

105TH CONGRESS  
1ST SESSION

# S. 956

To amend section 7(m) of the Small Business Act to establish a Welfare-to-Work Microloan Pilot Program.

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## IN THE SENATE OF THE UNITED STATES

JUNE 25, 1997

Mr. KERRY (for himself, Mr. BUMPERS, Mr. HARKIN, Mr. GRASSLEY, Ms. LANDRIEU, Mr. CLELAND, Mr. LIEBERMAN, Mr. WELLSTONE, Mr. LEVIN, Ms. SNOWE, and Mr. LAUTENBERG) introduced the following bill; which was read twice and referred to the Committee on Small Business

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## A BILL

To amend section 7(m) of the Small Business Act to establish a Welfare-to-Work Microloan Pilot Program.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 101. SHORT TITLE.**

4       This Act may be cited as the “Welfare-to-Work  
5       Microloan Pilot Program Act of 1997”.

6       **SEC. 102. FINDINGS.**

7       Congress finds that—

8               (1) the microloan demonstration program of the  
9       Small Business Administration, established under

1 section 7(m) of the Small Business Act (15 U.S.C.  
2 636(m)), has been a successful method of assisting  
3 women, low-income and minority entrepreneurs and  
4 business owners, and others by providing access to  
5 small-scale loans and technical assistance, which en-  
6 ables these individuals to operate successful business  
7 concerns;

8 (2) some welfare recipients who become borrow-  
9 ers under the microloan demonstration program  
10 have been able to eliminate their dependence on wel-  
11 fare and operate successful business concerns as a  
12 result of assistance received through the microloan  
13 demonstration program;

14 (3) welfare recipients who become borrowers  
15 under the microloan demonstration program often  
16 require more intensive management, marketing, and  
17 technical assistance than other borrowers under that  
18 program; and

19 (4) the lack of affordable or available child care  
20 and transportation is often a barrier to individuals  
21 wishing to eliminate their dependence on welfare and  
22 establish a small business.

1 **SEC. 103. WELFARE-TO-WORK MICROLOAN PILOT PRO-**  
2 **GRAM.**

3 (a) ESTABLISHMENT.—Section 7(m) of the Small  
4 Business Act (15 U.S.C. 636(m)) is amended—

5 (1) in paragraph (1)(A)—

6 (A) in clause (ii), by striking “and” at the  
7 end;

8 (B) in clause (iii), by striking the period at  
9 the end and inserting “; and”; and

10 (C) by adding at the end the following:

11 “(iv) to establish a welfare-to-work  
12 microloan pilot program, which shall be ad-  
13 ministered by the Administration, in order  
14 to—

15 “(I) test the feasibility of increas-  
16 ing the dollar amount of technical as-  
17 sistance grants provided under clauses  
18 (ii) and (iii) of subparagraph (B) to  
19 individuals who are receiving assist-  
20 ance under the State program funded  
21 under part A of title IV of the Social  
22 Security Act (42 U.S.C. 601 et seq.),  
23 or under any comparable State-funded  
24 means-tested program of assistance  
25 for low-income individuals, in order to

1 adequately assist those individuals  
2 in—

3 “(aa) establishing small  
4 businesses; and

5 “(bb) eliminating their de-  
6 pendence on that assistance;

7 “(II) permit the increased tech-  
8 nical assistance grants described in  
9 subclause (I) to be used to subsidize  
10 child care and transportation costs of  
11 individuals described in subclause (I)  
12 who become microborrowers;

13 “(III) eliminate barriers to  
14 microborrowers in establishing child  
15 care businesses; and

16 “(IV) evaluate the effectiveness  
17 of assistance provided under this  
18 clause in helping individuals described  
19 in subclause (I) to eliminate their de-  
20 pendence on assistance described in  
21 that subclause and become employed  
22 either in their own business or in an-  
23 other business.”;

24 (2) in paragraph (4), by adding at the end the  
25 following:

1 “(F) SUPPLEMENTAL GRANTS.—

2 “(i) IN GENERAL.—In addition to  
3 grants under subparagraphs (A) and (C)  
4 and paragraph (5), the Administration  
5 may select from participating  
6 intermediaries and grant recipients not  
7 more than 30 entities, each of whom may  
8 receive annually a supplemental grant in  
9 an amount not to exceed \$500,000 for the  
10 purpose of providing additional technical  
11 assistance to borrowers or prospective bor-  
12 rowers who are receiving assistance de-  
13 scribed in paragraph (1)(A)(iv)(I) at the  
14 time they initially apply for assistance  
15 under the program.

