

Union Calendar No. 118

109TH CONGRESS
1ST SESSION

H. R. 3207

[Report No. 109–205]

To direct the Administrator of the Small Business Administration to establish a pilot program to make grants to eligible entities for the development of peer learning opportunities for second-stage small business concerns.

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 2005

Mr. FITZPATRICK of Pennsylvania introduced the following bill; which was referred to the Committee on Small Business

JULY 28, 2005

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on July 12, 2005]

A BILL

To direct the Administrator of the Small Business Administration to establish a pilot program to make grants to eligible entities for the development of peer learning opportunities for second-stage small business concerns.

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

1 **SECTION 1. SHORT TITLE.**

2 *This Act may be cited as the “Second-Stage Small*
 3 *Business Development Act of 2005”.*

4 **SEC. 2. PURPOSE.**

5 *The purpose of this Act is to establish a four-year pilot*
 6 *program to—*

7 *(1) identify second-stage small business concerns*
 8 *that have the capacity for significant business growth*
 9 *and job creation;*

10 *(2) facilitate business growth and job creation by*
 11 *second-stage small business concerns through the de-*
 12 *velopment of peer learning opportunities;*

13 *(3) utilize the network of small business develop-*
 14 *ment centers to expand access to peer learning oppor-*
 15 *tunities for second-stage small business concerns; and*

16 *(4) assist businesses owned by minority individ-*
 17 *uals, service-disabled veterans, and women.*

18 **SEC. 3. PILOT PROGRAM.**

19 *(a) ESTABLISHMENT.—The Administrator shall estab-*
 20 *lish and carry out a pilot program (referred to in this Act*
 21 *as the “pilot program”) to make grants to eligible entities*
 22 *for the development of peer learning opportunities for sec-*
 23 *ond-stage small business concerns in accordance with this*
 24 *Act.*

25 *(b) SELECTION OF GRANT RECIPIENTS.—*

1 (1) *IN GENERAL.*—*From the eligible entities lo-*
2 *cated in the States in each of the 10 regions under*
3 *paragraph (3), the Administrator shall select 2 eligi-*
4 *ble entities to receive grants.*

5 (2) *ELIGIBLE ENTITIES.*—*In this Act, the term*
6 *“eligible entity” means an entity that—*

7 *(A) is eligible to receive funding under sec-*
8 *tion 21 of the Small Business Act (15 U.S.C.*
9 *648); and*

10 *(B) submits to the Secretary an application*
11 *that includes—*

12 *(i) a plan to—*

13 *(I) offer peer learning opportuni-*
14 *ties to second-stage small business con-*
15 *cerns; and*

16 *(II) transition to providing such*
17 *opportunities using non-governmental*
18 *funding; and*

19 *(ii) any other information and assur-*
20 *ances that the Secretary may require.*

21 (3) *CRITERIA FOR SELECTION.*— *The Adminis-*
22 *trator shall evaluate the plans submitted by the eligi-*
23 *ble entities under paragraph (2) and select eligible en-*
24 *tities to receive grants on the basis of the merit of*
25 *such plans.*

(4) *REGIONS DESCRIBED.*—*The regions referred to in paragraph (1) are as follows:*

(A) *REGION 1.*—*Maine, Massachusetts, New Hampshire, Connecticut, Vermont, and Rhode Island.*

(B) *REGION 2.*—*New York, New Jersey, Puerto Rico, and the Virgin Islands.*

(C) *REGION 3.*—*Pennsylvania, Maryland, West Virginia, Virginia, the District of Columbia, and Delaware.*

(D) *REGION 4.*—*Georgia, Alabama, North Carolina, South Carolina, Mississippi, Florida, Kentucky, and Tennessee.*

(E) *REGION 5.*—*Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.*

(F) *REGION 6.*—*Texas, New Mexico, Arkansas, Oklahoma, and Louisiana.*

(G) *REGION 7.*—*Missouri, Iowa, Nebraska, and Kansas.*

(H) *REGION 8.*—*Colorado, Wyoming, North Dakota, South Dakota, Montana, and Utah.*

(I) *REGION 9.*—*California, Guam, Hawaii, Nevada, Arizona, and American Samoa.*

(J) *REGION 10.*—*Washington, Alaska, Idaho, and Oregon.*

1 (5) *CONSULTATION.*—*If small business develop-*
2 *ment centers have formed an association to pursue*
3 *matters of common concern as authorized under sec-*
4 *tion 21(a)(3)(A) of the Small Business Act (15 U.S.C.*
5 *648(a)(3)(A)), the Administrator shall consult with*
6 *such association and give substantial weight to the*
7 *recommendations of such association in selecting the*
8 *grant recipients.*

9 (6) *DEADLINE FOR INITIAL SELECTIONS.*—*The*
10 *Administrator shall make selections under paragraph*
11 *(1) not later than 60 days after the promulgation of*
12 *regulations under section 4.*

