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. 8844]

The Committee on Small Business, to whom was referred the bill (H.R. 8844) to reauthorize the State Trade Expansion Program of the Small Business Administration, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

The purpose of H.R. 8844, the “STEP Improvement Act of 2022”, is to modernize and strengthen the Small Business Administration’s (SBA) State Trade Expansion Program (STEP). Specifically, the legislation would create a standardized application process, increase flexibility, improve communications between the SBA and

state awardees, collect performance metrics, improve reporting to Congress, and allow businesses less than one year old to participate in the program.

II. BACKGROUND AND NEED FOR LEGISLATION

H.R. 8844 was introduced by Representative Dwight Evans (D-PA) and cosponsored by Representatives Young Kim (R-CA), Marie Newman (D-IL), and Mike Flood (R-NE) on September 15, 2022.

Nearly 96 percent of consumers live outside the United States, and two-thirds of the world's purchasing power is in foreign countries.¹ Exporting is an opportunity for small businesses to expand their customer base and increase sales. Approximately 166,384 small businesses in the United States currently export, accounting for about 26 percent of all U.S. exports.² These small businesses account for roughly \$341 billion of \$1.32 trillion in export sales and 96 percent of all exporters.³ With that said, these small businesses make up only 3 percent of total small businesses with employees that export in the United States.⁴

Small firms face a myriad of challenges, which include: difficulty obtaining the working capital to filling foreign purchase orders, not knowing how to connect with foreign buyers, and not having an understanding of other countries' rules and regulations. Since small firms are essential to our economy and the majority of consumers live outside the U.S., more emphasis must be placed on the potential to increase the number of small businesses that export. Doing so is critical for long-term growth of small businesses and the U.S. economy overall. The SBA is just one of several federal agencies that assist in the promotion of small business exports.

To help ease the challenges faced by small business exporters, the Small Business Jobs Act of 2010 authorized the SBA to establish a three-year State Trade and Export Promotion pilot grant initiative. The program has two objectives: (1) increase the number of small businesses that export and (2) raise the value of existing small business exporters. The Associate Administrator of the Office of International Trade (OIT) is responsible for overseeing the program and awards matching funds to states and territories for participation in trade missions, international marketing efforts, workshops, export trade show exhibits, and other promotional activities.

The Trade Facilitation and Trade Enforcement Act of 2015 renamed the program the "State Trade Expansion Program (STEP)" and provided a \$30 million authorization through fiscal year 2020. The Act allowed the Associate Administrator of the OIT to give priority to STEP proposals from states that have a small number of small businesses that export or proposals that would assist rural, women-owned, and socially or economically disadvantaged small businesses.

Today, STEP offers opportunities for grants to all 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. In most cases, the

¹ U.S. Small Bus. Admin. *Benefits of Exporting*, <https://www.sba.gov/business-guide/grow-your-business/export-products#section-header-0> (last visited October 4, 2022).

² CONG. RSCH. SERV., R43155, Small Business Administration Trade and Export Promotion Programs (2022) [hereinafter CRS].

³ *Id.*

⁴ *Supra* note 1.

SBA provides 75 percent of total project costs and states provide 25 percent of the federal award. STEP funds are awarded for two years, a base year and an option year. The option year is at the SBA's discretion but is routinely awarded based on prior year performance and funding utilization. STEP grant amounts range from a minimum of \$100,000 each in the base and option year to a maximum of \$900,000 each in the base and option year. In FY 2021, SBA's STEP assisted over 3,400 small businesses and supported \$832 million in export sales.

III. HEARINGS

In the 117th Congress, the Committee on Small Business held two hearings on STEP. The first hearing was held in the Subcommittee on Economic Growth, Tax, and Capital Access, on Tuesday July 19, 2022, and was titled, "The SBA Office of International Trade and the STEP Program as Key Tools for Recovery and Expansion." The hearing reviewed STEP and heard from state grantees and small businesses that have participated in the program.

