

103D CONGRESS  
1ST SESSION

# S. 862

To promote the development of small business in economically distressed central cities by providing for entrepreneurship training courses and Federal guarantees of loans to potential entrepreneurs, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 30 (legislative day, APRIL 19), 1993

Mr. BRADLEY (for himself, Mrs. BOXER, Mr. BRYAN, Mrs. FEINSTEIN, Mr. HOLLINGS, Mr. HATCH, Mr. KERREY, Ms. MIKULSKI, Ms. MOSELEY-BRAUN, Mr. REID, Mr. ROBB, Mr. ROCKEFELLER, Mr. SIMON, Mr. WELLSTONE, Mrs. MURRAY, Mr. LIEBERMAN, and Mr. WOFFORD) introduced the following bill; which was read twice and referred to the Committee on Small Business

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## A BILL

To promote the development of small business in economically distressed central cities by providing for entrepreneurship training courses and Federal guarantees of loans to potential entrepreneurs, and for other purposes.

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 “Entrepreneurship and  
5   Self-Employment Training Act of 1993”.

1 **SEC. 2. FINDINGS AND PURPOSE.**

2 (a) FINDINGS.—Congress finds that—

3 (1) the growth of small business is crucial to  
4 economic growth;

5 (2) many people residing in economically dis-  
6 tressed central cities lack the opportunity to develop  
7 the skills necessary to become entrepreneurs and  
8 small business owners;

9 (3) community colleges and community develop-  
10 ment corporations are uniquely positioned to provide  
11 entrepreneurship and self-employment training;

12 (4) community development corporations, com-  
13 munity development loan funds, community develop-  
14 ment credit unions, and community development  
15 banks are uniquely positioned to provide credit to in-  
16 dividuals interested in starting small businesses in  
17 economically distressed central cities; and

18 (5) the Federal Government can promote the  
19 delivery of credit to potential entrepreneurs in eco-  
20 nomically distressed central cities by providing guar-  
21 antees for small business development loans made by  
22 community development corporations, community de-  
23 velopment loan funds, community development credit  
24 unions, and community development banks.

25 (b) PURPOSE.—The purpose of this Act is to promote  
26 the development of small business in economically dis-

1 tressed central cities by providing for the development of  
2 entrepreneurship training courses and Federal guarantees  
3 of loans to potential entrepreneurs.

4 **SEC. 3. SPECIALIZED TRAINING CURRICULUM GRANTS.**

5 (a) IN GENERAL.—The Secretary of Labor (hereafter  
6 referred to in this section as the “Secretary”) shall award  
7 competitive grants to community colleges or Historically  
8 Black Colleges and Universities that serve Economically  
9 Distressed Central Cities to enable such colleges to develop  
10 specialized training curricula for entrepreneurship and  
11 self-employment for disadvantaged, inner-city individuals.

12 (b) APPLICATION.—To be eligible to receive a grant  
13 under this section a community college or Historically  
14 Black College or University shall prepare and submit to  
15 the Secretary an application at such time, in such manner,  
16 and containing such information as the Secretary may re-  
17 quire, including assurances that the applicant serves an  
18 Economically Distressed Central City.

19 (c) CURRICULUM.—In developing a curriculum with  
20 amounts received under a grant awarded under subsection  
21 (a), a community college or Historically Black College or  
22 University shall ensure that the curriculum includes train-  
23 ing components with respect to business plan development,  
24 cash accounting, credit, business communications, inven-

1 tory management, and other basic business skills deter-  
2 mined appropriate by the Secretary.

3 (d) TERM OF GRANTS.—A grant awarded under this  
4 section shall be for a term of 1 year.

5 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
6 are authorized to be appropriated to carry out this section,  
7 \$5,000,000 for fiscal year 1994.

8 **SEC. 4. TRAINING GRANTS.**

9 (a) IN GENERAL.—The Secretary of Labor (hereafter  
10 referred to in this section as the “Secretary”) shall award  
11 competitive grants to community colleges or Historically  
12 Black Colleges and Universities, micro-enterprise pro-  
13 grams and community development corporations to enable  
14 such colleges, programs and corporations to provide train-  
15 ing under the curricula developed under section 3.

