

Competitiveness Demonstration Program, and SBA's cosponsorship authority will expire if there is no reauthorization passed and signed by the President.

In addition, the measure that we passed unanimously in early September includes provisions relating to the very important issue of bundling of large Federal contracts. The bill adds a new outreach program for disabled veterans. It also includes significant changes in the Microloan Program, which was a top priority of Senator KERRY and others. The bill contains my HUBZones Program which is designed to encourage small businesses to provide welfare-to-work opportunities in inner cities and in rural areas of high unemployment by providing small business contracts set-asides in HUBZones, which are historically underutilized business zones marked by high rates of poverty and high rates of unemployment. We believe the

HUBZone Program can do a tremendous amount to assist us in the goal which I think is generally agreed upon around here, and that is to provide more opportunities for people who need want to move from welfare or dependency upon public assistance to gainful employment.

Mr. President, I am very pleased that we can accomplish passage of this important legislation today. We hope that the House will move on it expeditiously next week so that we can get the measure to the President for his signature before we adjourn for the year.

Mr. President, I ask unanimous consent that a joint explanatory statement describing this bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JOINT EXPLANATORY STATEMENT

The bill establishes authorizations of appropriation for programs of the Small Business Administration, creates a new program, and makes a number of changes in existing programs.

TITLE 1: AUTHORIZATIONS

In Title I, the bill authorizes appropriations for SBA's several business loan programs and for certain business development programs for Fiscal Years 1998, 1999, and 2000. Included among the loan programs are section 7(a) loan guarantees, 7(a)(21) defense conversion loan guarantees, Microloans, Small Business Investment Company (SBIC) debentures, and SBIC Participating Securities. Also included in this Title is a "such sums as may be necessary" authorization of appropriations for SBA business and homeowner disaster loans, which are direct loans made to individuals and businesses in communities which have been affected by natural disasters.

Except for disaster loan funding, the authorization levels with respect to funding for SBA loan programs, and certain business development programs, are set forth in the following chart.

Program Levels for SBA Reauthorization Bill

[In millions]

Program	Current Level		SBA 3 Year Authorization Request			Reauthorization Bill		
	FY 97	FY 98 Budget Request	1998	1999	2000	1998	1999	2000
7(a)	\$10.3	\$8.5	\$10	\$11	\$13	\$12,000	\$13,000	\$14,500
504	2.65	2.3	3	3.5	4.5	3,000	3,500	4,500
SBIC:								
Debentures	300	376	450	550	650	600	700	800
Participating Securities	410	456	600	700	850	700	800	900
Microloan:								
Technical Assistance	13	16.5	42	65.8	86.7	40	40	40
Direct Loans	24	19	60	60	60	60	60	60
Guaranteed Loans	19	25	40	40	40	40	40	40
Delta	48	88	1	1	1,000	1,000	1,000	1,000
Surety Bond Guarantee	1,800	1,700						
General Program	N/A	N/A	1,350	1,350	1,350	1,350	1,350	1,350
Preferred Program	N/A	N/A	650	650	650	650	650	650
SCORE	3.3	3.5	3.9	4.2	4.5	4	4.5	5
SBDC Base Closure Assistance	2		15	15	15	15	15	15
Women's Business Centers	4	4	4	4	4	8	8	8

TITLE II: FINANCIAL ASSISTANCE PROGRAMS

Subtitle A—Microloan Program

Section 201. Microloan Program.

The bill authorizes the direct microloan program, including the technical assistance grants, as a permanent program and extends the guaranteed microloan program through Fiscal Year 2000. In doing so, the Congress recognizes the effectiveness of these programs and the integral role they play in SBA's array of small business financial assistance programs. In order to maintain the financial integrity and success of the programs, including the welfare-to-work microloan initiative authorized by section 202 of this bill, SBA should continue to administer the programs through its offices charged with management and oversight of small business finance programs.

The bill makes a number of changes to the permanent program, including: 1) increases the loan limit for each intermediary under the microloan program from \$2,500,000 to \$3,500,000; 2) changes the loan loss reserve requirements for an experienced microloan intermediary to the greater of twice its historic loss rate or 10 percent of its outstanding loan balance; 3) increases from 15 percent to 25 percent the percentage of a technical assistance grant that may be used for microloan program participants prior to their receipt of a microloan; and 4) authorizes up to 25 percent of the technical assistance grants to be used for contracting with third parties to provide assistance to micro-borrowers.

Section 202. Welfare-to-Work Microloan Initiative.

The bill establishes a Welfare-to-Work Microloan Initiative, a three-year initiative to test the feasibility of providing supplemental grants to existing microloan intermediaries and technical assistance providers specifically targeted to helping individuals leave public assistance and establish their own businesses. While this initiative is not expected to be appropriate for all individuals seeking to leave public assistance, testimony before the Senate Committee indicated that in the state of Iowa microloan technical assistance has been one useful tool for assisting some in this population to establish small businesses. By authorizing 20 locations to target the welfare population, this initiative is intended to test the effectiveness of this tool in all regions of the country. The bill requires an annual evaluation of the initiative and its effectiveness in moving individuals from public assistance to business ownership.

The bill also authorizes supplemental grants to be used, at the discretion of the intermediary or technical assistance provider, to pay all or a portion of the child care or transportation costs of an individual participating in this initiative. These costs are often identified as the highest barriers to the employment of welfare recipients. To encourage the creation of small businesses in these key areas, the bill authorizes the microloan program to assist individuals who are starting or operating a for-profit or non-profit child care establishment or a for-profit transportation business.

The bill authorizes SBA to fund the supplemental microloan technical assistance grants solely through transfers by cooperative agreements with other Federal departments or agencies which have appropriated funds for the purpose of moving individuals from public assistance to employment. The Small Business Administration is authorized to receive \$3 million for Fiscal Year 1998, \$4 million for Fiscal Year 1999, and \$5 million for Fiscal Year 2000 for the welfare-to-work microloan initiative.

Subtitle B—Small Business Investment Company Program

Section 211. Five Year Commitments for SBICs at Option of Administrator.

The bill gives the Administrator of SBA authority to make five year leverage commitments for SBICs. This new authority is designed to assist SBICs in raising private capital, which is matched with government guaranteed capital to be invested in small businesses. By allowing SBA to approve five year commitments, an SBIC will be able to obtain leverage commitments based on its typical investment pattern, which normally allows for all investments to be made during the first five years of the SBIC's life-cycle.