At the hearing, Mrs. Mary Waters, Deputy Commissioner for International Trade, Georgia Department of Economic Development, testified that Georgia was an early STEP participant in 2011 and 2012 but stepped away after their later application was denied. Georgia reapplied in 2020 during the pandemic to expand Georgia's financial assistance awards to small businesses. Mrs. Waters stated that STEP is a valuable resource for Georgia small businesses and that program reauthorization is critical to supporting greater U.S. exports. In addition, Mrs. Waters testified that measuring return on investment by long-term outcomes, reducing administrative requirements, and increasing funding to \$30 million are steps that can be taken to improve the program. Mr. William Spear, Manager, New Jersey Office of Export Promotion and Director, NJ STEP, testified about New Jersey's successful involvement in STEP, how New Jersey implements uncomplicated reporting requirements for participating small businesses, and how STEP is an administratively easier program than other federal grants. Mr. Spear stated that throughout the pandemic, New Jersey saw an increase in interest in the program, especially from newer companies, and that New Jersey plans to focus on new to export firms in the upcoming grant cycle. Finally, Mr. Spear stated that New Jersey has applied for the maximum grant amount for the 2022 cycle and looks forward to a continued partnership with the SBA. Mr. Luther Toombs, CEO, Pyramid Foods, LLC, testified that STEP helped him export his barbeque rubs and sauces to Canada and Mexico. STEP was particularly helpful with translating their marketing brochure and labels into Spanish and properly reformatting them to meet the requirements for sale in Mexico. Mr. Devan Walding, Vice President Sales, RADIUS, testified that STEP has enabled RADIUS to participate and compete in exporting channels that the company would otherwise struggle, or be unable, to afford. The availability of STEP grants allowed RADIUS to start a dialogue around what opportunities would provide the best return on investment for their brand and made in America products.

On September 20, 2022, the Committee held a full Committee hearing titled, "SBA Management Review: Office of International Trade" where the Associate Administrator for the Office, Gabriel

Esparza, testified on the impact of STEP and the importance of reauthorizing the program. Mr. Esparza testified that exporting is an engine for growth that allows small businesses to reach new customers in an increasingly interconnected global marketplace. Mr. Esparza further stated that raising awareness of SBA’s trade assistance and shifting SBA’s frame of reference for what exporting looks like today is important to small business export success. Increasing awareness for trade, particularly in historically underserved communities, by connecting to broader audiences of small businesses that are currently exporting, or could be potentially exporting, is a central focus for SBA. SBA will continue to stress turning “accidental exporters” into “intentional exporters”. In addition, he testified that because of digital tools and e-commerce, small businesses can export faster than ever, and that SBA has a specific focus on new-to-exporting firms as well as companies that come from historically underserved communities.

Mr. Esparza stated that STEP is a generator for export sales, a sustainer of jobs, and allows companies to expand into new markets. He testified that over the last decade, STEP has awarded over \$200 million to all 50 states and six territories. In addition, he testified that STEP has supported 12,000 small businesses and generated almost \$5.5 billion in export sales. Mr. Esparza stated that demand for STEP is at its highest ever with the 2022 applications being the largest in both number of states/territories applying, and amount requested. In addition, Mr. Esparza stated that SBA is aware of the feedback from the July 19th hearing that some states are concerned with the administrative requirements of the STEP grant. Mr. Esparza has spent time with STEP grants managers and is seeking to strike the right balance between protecting taxpayer dollars and improving the efficiency of the program. Mr. Esparza stated that SBA supports the reauthorization of STEP, and the improvements H.R. 8844 makes to the program.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on September 21, 2022, and ordered H.R. 8844 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. 8844 to the House at 11:47 A.M.

VI. SECTION-BY-SECTION FOR H.R. 8844

Section 1. Short title

This Act may be cited as the “STEP Improvement Act of 2022”.

Section 2. State Trade Expansion Program

Subsection (a)—Application Requirements.

This subsection requires STEP grant applicants to submit a budget plan in their application package.

Subsection (a) establishes a timeframe to standardize the grant application process. The Associate Administrator must publish information on how to apply for a grant and how grants are awarded by March 31st each year. The deadline for applications will be no earlier than 60 days after the March 31st announcement but no later than May 31st, and SBA will be required to announce the awards no later than August 31st of each year.

To provide greater transparency, this subsection requires the Associate Administrator to clearly communicate how unsuccessful applicants can improve their applications and explain the amount awarded to successful applicants, if different from their request.

Further, subsection (a) allows States to revise their budget plans, after the disbursement of funds, provided States notify the Associate Administrator and the change complies with allowable use of grant funds. However, if a revision is 10% or more of an amount described in the budget plan, the Associate Administrator must approve the change within 20 days of receiving the revised plan. If the Associate Administrator does not approve the plan within 20 days of submission, the State may reallocate the funds. These provisions will allow States greater flexibility in how they spend grant funds and ensure they fully utilize the funds awarded to them.

Subsection (b)—Survey.

This subsection requires the Associate Administration to conduct an annual survey of grant recipients to solicit feedback and develop best practices for the STEP program. The addition of an annual survey will enhance communication between SBA and grant recipients, as well as assess overall satisfaction and effectiveness of the program.

Subsection (c)—Annual Report.

