

114TH CONGRESS
2D SESSION

H. R. 5698

To require the Administrator of the Small Business Administration to establish an incubator and accelerator grant program for veterans and members of the Armed Forces.

IN THE HOUSE OF REPRESENTATIVES

JULY 8, 2016

Mr. MCNERNEY introduced the following bill; which was referred to the
Committee on Small Business

A BILL

To require the Administrator of the Small Business Administration to establish an incubator and accelerator grant program for veterans and members of the Armed Forces.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Strengthening Tech-
5 nical Assistance, Resources, and Training to Unleash the
6 Potential of Veterans Act of 2016” or the “STARTUP
7 Vets Act of 2016”.

8 **SEC. 2. FINDINGS.**

9 Congress finds that—

1 (1) startups face common challenges as they
2 seek to transform their ideas into successful, high-
3 growth businesses;

4 (2) incubators and accelerators are new models
5 of growth that drive innovation by connecting entre-
6 preneurial individuals and teams to create viable
7 business ventures and social initiatives;

8 (3) incubators and accelerators support prom-
9 ising startups through partnerships, mentoring, and
10 resources connecting them with seasoned entre-
11 preneurs;

12 (4) the goal of an incubator or an accelerator
13 is to help create and grow young businesses by pro-
14 viding them with necessary financial, technical, and
15 industry support and financial and technical serv-
16 ices; and

17 (5) veterans and members of the Armed Forces
18 can amplify the skills they have acquired through
19 their service in the military through entrepreneur-
20 ship.

21 **SEC. 3. INCUBATOR AND ACCELERATOR GRANT PROGRAM.**

22 Section 32 of the Small Business Act (15 U.S.C.
23 657b) is amended by striking subsection (f) and inserting
24 the following:

1 “(f) INCUBATOR AND ACCELERATOR GRANT PRO-
2 GRAM.—

3 “(1) DEFINITIONS.—In this subsection—

4 “(A) the term ‘accelerator’ means an orga-
5 nization that—

6 “(i) frequently provides, but is not ex-
7 clusively designed to provide, seed invest-
8 ment in exchange for a small amount of
9 equity;

10 “(ii) works with a startup for a pre-
11 determined amount of time; or

12 “(iii) offers startup capital and
13 mentorship to scale businesses;

14 “(B) the term ‘covered individual’ means—

15 “(i) a member of the Armed Forces,
16 without regard to whether the member is
17 participating in the Transition Assistance
18 Program of the Department of Defense es-
19 tablished under section 1144 of title 10,
20 United States Code;

21 “(ii) an individual who is participating
22 in the Transition Assistance Program;

23 “(iii) an individual who—

24 “(I) served on active duty in any
25 branch of the Armed Forces, includ-

1 ing the National Guard and Reserves;
2 and

3 “(II) was discharged or released
4 from such service under conditions
5 other than dishonorable; and

6 “(iv) a spouse or dependent of an in-
7 dividual described in clause (i), (ii), or (iii);

8 “(C) the term ‘eligible grantee’ means an
9 incubator or accelerator that—

10 “(i) has a physical space, and not nec-
11 essarily exclusive use of physical space, in
12 which veterans may come together to work
13 on business ideas; and

14 “(ii) has been operational for not less
15 than 1 year before receiving a grant under
16 the program;

17 “(D) the term ‘incubator’ means an orga-
18 nization that is designed to accelerate the
19 growth and success of businesses through a va-
20 riety of business support resources and services,
21 including physical space, capital, coaching, com-
22 mon services, and networking connections; and

23 “(E) the term ‘program’ means the grant
24 program established under paragraph (2)(A).

25 “(2) ESTABLISHMENT.—

1 “(A) IN GENERAL.—Not later than 180
2 days after the date of enactment of this sub-
3 section, the Administrator shall establish a
4 grant program under which the Administrator
5 shall make grants to eligible grantees to create
6 and operate incubators and accelerators that
7 provide technical assistance and training to cov-
8 ered individuals on how to become successful
9 entrepreneurs and form small business con-
10 cerns.

11 “(B) GOALS.—The goals of the program
12 are—

13 “(i) to enable covered individuals to
14 effectively transfer relevant skills to launch
15 and accelerate small business concerns
16 owned and controlled by covered individ-
17 uals; and

18 “(ii) to create an avenue for high-per-
19 forming covered individuals to meet and
20 collaborate on business ideas.

21 “(C) DESIGNATION AS A TECHNICAL AS-
22 SISTANCE PROGRAM.—The program shall be
23 considered a management and technical assist-
24 ance training program of the Administration.

25 “(3) APPLICATION.—

1 “(A) IN GENERAL.—An eligible grantee de-
2 siring to receive a grant under the program
3 shall submit an application to the Adminis-
4 trator at such time, in such manner, and con-
5 taining such information as the Administrator
6 may require.