Section 212. Fees.

The bill includes a provision to permit SBA to collect fees from applicants for a license under the SBIC Program. It permits SBA to retain these funds to offset its overhead to conduct a review of each applicant.

Section 213. Small Business Investment Company Reform.

(a) Bank Investments

This subsection modifies the Small Business Investment Act of 1958 to allow banks to continue to invest in SBICs, whether the SBIC is organized as a corporation, partnership, or limited liability company. This provision expressly permits banks to invest in entities established to invest solely in SBICs, with no requirement that such entities be registered investment companies. Currently, the Small Business Investment Act only provides that banks may purchase stock from SBICs; however, many SBICs are now organized as limited liability companies and partnerships which do not have stock, and some banks may want to structure their SBIC investments through a separately managed "fund of funds" to diversify among several different SBICs. This provision will permit such investments.

(b) Leverage Cap

Section 213 provides for a \$90 million cap on leverage to an individual SBIC or multiple SBICs under common control to be adjusted annually for inflation. Under this subsection, recipients of leverage in excess of \$90 million would agree to invest all leverage obtained above this cap in "smaller businesses," which are defined as small businesses having \$2 million or less in revenues and \$6 million or less in net worth. The \$90 million cap will be adjusted annually for inflation.

(c) Tax Distributions

Because the majority of the SBICs are partnerships, this subsection permits SBICs to make quarterly distributions to its investors (i.e., partners) to meet the investors' tax obligations. This quarterly distribution is designed to cover the situation where investors are making quarterly tax payments to the Federal government. If the SBIC's tax liability is not as great as estimated, the quarterly tax distributions are applied to the following tax year.

(d) Leverage Fee

Under this subsection, SBICs will be required to pay a 1 percent commitment fee at the time SBA makes a commitment for leverage, and the balance of 2 percent will be paid on the amount of leverage as it is periodically drawn by the SBIC. If SBA made no prior commitment to the SBIC for leverage, the entire 3 percent fee is paid at the time that leverage is drawn by the SBIC.

(e) Periodic Issuance of Guarantees and Trust Certificates

Subsection (e) will permit SBA to pool and sell debentures to investors every six months. This is a change from current law which requires SBA to pool and sell debentures every three months. Current law has caused difficulties for SBA in producing sufficiently large and diverse pools of debentures that are most attractive to investors. This change will allow for large pools, which should generate greater investment interest and more favorable interest rates for SBICs. Under this subsection, SBA will retain the discretion to pool and sell debentures more frequently, if there is sufficient demand.

Section 214. Examination Fees.

This section would permit SBA to collect fees from SBICs to defray costs for SBA to conduct periodic examinations of SBICs. It is the intention of the Conferees that these funds be available to SBA solely to cover the costs of the examinations and other related oversight activities.

Subtitle C—Certified Development Company Program

Section 221. Loans for Planned Acquisition, Construction, Conversion, and Expansion

The bill permits a borrower under the 504 Program to lease out 20 percent of the project to one or more other tenants. This new authorization will allow the 504 borrower to attract an unaffiliated tenant to its project that would complement the borrower's business activity. The bill also permits the seller to provide partial financing to the 504 borrower, so long as the seller subordinates its interest in the property to that of the SBA. The seller's financing is limited to no more than 50 percent of the equity that must be provided to the project by the borrower.

Section 222. Development Company Debentures

The bill permits SBA to collect a fee of up to 15/16ths of 1 percent fee through Fiscal Year 2000, paid by the 504 borrower annually on the outstanding principal owed on the loan guaranteed by SBA. The bill directs that the fee paid by the 504 borrower be reduced by SBA in an amount to insure that excessive fees are not collected by SBA from 504 borrowers if the credit subsidy rate is reduced.

Section 223. Premier Certified Lenders Program

The bill expands the Premier Certified Lenders Program by repealing the current limit of 15 CDCs that can participate under the program. The responsibilities of a PCLP participant are expanded to include in addition to approving loans, authorizing, closing, servicing, foreclosing, litigating and liquidating loans. The bill recognizes that the Administration has a legitimate oversight interest in law suits to which a premier certified lender is a party. The bill anticipates that SBA will interject its views on a case of first impression or other litigation of a precedent setting nature and may request a litigation plan to evaluate the litigation strategy of the PCLP participant. In addition, the bill extends eligibility for the PCLP Program once a CDC has been an active participant in the accredited lenders program during the 12 month period preceding the date the CDC submits its application.

The bill modifies current law that requires the premier lender to maintain a loss reserve of 10 percent of the CDCs exposure. SBA is directed to review CDCs on a regular basis to confirm that those with loan loss rates greater than 10 percent do not expose the Federal government to a risk of loss. SBA should take appropriate steps to insure that CDCs with loss rates in excess of 10 percent do not pose a risk of loss to the government.

The bill permits the premier lenders to maintain their loss reserves using segregated funds on deposit in federally insured institutions, or they can provide irrevocable letters of credit in a format acceptable to the SBA. If a loss has been sustained by the SBA, and funds are disbursed from the loss reserve to reimburse SBA for the CDC's share of the loss, the CDC must replenish the reserve account within 30 days.

The bill provides that each premier lender is to establish a goal of processing not less than 50 percent of their loan applications under the PCLP and extends the program through October 1, 2000. With respect to the processing goal, the Congress intends the goal as a target only, and expects Community Development Companies to use prudent judgment at all times in determining which applications are appropriate for processing under the streamlined PCLP procedures. This judgment should not be influenced by the 50 percent goal. The bill also requires SBA to promulgate regulations to carry out these changes within 120 days of enactment

of this bill. Within 150 days after the date of enactment of this bill, SBA is to issue program guidelines and fully implement changes contained in this section.

7(a) Guaranteed Business Loan Program

The bill authorizes SBA to conduct background "name" checks on all prospective 7(a) and 504 borrowers using the best available means possible, including the Federal Bureau of Investigation, National Crime Information Center (NCIC), computer system if it is available. Although the presence of a criminal record does not act as an absolute bar to participation in the SBA's loan programs, the Congress is concerned that persons convicted of fraud, embezzlement, and similar crimes may have access to SBA loans. Congress is also concerned that, in conducting these checks, undue delay in loan approvals will be detrimental to small business borrowers and to the programs' viability. In implementing this authority, the SBA should explore the effectiveness of a sampling methodology provided that all prospective borrowers are required to provide the information necessary to enable such a check to be conducted.