This subsection enhances the annual reporting requirements. The Associate Administrator's annual report must now include demographic information on small businesses assisted by STEP, detailed information about best practices for States, lessons learned by grants recipients to assist low-performing states, an analysis of the annual survey, and an analysis of new performance metrics, which include demographic information on small businesses, the amount of export sales, new and returning participants in STEP, and how many small businesses have reached new markets or created new jobs because of STEP.

Subsection (d)—Expansion of Definition of Eligible Small Business Concern.

This subsection expands the definition of eligible small businesses to include new businesses that are less than one year old.

Subsection (e)—Authorization of Appropriations.

This subsection reauthorizes STEP for 4 fiscal years, FY 2023 through FY 2026 at \$30 million each year, the same authorization as FY 2016–FY 2020.

Subsection (f)—Report to Congress.

This subsection requires the Associate Administrator for OIT to submit a report to Congress no later than 1 year after the enactment of the Act. The report must include information on the process SBA established for: revising budget plans, streamlining the

application process, sharing detailed best practices with States, and communicating program information to grant awardees.

VII. CONGRESSIONAL BUDGET COST ESTIMATE

The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office.

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

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, 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 Sec. 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.

IX. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings, and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 8844 are incorporated into the descriptive portions of this report.

X. STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirements of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of H.R. 8844 is to modernize and strengthen SBA's STEP program, by improving communication between the SBA and state grantees and increasing performance metrics and reporting requirements.

XI. DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 8844 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

XII. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. FEDERAL MANDATES STATEMENT

An estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act was not made available to the Committee in time for the filing of this report. The Chairwoman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

XIV. FEDERAL ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

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

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, 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:

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

SMALL BUSINESS ACT

* * * * *

SEC. 22. OFFICE OF INTERNATIONAL TRADE.

(a) ESTABLISHMENT.—

(1) OFFICE.—There is established within the Administration an Office of International Trade which shall implement the programs pursuant to this section for the primary purposes of increasing—

(A) the number of small business concerns that export;
and

(B) the volume of exports by small business concerns.

(2) ASSOCIATE ADMINISTRATOR.—The head of the Office shall be the Associate Administrator for International Trade, who shall be responsible to the Administrator.

(b) TRADE DISTRIBUTION NETWORK.—The Associate Administrator, working in close cooperation with the Secretary of Commerce, the United States Trade Representative, the Secretary of Agriculture, the Secretary of State, the President of the Export-Im-

port Bank of the United States, the President of the Overseas Private Investment Corporation, Director of the United States Trade and Development Agency, and other relevant Federal agencies, small business development centers engaged in export promotion efforts, Export Assistance Centers, regional and district offices of the Administration, the small business community, and relevant State and local export promotion programs, shall—

(1) maintain a distribution network, using regional and district offices of the Administration, the small business development center network, networks of women's business centers, the Service Corps of Retired Executives authorized by section 8(b)(1), and Export Assistance Centers, for programs relating to—

- (A) trade promotion;
- (B) trade finance;
- (C) trade adjustment assistance;
- (D) trade remedy assistance; and
- (E) trade data collection;

(2) aggressively market the programs described in paragraph (1) and disseminate information, including computerized marketing data, to small business concerns on exporting trends, market-specific growth, industry trends, and international prospects for exports;

(3) promote export assistance programs through the district and regional offices of the Administration, the small business development center network, Export Assistance Centers, the network of women's business centers, chapters of the Service Corps of Retired Executives, State and local export promotion programs, and partners in the private sector; and

(4) give preference in hiring or approving the transfer of any employee into the Office or to a position described in subsection (c)(9) to otherwise qualified applicants who are fluent in a language in addition to English, to—

- (A) accompany small business concerns on foreign trade missions; and
- (B) translate documents, interpret conversations, and facilitate multilingual transactions, including by providing referral lists for translation services, if required.

(c) PROMOTION OF SALES OPPORTUNITIES.—The Associate Administrator shall promote sales opportunities for small business goods and services abroad. To accomplish this objective the office shall—

(1) establish annual goals for the Office relating to—

- (A) enhancing the exporting capability of small business concerns and small manufacturers;
- (B) facilitating technology transfers;
- (C) enhancing programs and services to assist small business concerns and small manufacturers to compete effectively and efficiently in foreign markets;
- (D) increasing the ability of small business concerns to access capital; and
- (E) disseminating information concerning Federal, State, and private programs and initiatives;

(2) in cooperation with the Department of Commerce, other relevant agencies, regional and local Administration offices, the

Small Business Development Center network, and State programs, develop a mechanism for—