7 “(B) EVALUATION.—Before making an
8 award to an eligible grantee under the program,
9 the Administrator or a designee of the Adminis-
10 trator shall conduct a site visit or evaluate a
11 video submission of the eligible grantee to en-
12 sure that the eligible grantee is capable of car-
13 rying out the requirements of paragraph (5).

14 “(C) PREFERENCE.—In awarding grants
15 under the program, the Administrator shall give
16 a preference to an eligible grantee that operates
17 a veterans-focused incubator or accelerator
18 within the eligible grantee as of the date on
19 which the eligible grantee submits an applica-
20 tion under subparagraph (A).

21 “(4) USE OF FUNDS.—Each eligible grantee
22 that is awarded a grant under the program shall op-
23 erate and, if necessary, create, within the eligible
24 grantee—

1 “(A) an incubator or accelerator focused
2 on assisting covered individuals; or

3 “(B) an incubator or accelerator that as-
4 sists all types of entrepreneurs, which shall pro-
5 vide targeted activities, curriculum, events, and
6 mentorship tailored to covered individuals.

7 “(5) DUTIES.—Each eligible grantee awarded a
8 grant under the program shall—

9 “(A) establish and use a competitive proc-
10 ess, if such a process has not been established,
11 for selecting covered individuals to participate
12 in the incubator or accelerator, as applicable;

13 “(B) create a forum for high-performing
14 covered individuals to meet and collaborate;

15 “(C) designate a full-time executive direc-
16 tor or program manager, if such a director or
17 manager has not been designated, to manage
18 the incubator or accelerator, as applicable;

19 “(D) provide training and education, in-
20 cluding curriculum on entrepreneurship, to
21 meet the needs of covered individuals to enable
22 them to translate skills from their military serv-
23 ice to entrepreneurship;

24 “(E) provide mentoring to covered individ-
25 uals who are entrepreneurs, which shall consist

1 of experienced and successful entrepreneurs
2 providing advice and guidance to covered indi-
3 viduals who have had similar experiences; and

4 “(F) connect covered individuals with in-
5 vestors who are looking to support covered indi-
6 viduals as entrepreneurs.

7 “(6) AVAILABILITY TO VETERANS AFFAIRS.—In
8 consultation with the Secretary of Veterans Affairs,
9 the Associate Administrator shall make available
10 outreach materials regarding the program for dis-
11 tribution and display at local facilities of the Depart-
12 ment of Veterans Affairs.

13 “(7) DURATION OF GRANT.—A grant awarded
14 under the program—

15 “(A) shall be for a period of not more than
16 2 years; and

17 “(B) may be renewed for additional 2-year
18 periods in accordance with paragraph (8).

19 “(8) RENEWAL OF GRANT.—In renewing a
20 grant under the program, the Administrator—

21 “(A) shall consider the results of the most
22 recent annual evaluation of the eligible grantee
23 under paragraph (9); and

24 “(B) may withhold a grant if the Adminis-
25 trator determines that the eligible grantee failed

1 to provide the Administrator with information
2 necessary to complete an annual evaluation of
3 the eligible grantee under paragraph (9).

4 “(9) ANNUAL EVALUATIONS.—Not later than 1
5 year after the Administrator awards a grant to an
6 eligible grantee under the program, and every year
7 thereafter in which the eligible grantee is awarded a
8 grant under the program, the Administrator shall
9 conduct an evaluation of and issue a report on the
10 eligible grantee, which shall include—

11 “(A) the total number of covered individ-
12 uals served by the eligible grantee; and

13 “(B) the total number of startups assisted
14 by the eligible grantee.

15 “(10) ANNUAL REPORT.—

16 “(A) IN GENERAL.—Not later than 1 year
17 after the date on which the Administrator es-
18 tablishes the program, and every year there-
19 after, the Associate Administrator shall submit
20 to the Committee on Small Business and Entre-
21 preneurship of the Senate and the Committee
22 on Small Business of the House of Representa-
23 tives a report on the performance and effective-
24 ness of the program, which shall include—

1 “(i) the total number of covered indi-
2 viduals served by each eligible grantee
3 awarded a grant under the program;

4 “(ii) to the extent possible—

5 “(I) the demographics of covered
6 individuals assisted under the pro-
7 gram, to include gender, age, race, re-
8 lationship to military, Military Occu-
9 pational Code, and years of service of
10 covered individuals;

11 “(II) the number of startups
12 launched or expanded with assistance
13 provided under the program; and

14 “(III) the number of jobs created
15 with assistance provided under the
16 program;

17 “(iii) results of participant satisfac-
18 tion surveys, including a summary of any
19 comments from covered individuals as-
20 sisted under the program; and

21 “(iv) an evaluation of the effectiveness
22 of the program in each region of the Ad-
23 ministration during the most recent fiscal
24 year.

1 “(11) FUNDING.—For each of fiscal years 2016
2 through 2020, the Administration shall use not more
3 than \$1,500,000 from amounts made available to
4 the Office of Veterans Business Development to
5 carry out the program.”.

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