16 (b) APPLICATION.—To be eligible to receive a grant  
17 under this section an entity of the type described in sub-  
18 section (a) shall prepare and submit to the Secretary an  
19 application at such time, in such manner, and containing  
20 such information as the Secretary may require.

21 (c) TRAINING.—Amounts provided under a grant  
22 awarded under this section shall be used to enable the  
23 grantee to provide training, through 6 to 12 week training  
24 programs that resemble or are based on the curricula de-

1 veloped under section 3, to residents of Economically Dis-  
2 tressed Central Cities that—

3 (1) have been unemployed in excess of 20 con-  
4 secutive weeks;

5 (2) have recently been discharged from the  
6 armed forces;

7 (3) receive assistance under title IV of the  
8 Social Security Act; or

9 (4) are otherwise determined appropriate by the  
10 Secretary.

11 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated to carry out this section,  
13 \$75,000,000 for fiscal years 1995 through 1998.

14 **SEC. 5. LOAN GUARANTEE PROGRAM.**

15 (a) IN GENERAL.—The Administrator of the Small  
16 Business Administration (hereafter referred to in this  
17 section as the “Administrator”) shall establish a loan  
18 guarantee program under which the Administrator shall  
19 guarantee loans, not to exceed \$25,000, made to eligible  
20 individuals by community development corporations, com-  
21 munity development loan funds, community development  
22 credit unions, micro-enterprise programs and community  
23 development banks

24 (b) ELIGIBILITY FOR GUARANTEES.—With respect to  
25 a loan made by a community development corporation,

1 micro-enterprise program, community development loan  
2 fund, community development credit union, or community  
3 development bank, to be eligible to receive a loan guaran-  
4 tee covering such loan under the program established  
5 under subsection (a), the community development corpora-  
6 tion, micro-enterprise program, community development  
7 loan fund, community development credit union, or com-  
8 munity development bank shall—

9           (1) prepare and submit to the Administrator an  
10       application at such time, in such manner, and con-  
11       taining such information as the Administrator may  
12       require;

13           (2) certify in such application that such loan  
14       will be made to an eligible individual as described in  
15       subsection (c);

16           (3) in the case of federally regulated depository  
17       institutions, clarify that such institutions are in com-  
18       pliance with the requirements of the appropriate  
19       Federal supervisory agencies; and

20           (4) meet such other requirements as the Ad-  
21       ministrator may require.

22       (c) ELIGIBILITY FOR LOANS.—To be eligible to re-  
23       ceive a loan for which a guarantee may be provided under  
24       subsection (a), an individual shall—

1           (1) prepare and submit to the appropriate com-  
2           munity development corporation, micro-enterprise  
3           program, community development loan fund, com-  
4           munity development credit union, or community de-  
5           velopment bank an application at such time, in such  
6           manner, and containing such information as the  
7           community development corporation, micro-enter-  
8           prise program, community development loan fund,  
9           community development credit union, or community  
10          development bank may require;

11          (2) have completed a training program of the  
12          type described in section 4;

13          (3) ensure that amounts received under the  
14          loan will be used to start up a business that is lo-  
15          cated in an Economically Distressed Central City  
16          and provide a detailed description of the business  
17          that the individual intends to establish; and

18          (4) meet such other requirements as the Ad-  
19          ministrator may require.

20          (d) PROCESS FOR IMPLEMENTATION OF PROGRAM.—

21          Not later than 90 days after the date of enactment of this  
22          Act, the Administrator shall develop and publish proce-  
23          dures under which the Administrator shall provide loan  
24          guarantees under the program established under sub-  
25          section (a). Such procedures shall include—

1 (1) application procedures;

2 (2) criteria which community development cor-  
3 porations, micro-enterprise programs, community de-  
4 velopment loan funds, community development credit  
5 unions, or community development banks should  
6 apply when considering applications for loans to  
7 which guarantees may be provided under this sec-  
8 tion;

9 (3) criteria that the Administrator will utilize in  
10 considering applications submitted for guarantees  
11 under this section;

12 (4) any other information determined appro-  
13 priate by the Administrator.

14 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated to carry out this section,  
16 \$150,000,000 for fiscal years 1995 through 1998.