- (A) identifying subsectors of the small business community with strong export potential;
 - (B) identifying areas of demand in foreign markets;
 - (C) prescreening foreign buyers for commercial and credit purposes; and
 - (D) assisting in increasing international marketing by disseminating relevant information regarding market leads, linking potential sellers and buyers, and catalyzing the formation of joint ventures, where appropriate;
- (3) in cooperation with the Department of Commerce, actively assist small business concerns in forming and using export trading companies, export management companies and research and development pools authorized under section 9 of this Act;
- (4) work in conjunction with other Federal agencies, regional and district offices of the Administration, the small business development center network, and the private sector to identify and publicize translation services, including those available through colleges and universities participating in the small business development center program;
- (5) work closely with the Department of Commerce and other relevant Federal agencies to—
- (A) collect, analyze and periodically update relevant data regarding the small business share of United States exports and the nature of State exports (including the production of Gross State Product figures) and disseminate that data to the public and to Congress;
 - (B) make recommendations to the Secretary of Commerce and to Congress regarding revision of the North American Industry Classification System codes to encompass industries currently overlooked and to create North American Industry Classification System codes for export trading companies and export management companies;
 - (C) improve the utility and accessibility of existing export promotion programs for small business concerns; and
 - (D) increase the accessibility of the Export Trading Company contact facilitation service;
- (6) make available to the small business community information regarding conferences on exporting and international trade sponsored by the public and private sector;
- (7) provide small business concerns with access to up to date and complete export information by—
- (A) making available, at the regional and district offices of the Administration through cooperation with the Department of Commerce, export information, including, but not limited to, the worldwide information and trade system and world trade data reports;
 - (B) maintaining a list of financial institutions that finance export operations;
 - (C) maintaining a directory of all Federal, regional, State and private sector programs that provide export information and assistance to small business concerns; and

- (D) preparing and publishing such reports as it determines to be necessary concerning market conditions, sources of financing, export promotion programs, and other information pertaining to the needs of small business export firms so as to insure that the maximum information is made available to small business concerns in a readily usable form;
- (8) encourage through cooperation with the Department of Commerce, greater small business participation in trade fairs, shows, missions, and other domestic and overseas export development activities of the Department of Commerce;
- (9) facilitate decentralized delivery of export information and assistance to small business concerns by assigning primary responsibility for export development to one individual in each district office and providing each Administration regional office with a full-time export development specialist, who shall—
- (A) assist small business concerns in obtaining export information and assistance from other Federal departments and agencies;
- (B) maintain a directory of all programs which provide export information and assistance to small business concerns in the region;
- (C) encourage financial institutions to develop and expand programs for export financing;
- (D) provide advice to personnel of the Administration involved in making loans, loan guarantees, and extensions and revolving lines of credit, and providing other forms of assistance to small business concerns engaged in exports;
- (E) within one hundred and eighty days of their appointment, participate in training programs designed by the Administrator, in conjunction with the Department of Commerce and other Federal departments and agencies, to study export programs and to examine the needs of small business concerns for export information and assistance;
- (F) participate, jointly with employees of the Office, in an annual training program that focuses on current small business needs for exporting; and
- (G) develop and conduct training programs for exporters and lenders, in cooperation with the Export Assistance Centers, the Department of Commerce, the Department of Agriculture, small business development centers, women's business centers, the Export-Import Bank of the United States, the Overseas Private Investment Corporation, and other relevant Federal agencies;
- (10) make available on the website of the Administration the name and contact information of each individual described in paragraph (9);
- (11) carry out a nationwide marketing effort using technology, online resources, training, and other strategies to promote exporting as a business development opportunity for small business concerns;
- (12) disseminate information to the small business community through regional and district offices of the Administration, the small business development center network, Export Assistance Centers, the network of women's business centers, chap-

ters of the Service Corps of Retired Executives authorized by section 8(b)(1), State and local export promotion programs, and partners in the private sector regarding exporting trends, market-specific growth, industry trends, and prospects for exporting; and

(13) establish and carry out training programs for the staff of the regional and district offices of the Administration and resource partners of the Administration on export promotion and providing assistance relating to exports.

(d) EXPORT FINANCING PROGRAMS.—

(1) IN GENERAL.—The Associate Administrator shall work in cooperation with the Export-Import Bank of the United States, the Department of Commerce, other relevant Federal agencies, and the States to develop a program through which export specialists in the regional offices of the Administration, regional and local loan officers, and Small Business Development Center personnel can facilitate the access of small businesses to relevant export financing programs of the Export-Import Bank of the United States and to export and pre-export financing programs available from the Administration and the private sector.