The bill directs SBA to undertake a study on its efforts to increase lender approval, servicing, foreclosure, liquidation and litigation of 7(a) loans and to report to the Congress within six months of enactment of this Act.

The bill includes a requirement that SBA submit a detailed report to the Congress and the General Accounting Office on its plans for installation of a computerized financial tracking and loan monitoring system. SBA is directed to report to the House and Senate Committees on Small Business and the General Accounting Office within six months of the enactment of this Act. No funds can be obligated or spent on this system until 45 days after the report is received by the Committees and GAO.

TITLE III: WOMEN'S BUSINESS ENTERPRISES

Title III addresses the non-credit programs that serve women who own or seek to start their own business.

Section 301. Interagency Committee Participation

The bill provides that each designee to the Interagency Committee report directly to the head of their respective agency on the status of the Interagency Committee's activities.

The bill does not authorize appropriations to support the activities of the Interagency Committee. The agencies and departments on the Interagency Committee are to allocate existing personnel and resources to support participation on the Interagency Committee.

Section 302. Reports

The bill directs the Interagency Committee to transmit its annual report to Congress and the President through the SBA. This section deletes the requirement that the Interagency Committee's report include recommendations from the National Women's Business Council and requires that the report address the Committee's efforts to meet its statutory duties.

Section 303. Duties of the National Women's Business Council

In order to remove an inconsistency in current law, the bill directs the National Women's Business Council to submit its recommendations and reports to the Administrator of the SBA through the Assistant Administrator for the Office of Women's Business Ownership. The bill requires the Council to report annually to Congress and the President, and it must include a status report on the Council's efforts to fulfill its duties

under sections 406 (a) and (d) of the Small Business Act.

Section 304. Council Membership

Under the bill, the SBA Administrator is to appoint the Council members after reviewing the recommendations of the Chairmen and Ranking Minority Members of the Committees on Small Business in the Senate and House of Representatives. The Administrator shall give full consideration to the recommendations provided by the Chairmen and Ranking Minority Members. This is to enhance the Council's ability to fulfill its role as an independent advisory body to the Congress, the President and the Administrator through the Assistant Administrator of the Office of Women's Business Ownership.

The bill establishes staggered terms for the Council members.

The bill expands the Council to 14 members, plus a chair who should be a prominent business woman appointed by the President. Under current law, there are nine members (four business owners and five women's business organizations' representatives). The bill increases the number of women business owners to eight and increases the number of representatives of women's business organizations to six and includes language expressly recognizing that this category is to include representatives of local Women's Business Centers. The bill removes the word "national" as a qualifier for the type of organizations that can be represented on the Council. The bill also directs the SBA Administrator to give appropriate consideration to rural versus urban diversity when selecting Council members.

The bill provides that grantees conducting a three year program as of the day before the effective date of this bill may apply to SBA to receive funds for two additional years. Such Centers that were in year 3 of a 3 year project on September 30, 1997 and that are approved to receive funds in years 4 and 5 will be subject to the matching requirements applicable to year 5 under this bill. The Congress intends that Centers which have a history of successful operation in this program receive funds to continue for years 4 and 5.

The bill includes language providing a definition of "women's business center site." This language reflects the fact that existing Women's Business Centers may submit applications for grants to create new sites in their state or neighboring states; however, selection must be made in accordance with the criteria provided in the Act.

The bill also includes a list of duties and responsibilities of the Assistant Administrator for the Office of Women's Business Ownership, and upgrades the position of Assistant Administrator for the Office of Women's Business Ownership to a position in the Senior Executive Service.

The bill includes language to codify the practice of allowing Women's Business Center grant recipients to pursue other sources of Federal funds. Accordingly, funds received from other Federal agencies do not qualify as non-Federal funds under the matching funds requirement of this section. The additional funds obtained by a Women's Business Center do not effect the level of non-Federal funds required to receive its Federal funds under this section. In addition, the performance of other Federal contracts shall not hinder the ability of the Women's Business Center grantee from fulfilling its obligations under this section.

The bill amends the criteria for selecting grant applicants under this section to in-

Section 305. Authorization for Appropriations.

The bill authorizes the appropriation of \$600,000 for Fiscal Years 1998 through 2000 with \$200,000 targeted for research on women's procurement and finance issues as authorized in section 306 and 307. Any funds appropriated under this section are to be used solely for the activities and duties of the Council, and the Council is required to review and approve its operating and research budget each year.

Prior to funds being appropriated for research under section 307, the Council shall provide the Senate and House Committees on Small Business with a description of the proposed research study and resulting report. Such proposals are to be delivered to the Committees with SBA's annual budget request.

Section 306. National Women's Business Council Procurement Project.

The bill authorizes the National Women's Business Council to conduct a study of issues related to Federal procurement opportunities for businesses controlled and owned by women.

Although women-owned business now represent over 1/3rd of all businesses, they receive a minute share of Federal procurement dollars. In 1994, the Federal Acquisition Streamlining Act (FASA) established a modest government-wide goal of 5 percent for Federal contracts being awarded to women-owned businesses. The study directed by this bill is to gain a greater understanding of the Federal government's poor performance in working with this growing sector. Specifi-

cally, the National Women's Business Council is to conduct a study of the Federal government's procurement history in attracting and awarding contracts to women-owned business using existing data collected by agencies. The bill also requires the National Women's Business Council to prepare a report on the best procurement practices of the Federal government and the commercial sector and to recommend policy changes.

The bill provides contract authority to the Council to carry out the research initiatives and resulting reports authorized under sections 306 and 307. All contracts shall be awarded in accordance with the Federal Acquisition Regulations.

Section 307. Studies and Other Research.

Upon completion of the Federal procurement study under section 306, the Council is authorized to conduct other research relating to the award of Federal prime contracts and subcontracts to women-owned businesses, and access to credit and investment capital by women entrepreneurs, as the Council determines to be appropriate.

Section 308. Women's Business Centers.