13 (c) *USE OF FUNDS.*—*An eligible entity that receives*
14 *a grant under the pilot program shall use the grant to—*

15 (1) *identify second-stage small business concerns*
16 *in the service delivery areas of the eligible entity; and*

17 (2) *establish and conduct peer learning opportu-*
18 *nities for such second-stage small business concerns.*

19 (d) *AMOUNT OF GRANT.*—

20 (1) *IN GENERAL.*—*Except as provided in para-*
21 *graph (2), a grant under the pilot program shall be*
22 *in an amount that does not exceed the product ob-*
23 *tained by multiplying—*

1 (A) the amount made available for grants
2 under the pilot program for the fiscal year for
3 which the grant is made; and

4 (B) the ratio that the population of the
5 State in which the eligible entity is located bears
6 to the aggregate population the States in which
7 eligible entities receiving grants for that fiscal
8 year are located.

9 (2) *MINIMUM AMOUNT OF GRANT.*—A grant
10 under the pilot program shall be in an amount not
11 less than \$50,000.

12 (e) *MATCHING REQUIREMENT.*—As a condition of a
13 grant under the pilot program, the Administrator shall re-
14 quire that a matching amount be provided from sources
15 other than the Federal Government that—

16 (1) is equal to the amount of the grant, or in the
17 case of an eligible entity that is a community college,
18 historically Black college, Hispanic-serving institu-
19 tion, or other minority institution, is equal to 50 per-
20 cent of the amount of the grant;

21 (2) is not less than 50 percent cash;

22 (3) is not more than 50 percent comprised of in-
23 direct costs and in-kind contributions; and

24 (4) does not include any indirect cost or in-kind
25 contribution derived from any Federal program.

1 (f) *QUARTERLY REPORT TO ADMINISTRATOR.*—

2 (1) *IN GENERAL.*—*Each eligible entity that re-*
3 *ceives a grant under the pilot program shall submit*
4 *to the Administrator a quarterly report that in-*
5 *cludes—*

6 (A) *a summary of the peer learning oppor-*
7 *tunities established by the eligible entity using*
8 *grant funds;*

9 (B) *the number of second-stage small busi-*
10 *ness concerns assisted using grant funds; and*

11 (C) *in the case of an eligible entity that re-*
12 *ceives a grant for a second fiscal year or any*
13 *subsequent fiscal year—*

14 (i) *any measurable economic impact*
15 *data resulting from the peer learning oppor-*
16 *tunities established using grant funds; and*

17 (ii) *the number of peer learning oppor-*
18 *tunities established by the eligible entity*
19 *that have transitioned from operating using*
20 *Government funds to operating without*
21 *using Government funds.*

22 (2) *FORM OF REPORT.*—*The report required*
23 *under paragraph (1) shall be transmitted in elec-*
24 *tronic form.*

1 (g) *DATA REPOSITORY AND CLEARINGHOUSE.*—In
 2 *carrying out the pilot program, the Administrator shall act*
 3 *as the repository of and clearinghouse for data and infor-*
 4 *mation submitted by the eligible entities.*

5 (h) *ANNUAL REPORT ON PILOT PROGRAM.*—Not later
 6 *than November 1 of each year, the Administrator shall sub-*
 7 *mit to the President and to Congress, a report evaluating*
 8 *the success of the pilot program during the preceding fiscal*
 9 *year, which shall include the following:*

10 (1) *A description of the types of peer learning*
 11 *opportunities provided with grant funds.*

12 (2) *The number of second-stage small business*
 13 *concerns assisted with grant funds.*

14 (3) *For fiscal year 2007 and each subsequent fis-*
 15 *cal year of the pilot program—*

16 (A) *data regarding the economic impact of*
 17 *the peer learning opportunities provided with*
 18 *grant funds; and*

19 (B) *the number of peer learning opportuni-*
 20 *ties established by grant recipients that have*
 21 *transitioned from operating using Government*
 22 *funds to operating without using Government*
 23 *funds.*

24 (i) *PRIVACY REQUIREMENT.*—

1 (1) *IN GENERAL.*—*A small business development*
2 *center, consortium of small business development cen-*
3 *ters, or contractor or agent of a small business devel-*
4 *opment center shall not disclose the name, address, or*
5 *telephone number of any individual or small business*
6 *concern receiving assistance under this section with-*
7 *out the consent of such individual or small business*
8 *concern, unless—*

9 *(A) the Administrator is ordered to make*
10 *such a disclosure by a court in any civil or*
11 *criminal enforcement action initiated by a Fed-*
12 *eral or State agency; or*

13 *(B) the Administrator considers such a dis-*
14 *closure to be necessary for the purpose of con-*
15 *ducting a financial audit of a small business de-*
16 *velopment center, but a disclosure under this*
17 *subparagraph shall be limited to the information*
18 *necessary for such audit.*