(2) TRADE FINANCE SPECIALIST.—To accomplish the goal established under paragraph (1), the Associate Administrator shall—

(A) designate at least 1 individual within the Administration as a trade finance specialist to oversee international loan programs and assist Administration employees with trade finance issues; and

(B) work in cooperation with the Export-Import Bank and the small business community, including small business trade associations, to—

(i) aggressively market existing Administration export financing and pre-export financing programs;

(ii) identify financing available under various Export-Import Bank programs, and aggressively market those programs to small businesses;

(iii) assist in the development of financial intermediaries and facilitate the access of those intermediaries to existing financing programs;

(iv) promote greater participation by private financial institutions, particularly those institutions already participating in loan programs under this Act, in export finance; and

(v) provide for the participation of appropriate Administration personnel in training programs conducted by the Export-Import Bank.

(e) TRADE REMEDIES.—The Associate Administrator shall—

(1) work in cooperation with other Federal agencies and the private sector to counsel small businesses with respect to initiating and participating in any proceedings relating to the administration of the United States trade laws; and

(2) work with the Department of Commerce, the Office of the United States Trade Representative, and the International Trade Commission to increase access to trade remedy proceedings for small businesses.

(f) REPORTING REQUIREMENT.—The Associate Administrator shall submit an annual report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives that contains—

- (1) a description of the progress of the Office in implementing the requirements of this section;
- (2) a detailed account of the results of export growth activities of the Administration, including the activities of each district and regional office of the Administration, based on the performance measures described in subsection (i);
- (3) an estimate of the total number of jobs created or retained as a result of export assistance provided by the Administration and resource partners of the Administration;
- (4) for any travel by the staff of the Office, the destination of such travel and the benefits to the Administration and to small business concerns resulting from such travel; and
- (5) a description of the participation by the Office in trade negotiations.

(g) STUDIES.—The Associate Administrator, in cooperation, where appropriate, with the Division of Economic Research of the Office of Advocacy, and with other Federal agencies, shall undertake studies regarding the following issues and shall report to the Committees on Small Business of the House of Representatives and the Senate, and to other relevant Committees of the House and Senate within 6 months after the date of enactment of the Small Business International Trade and Competitiveness Act with specific recommendations on—

- (1) the viability and cost of establishing an annual, competitive small business export incentive program similar to the Small Business Innovation Research program and alternative methods of structuring such a program;
- (2) methods of streamlining trade remedy proceedings to increase access for, and reduce expenses incurred by, smaller firms;
- (3) methods of improving the current small business foreign sales corporation tax incentives and providing small businesses with greater benefits from this initiative;
- (4) methods of identifying potential export markets for United States small businesses; maintaining and disseminating current foreign market data; and devising a comprehensive export marketing strategy for United States small business goods and services, and shall include data on the volume and dollar amount of goods and services, identified by type, imported by United States trading partners over the past 10 years; and
- (5) the results of a survey of major United States trading partners to identify the domestic policies, programs and incentives, and the private sector initiatives, which exist to encourage the formation and growth of small business.

(h) DISCHARGE OF INTERNATIONAL TRADE RESPONSIBILITIES OF ADMINISTRATION.—The Administrator shall ensure that—

- (1) the responsibilities of the Administration regarding international trade are carried out by the Associate Administrator;
- (2) the Associate Administrator has sufficient resources to carry out such responsibilities; and

- (3) the Associate Administrator has direct supervision and control over—
- (A) the staff of the Office; and
 - (B) any employee of the Administration whose principal duty station is an Export Assistance Center, or any successor entity.
- (i) EXPORT AND TRADE COUNSELING.—
- (1) DEFINITION.—In this subsection—
- (A) the term “lead small business development center” means a small business development center that has received a grant from the Administration; and
 - (B) the term “lead women’s business center” means a women’s business center that has received a grant from the Administration.
- (2) CERTIFICATION PROGRAM.—The Administrator shall establish an export and trade counseling certification program to certify employees of lead small business development centers and lead women’s business centers in providing export assistance to small business concerns.
- (3) NUMBER OF CERTIFIED EMPLOYEES.—The Administrator shall ensure that the number of employees of each lead small business development center who are certified in providing export assistance is not less than the lesser of—
- (A) 5; or
 - (B) 10 percent of the total number of employees of the lead small business development center.
- (4) REIMBURSEMENT FOR CERTIFICATION.—
- (A) IN GENERAL.—Subject to the availability of appropriations, the Administrator shall reimburse a lead small business development center or a lead women’s business center for costs relating to the certification of an employee of the lead small business center or lead women’s business center in providing export assistance under the program established under paragraph (2).
 - (B) LIMITATION.—The total amount reimbursed by the Administrator under subparagraph (A) may not exceed \$350,000 in any fiscal year.
- (j) PERFORMANCE MEASURES.—
- (1) IN GENERAL.—The Associate Administrator shall develop performance measures for the Administration to support export growth goals for the activities of the Office under this section that include—
- (A) the number of small business concerns that—
 - (i) receive assistance from the Administration;
 - (ii) had not exported goods or services before receiving the assistance described in clause (i); and
 - (iii) export goods or services;
 - (B) the number of small business concerns receiving assistance from the Administration that export goods or services to a market outside the United States into which the small business concern did not export before receiving the assistance;
 - (C) export revenues by small business concerns assisted by programs of the Administration;