The bill increases the authorization for creating Women's Business Centers (previously called Women's Business Demonstration Sites) from \$4 million per year to \$8 million per year. Grantees awarded funds under this section will be eligible to receive funds for five years rather than three years as provided under current law. Changes to the matching funds requirement as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Current law	1 non-Federal; 2 Federal	1 non-Federal; 1 Federal	2 non-Federal; 1 Federal	No funds	No funds
Reauthorization	1 non-Federal; 2 Federal	1 non-Federal; 2 Federal	1 non-Federal; 1 Federal	1 non-Federal; 1 Federal	2 non-Federal; 1 Federal

clude the "location for the Women's Business Center site." This language is to ensure that preference be given to applications for states without existing Centers. SBA should allocate at least 1/5th of the funds appropriated each year to the creation of new sites, with preference given to those in states not having a Center.

On the use of appropriated funds, the bill expressly prohibits the use of the funds appropriated under this section for any purposes other than grant awards, except that, in Fiscal Year 1998 only, up to 5 percent of the funds appropriated under this section are authorized to be used to supplement funds in SBA's salaries and expense budget for the administration of this program. No funds appropriated under this section may be reprogrammed by SBA or used for programs authorized by any other section of this Act without first notifying Congress. SBA needs to change its practice of using funds appropriated under this section for personnel and administrative overhead. SBA should include in its Fiscal Year 1999 budget request a line item in the salaries and expenses budget to reflect the actual cost of administering this important program. To assist with Congressional oversight, the SBA is directed to provide the Senate and House Committees on Small Business with a quarterly accounting within 20 days of the end of the Fiscal Year quarter detailing all expenditures for the Women's Business Centers program in Fiscal Years 1998, 1999, and 2000. In Fiscal Year 1998, the report shall identify whether each expenditure was funded by appropriated grant funds or SBA's salaries and expense budget.

In Fiscal Year 1998, up to 5 percent of the funds appropriated for Women's Business Center grants can be used only for administrative expenses associated with: (a) continued development and implementation of the computerized data reporting and collection

system; (b) selection and oversight of the grantees; and (c) holding a training seminar for new grantees and existing programs. All other administrative costs are to come from the agency's salaries and expenses budget.

SBA is directed to: (a) award the contract for the computer data system competitively; (b) ensure that the Office of Women's Business Ownership has sufficient personnel dedicated to the oversight of the program by expanding the number of full time staff dedicated to this program to at least two and by better utilizing the District Office staff; and (c) ensure that the seminar is truly educational in nature, with any travel, per diem, and other overhead expenses for SBA staff paid from the salaries and expenses budget.

The computer data system should be designed to track outcomes, such as those named in the statute to be contained in the annual report to the Committees on the effectiveness of the program. The contractor should (a) provide technical assistance to ensure that the Centers know how to use the system and (b) work with a representative group of Centers to ensure that the system is compatible with their activities.

TITLE IV: COMPETITIVENESS PROGRAM

Subtitle A—Small Business Competitiveness Program

Section 401. Program Term.

The bill amends the Small Business Competitiveness Demonstration Program Act of 1988 to make the program permanent.

Section 402. Monitoring Agency Performance.

The bill contains a provision to change the monitoring and reporting frequency from quarterly to annual (October 1 through September 30).

Section 403. Reports to Congress.

The bill amends section 716(a) of Small Business Competitiveness Demonstration

Program Act of 1988, to assure that annual reports are submitted to the House and Senate. The bill also amends the Act to require the Small Business Administration be the Executive Agency responsible for the development and submission of the annual report and not the Office of Federal Procurement Policy. The bill also makes a technical amendment to the Act to correctly reflect the name of the House of Representatives Committee to receive the report from the "Committee on Governmental Operations" to the "Committee on Government Reform and Oversight."

Section 404. Small Business Participation in Dredging.

The bill makes this program permanent.

The bill recognizes that a transition from the standard industrial classification (SIC) code to the North American Industrial Classification Code (NAICC) is likely to occur in the future; however, the Small Business Administration (SBA) first needs to convert the small business size standards to the new code and the Federal Procurement Data System must also be converted to the NAICC. The Senate Committee on Small Business encourages the Administrator of SBA, the Administrator of the Office of Federal Procurement Policy (OFPP) and the Secretary of the Department of Commerce to develop a plan and time table for implementing the NAICC.

Subtitle B—Small Business Procurement Opportunities Program

Section 411. Contract Bundling.

Section 411 amends section 2 of the Small Business Act (15 U.S.C. 632) emphasizing Congressional policy to provide small businesses, to the maximum extent practicable, prime contracting and subcontracting opportunities and to eliminate obstacles to their participation and to avoid unnecessary and unjustified bundling of contract requirements.

Section 412. Definition of Contract Bundling.

The bill amends section 3 of the Small Business Act (15 U.S.C. 632) to define the terms "bundling of contract requirements," "bundled contract" and "separate smaller contract."

Section 413. Assessing Proposed Contract Bundling.

The bill amends section 15 of the Small Business Act (15 U.S.C. 644) to create a new subsection (e) which establishes the procedure to be followed by contracting officials to insure that small business concerns are afforded the maximum practicable opportunity to compete for prime contracting and subcontracting opportunities. Specifically, the bill directs that if a requirement could lead to a "bundled requirement" the agency shall conduct market research to determine whether consolidation is necessary and justified.

Section 413 encourages small businesses to form contract teams to compete for bundled requirements and provides that such a team will not affect a business's status as a small business concern for any other purpose. In establishing a contract teaming authority which amends SBA's small business affiliation rules, Congress recognizes that some types of affiliation should not disqualify a small business from participating in Federal procurement programs established to encourage small business contracting. Similarly, Congress directs SBA to study the appropriateness of changing the small business affiliation rules for instances of investments by another entity if no other indicia of control or negative control is evident. In the teaming provisions of the bill and the previous legislation authorizing an exception to the size rules for investments by an SBIC or

any one of a range of professional investors. Congress has recognized certain situations which should be encouraged and should not disqualify an entity from small business status. The Agency should report to the Committees on Small Business on its findings by April 30, 1998, which will enable the Congress to address the issue legislatively if necessary.