19 (2) *ADMINISTRATOR USE OF INFORMATION.*—*The*
20 *privacy requirement under this subsection shall not—*

21 *(A) restrict Administrator access to pro-*
22 *gram activity data; or*

23 *(B) prevent the Administrator from using*
24 *client information to conduct client surveys.*

1 (j) *EVALUATION AND REPORT.*—Not later than 3 years
2 after the establishment of the pilot program, the Comptroller
3 General of the United States shall—

4 (1) *conduct an evaluation of the pilot program;*
5 *and*

6 (2) *transmit to Congress and the Administrator*
7 *a report containing the results of such evaluation*
8 *along with any recommendations as to whether the*
9 *pilot program, with or without modification, should*
10 *be extended to include the participation of all small*
11 *business development centers.*

12 (k) *TERMINATION.*—The pilot program shall terminate
13 on September 30, 2009.

14 **SEC. 4. REGULATIONS.**

15 *After providing notice and an opportunity for com-*
16 *ment and after consulting with the association described in*
17 *section 3(b)(5) (if any such association has been formed),*
18 *the Administrator shall promulgate final regulations to*
19 *carry out this Act, including regulations that establish—*

20 (1) *standards relating to the establishment and*
21 *conduct of peer learning opportunities to be provided*
22 *by grant recipients, including the number of individ-*
23 *uals that may participate in a peer group that is*
24 *part of a peer learning opportunity;*

1 (2) *standards relating to the educational, tech-*
2 *nical, and professional competency of any facilitator*
3 *who delivers peer learning opportunities under the*
4 *pilot program; and*

5 (3) *requirements for transitioning peer learning*
6 *opportunities funded under the pilot program to non-*
7 *governmental funding.*

8 **SEC. 5. DEFINITIONS.**

9 *In this Act:*

10 (1) *The term “Administrator” means the Admin-*
11 *istrator of the Small Business Administration.*

12 (2) *The term “peer learning opportunities”*
13 *means formally organized peer groups of owners,*
14 *presidents and chief executive officers in non-com-*
15 *peting second-stage business concerns, meeting regu-*
16 *larly with a professionally trained facilitator.*

17 (3) *The term “second-stage small business con-*
18 *cern” means a small business concern that—*

19 (A) *has experienced high growth dem-*
20 *onstrated by—*

21 (i) *an average annual revenue or em-*
22 *ployee growth rate of at least 15 percent*
23 *during the preceding 3 years; or*

24 (ii) *any 3 of the following:*

1 (I) *Owning proprietary intellec-*
2 *tual property.*

3 (II) *Addressing an underserved or*
4 *growing market.*

5 (III) *Having a sustainable com-*
6 *petitive advantage.*

7 (IV) *Exporting goods or services*
8 *outside of its community.*

9 (V) *Having a product or service*
10 *that is scalable to a large market.*

11 (VI) *Ownership by minority indi-*
12 *viduals, service-disabled veterans, or*
13 *women; and*

14 (B) *does not exceed the size standard for the*
15 *North American Industrial Classification System*
16 *code of such concern, as established pursuant to*
17 *section 3(a) of the Small Business Act (15*
18 *U.S.C. 632(a)).*

19 (4) *The term “small business concern” has the*
20 *meaning given that term under section 3 of the Small*
21 *Business Act (15 U.S.C. 632).*

22 (5) *The term “State” means each of the several*
23 *States, the District of Columbia, the Commonwealth*
24 *of Puerto Rico, the Virgin Islands, Guam, and Amer-*
25 *ican Samoa.*

1 (6) *The term “community college” has the mean-*
 2 *ing given that term in section 3301(3) of the Higher*
 3 *Education Act of 1965 (20 U.S.C. 7011(3)).*

4 (7) *The term “historically Black college” means*
 5 *a part B institution, as defined in section 322(2) of*
 6 *the Higher Education Act of 1965 (20 U.S.C.*
 7 *1061(2)).*

8 (8) *The term “Hispanic-serving institution” has*
 9 *the meaning given that term in section 502(a)(5) of*
 10 *the Higher Education Act of 1965 (20 U.S.C.*
 11 *1101a(a)(5)).*

12 (9) *The term “minority institution” has the*
 13 *meaning given that term in section 365(3) of the*
 14 *Higher Education Act of 1965 (20 U.S.C. 1067k(3)).*

15 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

16 (a) *IN GENERAL.—There is authorized to be appro-*
 17 *priated to carry out this Act \$1,500,000 for each of fiscal*
 18 *years 2006 through 2009.*

19 (b) *LIMITATION ON USE OF OTHER FUNDS.—The Ad-*
 20 *ministrator shall carry out this Act using only amounts*
 21 *appropriated in advance specifically for the purpose of car-*
 22 *rying out this Act.*

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