(D) the number of small business concerns referred to an Export Assistance Center or a small business development center by the staff of the Office;

(E) the number of small business concerns referred to the Administration by an Export Assistance Center or a small business development center; and

(F) the number of small business concerns referred to the Department of Commerce, the Department of Agriculture, the Department of State, the Export-Import Bank of the United States, the Overseas Private Investment Corporation, or the United States Trade and Development Agency by the staff of the Office, an Export Assistance Center, or a small business development center.

(2) JOINT PERFORMANCE MEASURES.—The Associate Administrator shall develop joint performance measures for the district offices of the Administration and the Export Assistance Centers that include the number of export loans made under—

(A) section 7(a)(16);

(B) the Export Working Capital Program established under section 7(a)(14);

(C) the Preferred Lenders Program, as defined in section 7(a)(2)(C)(ii); and

(D) the export express program established under section 7(a)(34).

(3) CONSISTENCY OF TRACKING.—The Associate Administrator, in coordination with the departments and agencies that are represented on the Trade Promotion Coordinating Committee established under section 2312 of the Export Enhancement Act of 1988 (15 U.S.C. 4727) and the small business development center network, shall develop a system to track exports by small business concerns, including information relating to the performance measures developed under paragraph (1), that is consistent with systems used by the departments and agencies and the network.

(k) EXPORT ASSISTANCE CENTERS.—

(1) EXPORT FINANCE SPECIALISTS.—

(A) MINIMUM NUMBER OF EXPORT FINANCE SPECIALISTS.—On and after the date that is 90 days after the date of enactment of this subsection, the Administrator, in coordination with the Secretary of Commerce, shall ensure that the number of export finance specialists is not less than the number of such employees so assigned on January 1, 2003.

(B) EXPORT FINANCE SPECIALISTS ASSIGNED TO EACH REGION OF THE ADMINISTRATION.—On and after the date that is 2 years after the date of enactment of this subsection, the Administrator, in coordination with the Secretary of Commerce, shall ensure that there are not fewer than 3 export finance specialists in each region of the Administration.

(2) PLACEMENT OF EXPORT FINANCE SPECIALISTS.—

(A) PRIORITY.—The Administrator shall give priority, to the maximum extent practicable, to placing employees of the Administration at any Export Assistance Center that—

(i) had an Administration employee assigned to the Export Assistance Center before January 2003; and

(ii) has not had an Administration employee assigned to the Export Assistance Center during the period beginning January 2003, and ending on the date of enactment of this subsection, either through retirement or reassignment.

(B) NEEDS OF EXPORTERS.—The Administrator shall, to the maximum extent practicable, strategically assign Administration employees to Export Assistance Centers, based on the needs of exporters.

(C) RULE OF CONSTRUCTION.—Nothing in this subsection may be construed to require the Administrator to reassign or remove an export finance specialist who is assigned to an Export Assistance Center on the date of enactment of this subsection.

(3) GOALS.—The Associate Administrator shall work with the Department of Commerce, the Export-Import Bank of the United States, and the Overseas Private Investment Corporation to establish shared annual goals for the Export Assistance Centers.

(4) OVERSIGHT.—The Associate Administrator shall designate an individual within the Administration to oversee all activities conducted by Administration employees assigned to Export Assistance Centers.

(1) STATE TRADE EXPANSION PROGRAM.—

(1) DEFINITIONS.—In this subsection—

(A) the term “eligible small business concern” means a business concern that—

(i) is organized or incorporated in the United States;

(ii) is operating in the United States;

(iii) meets—

(I) the applicable industry-based small business size standard established under section 3; or

(II) the alternate size standard applicable to the program under section 7(a) of this Act and the loan programs under title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.);

and

[(iv) has been in business for not less than 1 year, as of the date on which assistance using a grant under this subsection commences; and]

[(v)] (iv) has access to sufficient resources to bear the costs associated with trade, including the costs of packing, shipping, freight forwarding, and customs brokers;

(B) the term “program” means the State Trade Expansion Program established under paragraph (2);

(C) the term “rural small business concern” means an eligible small business concern located in a rural area, as that term is defined in section 1393(a)(2) of the Internal Revenue Code of 1986;

(D) the term “socially and economically disadvantaged small business concern” has the meaning given that term

in section 8(a)(4)(A) of the Small Business Act (15 U.S.C. 637(a)(4)(A)); and

(E) the term “State” means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa.