The ability of small businesses to team with other small businesses should not be considered an opportunity for procurement officials to justify a decision to bundle one or more requirements. The justification for bundling must be based solely on savings, improvements, and enhancements that accrue to the agency and that overwhelm any infringement of small business opportunity. The mere fact that small businesses could or might team does not lower the burden for agency justification of bundling.

The bill also amends section 15 of the Small Business Act (15 U.S.C. 644(a)) to direct that the Small Business Administration procurement review procedures shall be required if a solicitation involves an unnecessary or unjustified bundling of contract requirements. Nothing in this section or section 412 is intended to amend or change in any way the existing obligations imposed on a procurement activity or the authority granted the Small Business Administration under section 15(a) of the Small Business Act.

Section 414. Reporting of Bundled Contract Opportunities.

Section 414 contains a requirement that Federal agencies report through the Federal Procurement Data System all contract actions involving bundled requirements with an anticipated contract award value exceeding \$5,000,000.

Section 415. Evaluating Subcontract Participation in Awarding Contracts.

The bill adds a new substitute section 8(d)(4) of the Small Business Act (15 U.S.C. 637(d)(4)) to require that bundled contract requirements to be awarded pursuant to the negotiated method of procurement shall use the contractor's small business subcontracting plan and past small business subcontracting performance as to significant factors for the purposes of evaluating offers.

Section 416. Improved Notice of Subcontracting Opportunities.

The bill amends section 8 of the Small Business Act (15 U.S.C. 637) to allow prime contractors and subcontractors (at any tier) with an estimated subcontracting opportunity in excess of \$10,000 to provide public notice of subcontracting opportunities through the Commerce Business Daily.

Section 417. Deadlines for Issuance of Regulations.

The bill requires that proposed implementing regulations be published not later than 120 days after the date of enactment and that final regulations be published not later than 270 days after the date of enactment.

TITLE V: MISCELLANEOUS PROVISIONS

Small Business Technology Transfer

Section 501. Small Business Technology Transfer Program.

The bill reauthorizes the STTR program through Fiscal Year 2001 and makes three changes to the program: (1) extends SBA's reporting requirements on the program to include the House Committee on Science and Technology; (2) directs any Federal agency participating in the Small Business Innovation Research (SBIR) program or STTR to include information relating to such participation in its requirements under the Government Performance and Results Act (GPRA); and (3) directs SBA to conduct outreach to

states with low levels of participation in the STTR program.

The new "outreach program" is intended to increase the STTR grant application pool from which STTR grant applications are selected by increasing the number of applicants from states that received under \$5,000,000 in awards during Fiscal Year 1995. The program is intended to improve the overall number and quality of applications for awards.

The authorization contained in this section shall be taken entirely from funds authorized for use by the Small Business Administration. No funding derived from the STTR agency research set-aside may be used for the outreach program.

In addition, the bill adds a new subsection that requires STTR and SBIR programs to be included in agencies' strategic plan updates required under the Government Performance and Results Act (5 U.S.C. 306 (b)).

Small Business Development Centers

Section 502. Small Business Development Centers.

The bill includes substantial increases in the authorized grant amounts available to SBDCs under the "National Program." Because the funds under the program are allocated on a population basis some states with small populations, but which are large geographically, have been receiving too small a Federal grant to serve adequately its small business population. In order to correct this inequity, the bill includes a minimum grant amount of \$500,000 for the smaller population states. So long as a state provides a matching amount of non-Federal funds, it will receive \$500,000 even if it would not otherwise be entitled to this amount under the "National Program." Similarly, if a state provides a matching amount of less than \$500,000, it will receive a grant in the amount of the matching contribution.

The Congress views the non-Federal matching contribution requirement to be an essential attribute of this program and a key to its success. Therefore, if any state is unable to match the full \$500,000 authorized in this bill as a funding floor, it should be funded up to the level that it is able to match.

The Committee urges the Small Business Development Centers to inform and assist small businesses in complying with energy, safety, labor, tax, and related Federal, state, and local regulations, and to work with the technical and environmental compliance assistance programs established in each state under section 507 of the Clean Air Act Amendments of 1990 or state pollution prevention programs to work with Small Business Development Centers to inform and assist small businesses in complying with environmental regulations.

Section 505. Asset Sales.

Section 505 directs SBA to provide the Committees on Small Business of the Senate and House of Representatives with copies of the draft and final plans describing its initiative to sell its portfolio of defaulted guaranteed loans and direct loans in Fiscal Years 1998 and 1999. It is the understanding of the Committee that SBA intends to conduct an initial sale of \$100 million from the Disaster loan portfolio. We expect the Agency to provide the Committees with copies of preliminary plans at the time they are prepared for evaluation by SBA, as well as any amended or final plans chosen by SBA to carry out the sales of the assets covered by this program and copies of reports analyzing the results of each sale.

Oversight of Regulatory Enforcement

P.L. 104-121 established the Small Business and Agriculture Regulatory Enforcement Ombudsman and the Regional Small Business Regulatory Enforcement Fairness

Boards. The Ombudsman's primary responsibilities are to solicit and record comments from small businesses and compile an evaluation, similar to a "customer satisfaction" rating, of each agency's performance based on the comments received from small businesses and the Fairness Boards. A "report card" of these agency ratings is to be published each year.

The Fairness Boards, composed of five small business owners in each of the SBA's ten regions, provide small businesses with an opportunity to review and assess government agencies' enforcement activities involving small businesses. The Fairness Boards may hold hearings, gather information as appropriate, and offer recommendations and comments on agency enforcement policies and practices to the Ombudsman for inclusion in his report. The Ombudsman is the federal official designated to assist the Fairness Boards by coordinating their independent activities. The Ombudsman is directed under the law to include their advice and recommendations in his reports to the agencies and Congress.

The Ombudsman must pursue its statutory mission and allocate its resources in accordance with the priorities set forth in the statute. Soliciting comments and developing suggested routine procedures for agencies to implement, to facilitate and to encourage small businesses to provide comments to the Boards and the Ombudsman is a significant undertaking. Careful attention and a thorough effort is required of the Ombudsman to convert these comments into the annual agency report cards called for by the law. The purpose of the law's requirements is to give small businesses a voice in evaluating each agency's performance, and the resulting ratings are intended to measure whether agencies are treating small businesses more like responsible citizens than potential criminals.