16 “(ii) INAPPLICABILITY OF CONTRIBU-  
17 TION REQUIREMENTS.—The contribution  
18 requirements of subparagraphs (B) and  
19 (C)(i)(II) do not apply to any grant made  
20 under this subparagraph.

21 “(iii) CHILDCARE AND TRANSPOR-  
22 TATION COSTS.—Any grant made under  
23 this subparagraph may be used to defray  
24 the costs of child care and transportation  
25 incurred by a borrower or potential bor-

1           rower under the welfare-to-work microloan  
 2           pilot     program     under     paragraph  
 3           (1)(A)(iv).”;

4           (3) in paragraph (6), by adding at the end the  
 5   following:

6           “(E) ESTABLISHMENT OF CHILD CARE ES-  
 7           TABLISHMENTS.—In addition to small business  
 8           concerns, borrowers under any program under  
 9           this subsection may include individuals who will  
 10          use the loan proceeds to establish for-profit or  
 11          nonprofit child care or elder care establish-  
 12          ments.”;

13          (4) in paragraph (9)—

14           (A) in the subparagraph heading, by strik-  
 15          ing “FOR INTERMEDIARIES”; and

16           (B) by adding at the end the following:

17          “(C)   WELFARE-TO-WORK   MICROLOAN  
 18          PILOT PROGRAM.—Of amounts made available  
 19          to carry out the welfare-to-work microloan pilot  
 20          program under paragraph (1)(A)(iv) in any fis-  
 21          cal year, the Administration may use not more  
 22          than 5 percent to provide technical assistance,  
 23          either directly or through contractors, to wel-  
 24          fare-to-work microloan pilot program grantees,  
 25          or to those seeking to become grantees, to en-

sure that, as grantees, they have the knowledge, skills, and understanding of microlending and welfare-to-work transition, and other related issues, to operate a successful welfare-to-work microloan pilot program.”; and

(5) by adding at the end the following:

“(13) EVALUATION OF WELFARE-TO-WORK MICROLOAN PILOT PROGRAM.—On January 31, 1999, and annually thereafter, the Administration shall submit to the Committees on Small Business of the Senate and the House of Representatives a report on the welfare-to-work microloan pilot program authorized under paragraph (1)(A)(iv), which report shall include, with respect to the preceding fiscal year, an analysis of the progress and effectiveness of the program during that fiscal year, and data relating to—

“(A) the number and location of each grantee under the program;

“(B) the amount of each grant;

“(C) the number of individuals who received assistance under each grant, including separate data relating to—

“(i) the number of individuals who received training;

1                   “(ii) the number of individuals who  
2                   received transportation assistance; and

3                   “(iii) the number of individuals who  
4                   received childcare assistance (including the  
5                   number of children assisted);

6                   “(D) the type and amount of loan and  
7                   grant assistance received by borrowers and pro-  
8                   spective borrowers under the program;

9                   “(E) the number of businesses that were  
10                  started with assistance provided under the pro-  
11                  gram that are operational and the number of  
12                  jobs created by each business;

13                  “(F) the number of individuals receiving  
14                  training under the program who, after receiving  
15                  assistance under the program—

16                       “(i) are employed in their own busi-  
17                       nesses;

18                       “(ii) are employed in a business other  
19                       than their own;

20                       “(iii) are not employed; or

21                       “(iv) are receiving public assistance  
22                       for themselves or their children.

23                   “(G) whether and to what extent each  
24                   grant was used to defray the transportation and  
25                   child care costs of borrowers; and

1                   “(H) any recommendations for legislative  
2                   changes to improve program operations.”.

3           (b) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated to carry out the welfare-  
5 to-work microloan pilot program under section  
6 7(m)(1)(A)(iv) of the Small Business Act (15 U.S.C.  
7 636(m)(1)(A)(iv)), as added by this section, \$10,000,000  
8 for each of fiscal years 1998, 1999, and 2000.

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