(2) ESTABLISHMENT OF PROGRAM.—The Associate Administrator shall establish a trade expansion program, to be known as the “State Trade Expansion Program”, to make grants to States to carry out programs that assist eligible small business concerns in—

(A) participation in foreign trade missions;

(B) a subscription to services provided by the Department of Commerce;

(C) the payment of website fees;

(D) the design of marketing media;

(E) a trade show exhibition;

(F) participation in training workshops;

(G) a reverse trade mission;

(H) procurement of consultancy services (after consultation with the Department of Commerce to avoid duplication); or

(I) any other initiative determined appropriate by the Associate Administrator.

(3) GRANTS.—

(A) JOINT REVIEW.—In carrying out the program, the Associate Administrator may make a grant to a State to increase the number of eligible small business concerns in the State exploring significant new trade opportunities.

(B) CONSIDERATIONS.—In making grants under this subsection, the Associate Administrator may give priority to an application by a State that proposes a program that—

(i) focuses on eligible small business concerns as part of a trade expansion program;

(ii) demonstrates intent to promote trade expansion by—

(I) socially and economically disadvantaged small business concerns;

(II) small business concerns owned or controlled by women; and

(III) rural small business concerns;

(iii) promotes trade facilitation from a State that is not 1 of the 10 States with the highest percentage of eligible small business concerns that are engaged in international trade, based upon the most recent data from the Department of Commerce; and

(iv) includes—

(I) activities which have resulted in the highest return on investment based on the most recent year; and

(II) the adoption of shared best practices included in the annual report of the Administration.

(C) LIMITATIONS.—

(i) SINGLE APPLICATION.—A State may not submit more than 1 application for a grant under the program in any 1 fiscal year.

(ii) PROPORTION OF AMOUNTS.—The total value of grants made under the program during a fiscal year to the 10 States with the highest percentage of eligible small business concerns, based upon the most recent data available from the Department of Commerce, shall be not more than 40 percent of the amounts appropriated for the program for that fiscal year.

(iii) DURATION.—The Associate Administrator shall award a grant under this program for a period of not more than 2 years.

(D) APPLICATION.—

(i) IN GENERAL.—A State desiring a grant under the program shall submit an application at such time, in such manner, and accompanied by such information as the Associate Administrator may establish, *including a budget plan for use of funds awarded under this subsection.*

(ii) CONSULTATION TO REDUCE DUPLICATION.—A State desiring a grant under the program shall—

(I) before submitting an application under clause (i), consult with applicable trade agencies of the Federal Government on the scope and mission of the activities the State proposes to carry out using the grant, to ensure proper coordination and reduce duplication in services; and

(II) document the consultation conducted under subclause (I) in the application submitted under clause (i).

(iii) TIMING.—*The Associate Administrator shall—*

(I) *publish information on how to apply for a grant under this subsection, including specific calculations and other determinations used to award such a grant, not later than March 31 of each year;*

(II) *establish a deadline for the submission of applications that is not earlier than 60 days after the date on which the information is published under subclause (I) and that is not later than May 31; and*

(III) *announce grant recipients not later than August 31 of each year.*

(E) APPLICATION INFORMATION.—*The Associate Administrator shall clearly communicate to applicants and grant recipients any information about State Trade Expansion Program, including—*

(i) *for each unsuccessful applicant for a grant awarded under this subsection, recommendations to improve a subsequent application for such a grant; and*

(ii) *for each successful applicant for such a grant, an explanation for the amount awarded, if different from the amount requested in the application.*

(F) BUDGET PLAN REVISIONS.—

(i) *IN GENERAL.*—A State receiving a grant under this subsection may revise the budget plan of the State submitted under subparagraph (D) after the disbursement of grant funds if—

(I) the revision complies with allowable uses of grant funds under this subsection; and

(II) such State submits notification of the revision to the Associate Administrator.

(ii) *EXCEPTION.*—If a revision under clause (i) reallocates 10 percent or more of the amounts described in the budget plan of the State submitted under subparagraph (D), the State may not implement the revised budget plan without the approval of the Associate Administrator, unless the Associate Administrator fails to approve or deny the revised plan within 20 days after receipt of such revised plan.

(4) *COMPETITIVE BASIS.*—The Associate Administrator shall award grants under the program on a competitive basis.