Annual reports issued by the Ombudsman on agency responsiveness in enforcement activities must be based on comments received from small businesses, not based on self-assessment by the agencies themselves or on the Ombudsman's evaluation of the agencies' efforts. P.L. 104-121 instructs the Ombudsman and Fairness Boards to base their report on "substantiated" comments. The Ombudsman should verify comments by contacting the commenting small businesses, on a spot check basis as may appear necessary under the circumstances, rather than by going to the agency, if there is a reason to believe that any particular comments are fictitious or in some way not the result of an actual interaction with Federal agency personnel.

Many small businesses fear retaliation for commenting on an agency's performance and, as a result, the Ombudsman and Fairness Boards have a sensitive task. Because of these confidentiality interests, the law requires the Ombudsman and Fairness Boards to rate agency performance according to the subjective views and comments submitted by small businesses. All agencies, however, have an opportunity to review and comment on the Ombudsman's draft report, but the Ombudsman is not authorized to forward to the agency or disclose in the report the identity of individual small businesses providing comments. The agencies' positions may be addressed by including a separate agency response section in the final report.

With limited resources, the statutory duties and responsibilities of the Ombudsman necessarily should be strictly followed, and resources should not be used to undertake activities beyond the scope of the statute. Ordinarily, the law does not contemplate that the Ombudsman will make a determination of the factual and legal merits of the enforcement action contained in comments re-

ceived by the Ombudsman. The law does not anticipate a mediation role for the Ombudsman to create a forum for agencies to negotiate the resolution of individual comments or complaints.

TITLE VI: HUBZONE PROGRAM

The bill creates a new program known as the "HUBZone Act of 1997." This program was approved by a vote of 18-0 in the Committee on Small Business and subsequently included in S. 1139 as Title VI.

The purpose of the HUBZone Act of 1997 is to provide relief to urban and rural areas of the United States which have historically been identified as economically distressed areas. The HUBZone Act of 1997 is a jobs program intended to encourage small business concerns to locate in, and employ residents of, HUBZones. One of the principal purposes of this Act is to decrease the unemployment, underemployment, and low quality of life conditions that tend to be concentrated in inner cities and some rural areas, including Indian Reservations, throughout the U.S.

The HUBZone Act of 1997 is crucial to our Government's attempt to reform welfare by providing meaningful economic opportunities to individuals who live and work in HUBZones. Every effort should be made in the implementation of the HUBZone Act by SBA and other Federal agencies to provide an effective opportunity for the contracting preferences to be used as the basis for meaningful levels of contract awards. Special care must be taken to insure that routine dependency on existing programs does not hinder the full and fair implementation and utilization of HUBZone contracting procedures by federal agencies.

The HUBZone Act of 1997 is designed to bring qualified HUBZone small business concerns and their employees into the mainstream of government contracting at both the prime and subcontract levels by providing procurement preferences and through the establishment of contracting goals. The Act establishes three specific Federal procurement preferences for "qualified HUBZone small business concerns."

Section 602. Historically Underutilized Business Zones.

This section establishes the framework for implementation of the HUBZone Act of 1997. It defines the terms under which a small business qualifies as a HUBZone small business. In addition, Section 602 sets forth the authority for a contracting officer for a Federal agency to restrict competition for a contract to a qualified HUBZone small business when he determines there are two or more qualified HUBZone small business concerns that are likely to submit offers and that award can be made at a fair market price. In the circumstance where there is only one qualified HUBZone small business concern and the contracting officer is authorized to make a non-competitive award of a contract that does not exceed \$3 million for service contracts and \$5 million for manufacturing contracts. In this circumstance, the contracting officer must determine that the award can be made at a fair and reasonable price.

Section 602 gives the Small Business Administration new, discretionary authority to appeal a decision of a contracting officer not to award a contract under this title. The Administrator would have five days after receiving notice of this adverse decision to notify the contracting officer that SBA may appeal the decision, and within 15 days the Administrator may appeal the decision to the head of the department or agency.

Section 603. Technical and Conforming Amendments to the Small Business Act.

The bill amends various provisions of the Small Business Act and the technical and

conforming amendments are implemented to effectuate the requirements of the program in a consistent manner with other statute.

Section 604. Other Technical and Conforming Amendments.

This section of the bill, addressing other technical and conforming amendments, is intended to amend the Competition in Contracting Act (10 U.S.C. 2304(b)(2)) and (41 U.S.C. 253(b)(2)) to allow for HUBZone set-aside procedures in Federal prime contracting for contract requirements in excess of the simplified acquisition threshold. The effect of the bill is to amend the Competition in Contracting Act (10 U.S.C. 2304(c)) and (41 U.S.C. 253(c)) to provide HUBZone contracting authority to award HUBZone prime contracts using procedures other than competitive procedures for Federal prime contract requirements greater than the simplified acquisition threshold and not greater than \$5,000,000, in the case of manufactured items and \$3,000,000, for all other contract opportunities.

Section 605. Regulations.

The bill requires the Small Business Administration to publish within 180 days of enactment the final regulations to carry out the program. The Senate bill further requires the Federal Acquisition Regulatory Council to publish the HUBZone implementing regulations within 180 days of the date the SBA published its final regulations.

Section 606. Report.

The bill requires the Administrator of the Small Business Administration to submit a report to the Senate and the House of Representatives Committees on Small Business by March 1, 2002. The report is to evaluate the implementation of the HUBZone program, as well as the effectiveness of the program.

Section 607. Authorization of Appropriations.

The bill amends the Small Business Act to authorize the appropriation of \$5,000,000, to the Small Business Administration for implementation of the HUBZone program for each Fiscal Year, 1998, 1999 and 2000.

TITLE VII: SERVICE DISABLED VETERANS

This title includes the House language designed to enhance the Small Business Administration's efforts to improve opportunities for service disabled veterans and provide enhanced outreach to that group. The Congress believes strongly that these individuals deserve far better consideration from the Federal agencies that they are currently receiving.

Section 701. Purposes.

This section outlines the intent of the Congress to enhance entrepreneurial opportunities for service disabled veterans and to promote their efforts to participate in the small business community.

Section 702. Definitions.

This section defines the terms "eligible veteran" and "small business concern owned and controlled by eligible veterans" for the purposes of this title and the Act.

Section 703. Report by the Small Business Administration.