17 **SEC. 6. LIMITATION.**

18 To be eligible to receive a grant or participate in the  
19 loan guarantee program under this Act, a community de-  
20 velopment corporation, micro-enterprise programs, com-  
21 munity development loan fund, community development  
22 credit union, community development bank, or community  
23 college or Historically Black College or University shall  
24 provide assurances in the application submitted by such  
25 community college or Historically Black College or Univer-



1 sity, community development corporation, micro-enter-  
 2 prise program, community development loan fund, com-  
 3 munity development credit union, or community develop-  
 4 ment bank under this Act that the area served by such  
 5 community college or Historically Black College or Univer-  
 6 sity, community development corporation, micro-enter-  
 7 prise program, community development loan fund, com-  
 8 munity development credit union, or community develop-  
 9 ment bank has an unemployment rate, with respect to the  
 10 12-month period preceding the date on which the applica-  
 11 tion is submitted, in excess of 9 percent.

12 **SEC. 7. MISCELLANEOUS PROVISIONS.**

13 (a) IN GENERAL.—As used in this Act:

14 (1) COMMUNITY COLLEGE.—The term “commu-  
 15 nity college” has the same meaning given the term  
 16 “junior or community college” in section 312(e) of  
 17 the Higher Education Act of 1965.

18 (2) COMMUNITY DEVELOPMENT BANK.—The  
 19 term “community development bank” means an or-  
 20 ganization—

21 (A) that is affiliated with or has a subsidi-  
 22 ary that is a federally insured depository insti-  
 23 tution (such as a savings bank, commercial  
 24 bank, or credit union) which is regulated by a  
 25 Federal financial supervisory agency;

1 (B) that has at least one or more subsidi-  
2 aries or affiliated organizations that supplement  
3 the depository institution's lending with tech-  
4 nical assistance, direct community development  
5 activities, or higher risk financing;

6 (C) whose primary or sole mission is to re-  
7 vitalize a targeted geographic area;

8 (D) that maintains, through significant  
9 representation on its governing board and oth-  
10 erwise, accountability to community residents;  
11 and

12 (E) that has principals active in the imple-  
13 mentation of its programs who possess signifi-  
14 cant experience in lending and the development  
15 of affordable housing, small business develop-  
16 ment, or community revitalization.

17 (3) COMMUNITY DEVELOPMENT CORPORA-  
18 TION.—The term “community development corpora-  
19 tion” means a private, nonprofit corporation whose  
20 board of directors is comprised of business, civic and  
21 community leaders, and whose principal purpose in-  
22 cludes the provision of low-income housing or com-  
23 munity economic development projects that primarily  
24 benefit low-income individuals and communities.

1           (4) COMMUNITY DEVELOPMENT CREDIT  
2 UNION.—The term “community development credit  
3 union” means a Federal or State chartered credit  
4 union as defined in section 101 of the Federal Credit  
5 Union Act that serves predominantly low-income  
6 members.

7           (5) COMMUNITY DEVELOPMENT LOAN FUND.—  
8 The term “community development loan fund”  
9 means a private nonprofit organization which acts  
10 primarily as a financial intermediary that routinely  
11 takes in funds from many sources in the form of  
12 grants, deposits or loans, and routinely lends these  
13 funds out to support the development of low- and  
14 moderate-income housing and business development  
15 in economically depressed areas.

16           (6) HISTORICALLY BLACK COLLEGES AND UNI-  
17 VERSITIES.—The term “Historically Black Colleges  
18 and Universities” means part B institutions as such  
19 term is defined in section 322(2) of the Higher Edu-  
20 cation Act of 1965.

21           (7) MICRO-ENTERPRISE PROGRAM.—The term  
22 “micro-enterprise program” means  
23                   (A) a private, nonprofit entity;  
24                   (B) a nonprofit community development  
25 corporation;

1 (C) a consortium of private, nonprofit or-  
2 ganizations; or

3 (D) a quasi-governmental economic devel-  
4 opment entity (such as a planning and develop-  
5 ment district) other than a State, county, or  
6 municipal government or agency thereof;  
7 that provides business training and financial assist-  
8 ance (of not to exceed \$15,000) to women, low-in-  
9 come, or minority entrepreneurs who wish to start-  
10 up or expand small business concerns.