(5) *FEDERAL SHARE.*—The Federal share of the cost of a trade expansion program carried out using a grant under the program shall be—

(A) for a State that has a high trade volume, as determined by the Associate Administrator, not more than 65 percent; and

(B) for a State that does not have a high trade volume, as determined by the Associate Administrator, not more than 75 percent.

(6) *NON-FEDERAL SHARE.*—The non-Federal share of the cost of a trade expansion program carried out using a grant under the program shall be comprised of not less than 50 percent cash and not more than 50 percent of indirect costs and in-kind contributions, except that no such costs or contributions may be derived from funds from any other Federal program.

(7) *SURVEY.*—The Associate Administrator shall conduct an annual survey of each State that received a grant under this subsection during the preceding year to solicit feedback on the program and develop best practices for grantees.

[(7)] (8) *REPORTS.*—

(A) *INITIAL REPORT.*—Not later than 120 days after the date of enactment of this subsection, the Associate Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report, which shall include—

(i) a description of the structure of and procedures for the program;

(ii) a management plan for the program; and

(iii) a description of the merit-based review process to be used in the program.

(B) *ANNUAL REPORTS.*—

(i) *IN GENERAL.*—The Associate Administrator shall publish on the website of the Administration an annual report regarding the program, which shall include—

(I) the number and amount of grants made under the program during the preceding year;

(II) a list of the States receiving a grant under the program during the preceding year, including the activities being performed with each grant;

(III) the effect of each grant on the eligible small business concerns in the State receiving the grant, *including the total number of eligible small business concerns assisted by the program (disaggregated by socially and economically disadvantaged small business concerns, small business concerns owned and controlled by women, and rural small business concerns)*;

(IV) the total return on investment for each State; **[and]**

(V) a **[description of best practices]** *detailed description of best practices* by States that showed high returns on investment and significant progress in helping more eligible small business concerns**].**;

(VI) *an analysis of the performance metrics described in clause (iii), including a determination of whether or not any goals relating to such performance metrics were met, and an analysis of the survey described in paragraph (7); and*

(VII) *a description of lessons learned by grant recipients under this subsection that may apply to other assistance provided by the Administration.*

(ii) NOTICE TO CONGRESS.—On the date on which the Associate Administrator publishes a report under clause (i), the Associate Administrator shall notify the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives that the report has been published.

(iii) *PERFORMANCE METRICS.*—*Annually, the Associate Administrator shall collect data on eligible small business concerns assisted by the program for the following performance metrics:*

(I) *Total number of such concerns, disaggregated by socially and economically disadvantaged small business concerns, small business concerns owned and controlled by women, and rural small business concerns.*

(II) *Total dollar amount of export sales by eligible small business concerns assisted by the program.*

(III) *Number of such concerns that have not previously participated in an activity described in paragraph (2).*

(IV) *Number of such concerns that, because of participation in the program, have accessed a new market.*

(V) *Number of such concerns that, because of participation in the program, have created new jobs.*

(VI) *Number of such concerns participating in foreign trade missions or trade show exhibitions, disaggregated by socially and economically disadvantaged small business concerns, small business concerns owned and controlled by women, and rural small business concerns.*

[(8)] (9) REVIEWS BY INSPECTOR GENERAL.—

(A) **IN GENERAL.**—The Inspector General of the Administration shall conduct a review of—

(i) the extent to which recipients of grants under the program are measuring the performance of the activities being conducted and the results of the measurements; and

(ii) the overall management and effectiveness of the program.

(B) REPORTS.—

(i) **PILOT PROGRAM.**—Not later than 6 months after the date of enactment of this subsection, the Inspector General of the Administration shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report regarding the use of amounts made available under the State Trade and Export Promotion Grant Program under section 1207 of the Small Business Jobs Act of 2010 (15 U.S.C. 649b note).

(ii) **NEW STEP PROGRAM.**—Not later than 18 months after the date on which the first grant is awarded under this subsection, the Inspector General of the Administration shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report regarding the review conducted under subparagraph (A).

[(9)] (10) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the program \$30,000,000 for each of **[(fiscal years 2016 through 2020)]** *fiscal years 2023 through 2026*.

(m) DEFINITIONS.—In this section—

(1) the term “Associate Administrator” means the Associate Administrator for International Trade described in subsection (a)(2);

(2) the term “Export Assistance Center” means a one-stop shop for United States exporters established by the United States and Foreign Commercial Service of the Department of Commerce pursuant to section 2301(b)(8) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C. 4721(b)(8));

(3) the term “export finance specialist” means a full-time equivalent employee of the Office assigned to an Export Assistance Center to carry out the duties described in subsection (e); and

(4) the term "Office" means the Office of International Trade established under subsection (a)(1).

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