This section requires the Small Business Administration to study the needs of small businesses owned by eligible veterans and report to the Committees on Small Business of the House and Senate on the steps needed to improve and enhance the role of service disabled veterans in the small business community and the economic mainstream of the country. The Congress expects the Small Business Administration to provide this information in detail and well within the time allotted. The Congress expects the Small Business Administration to reach out for assistance in this task to the various veterans

organizations, State run programs for veterans, and other interested groups for assistance in completing this study.

Section 704. Information Collection.

This section directs the Secretary of Veterans Affairs, in cooperation with the Administrator of the Small Business Administration, to identify annually the small businesses owned and controlled by eligible veterans and to work to keep them informed concerning Federal procurement opportunities available to them.

Section 705. State of Small Business Report.

This section directs the Small Business Administration to include information concerning small businesses owned and controlled by eligible veterans in its annual report to the President and Congress, "The State of Small Business."

Section 706. Loan to Veterans.

This section reinforces the Small Business Administration's preexisting ability to make loans to small business concerns owned and controlled by service disabled veterans. The Congress takes this step to cure a lingering misunderstanding that the Administration's requested defunding of the Veteran's direct loan program in no way diminishes the Small Business Administration's responsibility to assist veterans through the 7(a) program.

Section 707. Entrepreneurial Training, Counseling, and Management Assistance.

This section directs the Administrator to ensure that small business concerns owned and controlled by eligible veterans are given full access to the Small Business Administration's business assistance programs, including SCORE and the Small Business Development Centers.

Section 708. Grants for Eligible Veterans' Outreach Programs.

This section amends the Small Business Administration's existing authority to include making grants to, or entering into cooperative agreements with, organizations that have or may establish outreach and assistance programs for eligible veterans.

Section 709. Outreach for Eligible Veterans.

This section directs the Administrator of the Small Business Administration, the Secretary of Veterans Affairs, and the Assistant Secretary of Labor for Veterans' Employment and Training to develop cooperatively an outreach and assistance program designed to coordinate the activities of their respective agencies and disseminate the information about those programs to eligible veterans.

Mr. KERRY. Mr. President, it is with great satisfaction that I rise today to speak on behalf of S. 1139, the Small Business Reauthorization Act of 1997. The legislation now before the Senate is the product of negotiations between the House and Senate to resolve the differences in the bill passed by the Senate in early September and the bill crafted by Chairman TALENT and Congressman LAFALCE. I am pleased that so many of the provisions of the original Senate bill have been retained in virtually identical form, such as the welfare-to-work Microloan Initiative, the extension of the Small Business Technology Transfer (STTR) program, the Women's Business Centers program and the HUBZone Act. I congratulate Chairman BOND for his leadership and stewardship through this year's reauthorization process. His willingness to craft a bipartisan bill has ensured that

the Small Business Administration will continue to operate effectively in the years to come providing support to thousands of America's small businesses.

A component of this bill which I believe to be one of the most important to assist our aspiring entrepreneurs is the Microloan Program. The Microloan Program was created 6 years ago through the vision and hard work of Senator BUMPERS. Since then, the Microloan Program has operated on a pilot basis, providing loans in amounts averaging \$10,000 to small businesses, and more importantly, providing technical assistance to these businesses on how to better operate their enterprises. One of the major reasons why new businesses in America fail is because so many people who want to start their own companies really have little idea on how to conduct the day-to-day financial operations that are so crucial to keeping a business afloat and making it a successful enterprise. The technical assistance provided by the intermediaries in the Microloan Program has had an impressive impact on the success of businesses participating in this program. Moreover, the losses to the Government have been minuscule, despite the higher risk associated with micro lending. In fact, since the Microloan Program has been in existence, there has been only one default of an intermediary's loan from the SBA. That is an amazing fact, and one which I believe demonstrates the financial soundness of the Microloan Program. The Congress wholeheartedly supports making the Microloan loan and technical assistance programs permanent SBA programs, and do so in this bill.

S. 1139 also contains provisions for a new initiative for the Microloan Program, one which will go a step further to reach aspiring entrepreneurs who may now be on Government assistance. In addition to loans and technical training, participants in this welfare-to-work Microloan initiative will be able to receive assistance to help defray child care and transportation expenses, two of the biggest obstacles welfare recipients face in their attempts to become active, contributing members of society. Inclusion of the welfare-to-work Microloan Program in the Small Business Reauthorization Act allows SBA to apply knowledge learned over the last 6 years to address one of the most pressing issues facing us today.

In June, Senator DOMENICI, Senator BOND and I introduced the Women's Business Centers Act. I am extremely pleased that the major provisions of that bill are included in the legislation now before us. Authorization for funding the Women's Business Centers Program has been doubled in this bill, and extends the eligibility of awardees from 3 years to 5 years. This bill also provides for studies to be conducted on contracting and finance issues as they affect women-owned businesses. This section of the Small Business Reau-

thorization Act will strengthen a sector of our economy that contributes over \$1.5 trillion to the American economy and employs more Americans than Fortune 500 companies.

The Small Business Technology Transfer [STTR] program is reauthorized for an additional 4 years through this act. An offshoot of the very successful SBIR Program, STTR has been joining small businesses and non-profit research institutions for the past four years in an attempt to make better use of federally sponsored high technology research. This bill strengthens the STTR Program by requiring more accurate data recording by the SBA and participating agencies, and requires those participating agencies to include information regarding the SBIR and STTR Programs in their strategic plans required by the Government Performance and Results Act. By doing this, we in Congress can better evaluate programs such as STTR and what provisions might best assist the kind of companies participating in the program and what changes could result in a stronger STTR when we revisit it for reauthorization 4 years from now.

Chairman BOND led the way on an integral part of the reauthorization act, the HUBZones Program. This program seeks to aid small business concerns located in the poorest areas of our country by providing better opportunities to contract with the Federal Government. The HUBZone Act is the result of several years of work by Chairman BOND, and I congratulate him and his staff for this legislation which will certainly improve the economic situation of many American communities.