11 (b) ECONOMICALLY DISTRESSED CENTRAL CITY.—

12 (1) IN GENERAL.—The term “economically dis-  
13 tressed central city” means a city that meets the re-  
14 quirements of this paragraph.

15 (2) REQUIREMENTS.—To be an Economically  
16 Distressed Central City under paragraph (1), a city  
17 shall—

18 (A) be a metropolitan city (as defined in  
19 section 102(a)(4) of the Housing and Commu-  
20 nity Development Act of 1974 (42 U.S.C.  
21 5302(a)(4)));

22 (B) be eligible to receive an allocation of  
23 funds under section 106(a)(3) of the Housing  
24 and Community Development Act of 1974 for

1 the most recent fiscal year ending prior to the  
2 date of enactment of this Act;

3 (C) have a population of at least 30,000;  
4 and

5 (D) have a need adjusted per capita in-  
6 come less than 1.25 (as determined under para-  
7 graph (3)) on the basis of the most recent data  
8 available.

9 (3) NEED ADJUSTED PER CAPITA INCOME.—

10 The Secretary of Housing and Urban Development  
11 shall determine the Need Adjusted Per Capita In-  
12 come for each city that meets the requirements of  
13 subparagraphs (A) and (B) of paragraph (2) under  
14 the following formula:

15 (A) DETERMINATION OF NEED INDEX.—

16 (i) For purposes of this subsection,  
17 the term “need index” means the number  
18 equal to the quotient of—

19 (I) the term “N”, as determined  
20 under clause (ii); divided by

21 (II) the term “P”, as determined  
22 under clause (iii).

23 (ii) For purposes of clause (i)(I), the  
24 term ‘N’ means the percentage constituted  
25 by the ratio of—

1 (I) the amount of funds allotted  
2 to the city in the fiscal year in which  
3 the calendar year begins under section  
4 106(a)(3) of the Housing and Com-  
5 munity Development Act of 1974; to

6 (II) the sum of the amount of  
7 finds received by all eligible cities in  
8 such fiscal year under section  
9 106(a)(3) of the Housing and Com-  
10 munity Development Act of 1974.

11 (iii) For purposes of clause (i)(II), the  
12 term “P” means the percentage con-  
13 stituted by the ratio of—

14 (I) the amount equal to the total  
15 population of the city, as determined  
16 by the Secretary using the most re-  
17 cent data that is available from the  
18 Secretary of Commerce pursuant to  
19 the decennial census and pursuant to  
20 reasonable estimates by such Sec-  
21 retary of changes occurring in the  
22 data in the ensuing period, to

23 (II) the amount equal to the total  
24 population of all eligible cities in the  
25 current fiscal year.

1 (iv) For purposes of this subpara-  
 2 graph, the term “eligible cities” means  
 3 those cities which meet the requirements of  
 4 subparagraphs (A) and (B) of paragraph  
 5 (2).

6 (B) DETERMINATION OF NEED ADJUSTED  
 7 PER CAPITA INCOME FACTOR.—

8 (i) For purposes of this section (and  
 9 subject to clause (iv)), the term “need ad-  
 10 justed per capita income factor” means the  
 11 amount equal to the percentage determined  
 12 for the city in accordance with the follow-  
 13 ing formula:

$$1 - .15 \left( \frac{I}{Q} \right)$$

14 (ii) For purposes of clause (i), the  
 15 term “I” means the per capita income of  
 16 the city for the most recent year for which  
 17 data is available, as determined by the Sec-  
 18 retary of Commerce.

19 (iii) For purposes of clause (i), the  
 20 term “Q” means the product of—

21 (I) the need index of such city, as  
 22 determined under subparagraph (A);  
 23 and

1 (II) the amount equal to the per  
2 capita income of the United States for  
3 the most recent year for which data is  
4 available, as determined by the Sec-  
5 retary of Commerce.

6 (iv) In the case of a city for which the  
7 quotient of the term “I” (as determined  
8 under clause (ii)) divided by the term “Q”  
9 (as determined under clause (iii)) is less  
10 than 0.2, then such quotient shall be  
11 deemed to be equal to 0.2 for such city for  
12 purposes of the formula under clause (i).

○