There are a few other components of the reauthorization act that I believe warrant mentioning at this time. The Community Development Company program, also called the 504 loan program, is continued through this legislation and will provide small businesses \$2.3 billion of needed capital for their plant and equipment needs. The SBA's biggest loan program, 7(a), is authorized at \$39.5 billion over the next 3 years, high enough to ensure continued support for those small businesses that need extra capital to grow their businesses. In addition, this legislation also contains a provision that seeks to protect small businesses from the practice of contract bundling, which can be harmful to small business. Bundling is when a Federal agency rolls several contracts into one big contract. This practice effectively bars small businesses from participating in the lucrative Federal Government contracting process on those contracts. The language contained in this bill will help alleviate this problem to some degree so that small businesses are not left out in the cold, and will require the Government to keep records on bundled contracts valued at more than \$5 million.

The bill before us contains some provisions that the House included in their bill and that we have not seen before. One such provision is title VII of

the bill which contains language that directs SBA to conduct a study on the potential to aid small businesses that are owned by service disabled veterans. I believe it is important to conduct research into this issue and see if the opportunity exists to better assist these businesses.

There are other components of the Small Business Reauthorization Act which I have not mentioned here but will be helpful to small businesses participating in the SBA's programs. The Small Business Investment Companies and Small Business Development Centers Programs are both modified through this act. The Pilot Preferred Surety Bond Guarantee Program is also extended in this legislation.

Mr. President, I would like to conclude by again thanking the Chairman of the Small Business Committee, Senator BOND, for his leadership throughout the year on reaching this point and passing what I consider to be a very meaningful and effective piece of legislation. It is clear that the Small Business Administration will be assured of its continued support by Congress as it moves ahead to the 21st century assisting the driving force of our economy, American small business.

WOMEN'S BUSINESS CENTERS

Mr. DOMENICI. Mr. President, I appreciate the opportunity of commending Senator BOND for his efforts in bringing this Small Business Reauthorization Act to the floor for consideration. In particular, I am grateful for his deep commitment and tireless dedication to improving the Small Business Administration's [SBA] Women's Business Centers program. As a result of his work, this program will be expanded and modified so that it targets more appropriately the thousands of women entrepreneurs who provide jobs and economic growth to their local communities.

I also want to commend Congresswoman NANCY JOHNSON for her strong support of this program. My legislation, S. 888, the Women's Business Centers Act of 1997, introduced in behalf of myself, Senator BOND, Senator KERRY and 23 other cosponsors, was the companion bill to Representative JOHNSON's legislation. Due to the strong bipartisan support of Chairman BOND and other members of the Senate Small Business Committee, S. 888 was incorporated into this reauthorization bill. Congresswoman JOHNSON has been a long-time and dedicated friend of women's business efforts, and I am most appreciative that we were able to work together on this important measure.

Many of us believe that the SBA must give renewed attention to one of its smallest but most successful business programs. This legislation, therefore, doubles the amount of funds available to Women's Business Centers, and it extends the grant period from 3 years to 5 years. It also changes the funding formula so that newly created business sites will have a more realistic Federal-to-non-Federal matching

program. This latter issue is important because up to this point, women's business centers have been required to meet a much stricter matching grant requirement than have other grantees in the SBA's grant programs. I remain somewhat concerned, however, that existing business site grantees must still bear a slightly higher burden of matching fund requirements. Nevertheless, the overall changes to the Women's Business Centers Program are noteworthy and extremely positive.

By passage of this reauthorization language, Congress recognizes the essential role of women-owned small businesses to this country's local and national economies. Congress also recognizes the necessity of added SBA administrative and programmatic support to the women's program. The SBA must ensure that the Office of Women's Business Ownership [OWBO] has adequate staffing and resources to manage this expanded program. It must also provide any supplemental assistance OWBO may need to manage its ongoing program while developing new and creative activities to enhance its present portfolio. Frankly, a program of this nature demands tangible agency commitment to its success. While OWBO and its women's business clients have an impressive and outstanding programmatic record, this small program deserves much more attention from the Agency than it has received thus far. I am hopeful that next year and in the years to come the SBA will work more closely with OWBO, as well as with Congress, to ensure that women's businesses are provided the necessary resources to continue their vital entrepreneurial endeavors.

I believe it is also important to give credit to the many able and committed directors and staff of the Women's Business Centers throughout the country. I know these professional women, like those of Agnes Noonan and her staff in my State of New Mexico, have counseled countless thousands of potential business clients and have established equal numbers of successful small businesses. Their tasks have not been easy, but they have met their management obligations while also creating an impressive and wide-ranging network of business colleagues to address the special challenges of women-owned businesses. The techniques they've learned and the expertise they share with one another have been instrumental in the overall success of this SBA program.

Once again, I commend Senator BOND for his attention and commitment to the Women's Business Centers Program. His able staff, particularly Ms. Suey Howe and Mr. Paul Cooksey, provided excellent professional support so that this program was reviewed and modified appropriately. I am very pleased Chairman BOND and other members of the committee have given this issue the attention it deserves. Women-owned businesses are an integral component of our Nation's busi-

ness sector and are instrumental to our country's overall economic health. The efforts of the Chairman and the committee will ensure that this SBA business program continues its obligations to so many deserving and successful women entrepreneurs. Thank you for the opportunity of sharing my support of this important program.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Missouri.

The motion was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the motion was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ADMINISTRATION'S HUMANITARIAN DEMINING INITIATIVE

Mr. LEAHY. Mr. President, I would like to speak briefly about an announcement the administration is making today to increase funding for humanitarian demining programs and appoint a demining czar. This is, of course, on the subject of landmines, which has been a concern of mine for many years. I have not received all the details, but I understand the administration plans to spend \$80 million on humanitarian demining programs next year, which is a significant increase over the current level.

They also plan to seek additional support from other governments, corporations, and foundations. Their goal is to raise \$1 billion to clear most of the world's landmines by the year 2010. I also understand Ambassador Karl Inderfurth, our Assistant Secretary for South Asia and formerly the U.S. Alternate Representative to the United Nations, is to become the new demining czar.

I can think of no better person to lead this effort than Ambassador Inderfurth. The Ambassador, known as Rick to his friends, is a long-time friend of mine. I have immense respect and admiration for him. I have watched him prowl the halls of the United Nations and buttonhole other representatives, as did Secretary of State Madeleine Albright when she was our U.N. Representative, to get support for an international ban on antipersonnel landmines.

Rick has been a passionate voice for the victims of landmines. I am very grateful that he has agreed to take this on, especially as he already has a full-time job that would be more than enough for most people. He will do a superb job.