

106TH CONGRESS  
1ST SESSION

# S. 409

To authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 10, 1999

Mr. KENNEDY (for himself, Mr. DOMENICI, Mr. REID, Mr. GRASSLEY, Mr. ABRAHAM, Mr. ROBB, Ms. COLLINS, Mrs. BOXER, Mr. SANTORUM, Mr. SARBANES, and Ms. SNOWE) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To authorize qualified organizations to provide technical assistance and capacity building services to microenterprise development organizations and programs and to disadvantaged entrepreneurs using funds from the Community Development Financial Institutions Fund, 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,*

1 **SECTION 1. PROVISION OF TECHNICAL ASSISTANCE TO**  
2 **MICROENTERPRISES.**

3 Title I of the Riegle Community Development and  
4 Regulatory Improvement Act of 1994 (12 U.S.C. 4701 et  
5 seq.) is amended by adding at the end the following new  
6 subtitle:

7 **“Subtitle C—Microenterprise Tech-**  
8 **nical Assistance and Capacity**  
9 **Building Program**

10 **“SEC. 171. SHORT TITLE.**

11 “This subtitle may be cited as the ‘Program for In-  
12 vestment in Microentrepreneurs Act of 1999’, also re-  
13 ferred to as the ‘PRIME Act’.

14 **“SEC. 172. DEFINITIONS.**

15 “For purposes of this subtitle—

16 “(1) the term ‘Administrator’ has the same  
17 meaning as in section 103;

18 “(2) the term ‘capacity building services’ means  
19 services provided to an organization that is, or is in  
20 the process of becoming a microenterprise develop-  
21 ment organization or program, for the purpose of  
22 enhancing its ability to provide training and services  
23 to disadvantaged entrepreneurs;

24 “(3) the term ‘collaborative’ means 2 or more  
25 nonprofit entities that agree to act jointly as a quali-  
26 fied organization under this subtitle;

1           “(4) the term ‘disadvantaged entrepreneur’  
2 means a microentrepreneur that is—

3           “(A) a low-income person;

4           “(B) a very low-income person; or

5           “(C) an entrepreneur that lacks adequate  
6 access to capital or other resources essential for  
7 business success, or is economically disadvan-  
8 taged, as determined by the Administrator;

9           “(5) the term ‘Fund’ has the same meaning as  
10 in section 103;

11           “(6) the term ‘Indian tribe’ has the same mean-  
12 ing as in section 103;

13           “(7) the term ‘intermediary’ means a private,  
14 nonprofit entity that seeks to serve microenterprise  
15 development organizations and programs as author-  
16 ized under section 175;

17           “(8) the term ‘low-income person’ has the same  
18 meaning as in section 103;

19           “(9) the term ‘microentrepreneur’ means the  
20 owner or developer of a microenterprise;

21           “(10) the term ‘microenterprise’ means a sole  
22 proprietorship, partnership, or corporation that—

23           “(A) has fewer than 5 employees; and

24           “(B) generally lacks access to conventional  
25 loans, equity, or other banking services;

1           “(11) the term ‘microenterprise development or-  
2           ganization or program’ means a nonprofit entity, or  
3           a program administered by such an entity, including  
4           community development corporations or other non-  
5           profit development organizations and social service  
6           organizations, that provides services to disadvan-  
7           taged entrepreneurs or prospective entrepreneurs;

8           “(12) the term ‘training and technical assist-  
9           ance’ means services and support provided to dis-  
10          advantaged entrepreneurs or prospective entre-  
11          preneurs, such as assistance for the purpose of en-  
12          hancing business planning, marketing, management,  
13          financial management skills, and assistance for the  
14          purpose of accessing financial services; and

15          “(13) the term ‘very low-income person’ means  
16          having an income, adjusted for family size, of not  
17          more than 150 percent of the poverty line (as de-  
18          fined in section 673(2) of the Community Services  
19          Block Grant Act (42 U.S.C. 9902(2)), including any  
20          revision required by that section).

21 **“SEC. 173. ESTABLISHMENT OF PROGRAM.**

22          “‘The Administrator shall establish a microenterprise  
23          technical assistance and capacity building grant program  
24          to provide assistance from the Fund in the form of grants  
25          to qualified organizations in accordance with this subtitle.

1 **“SEC. 174. USES OF ASSISTANCE.**

2 “A qualified organization shall use grants made  
3 under this subtitle—

4 “(1) to provide training and technical assist-  
5 ance to disadvantaged entrepreneurs;

6 “(2) to provide training and capacity building  
7 services to microenterprise development organiza-  
8 tions and programs and groups of such organiza-  
9 tions to assist such organizations and programs in  
10 developing microenterprise training and services;

11 “(3) to aid in researching and developing the  
12 best practices in the field of microenterprise and  
13 technical assistance programs for disadvantaged en-  
14 trepreneurs; and

15 “(4) for such other activities as the Adminis-  
16 trator determines are consistent with the purposes of  
17 this subtitle.

18 **“SEC. 175. QUALIFIED ORGANIZATIONS.**

19 “For purposes of eligibility for assistance under this  
20 subtitle, a qualified organization shall be—

21 “(1) a nonprofit microenterprise development  
22 organization or program (or a group or collaborative  
23 thereof) that has a demonstrated record of delivering  
24 microenterprise services to disadvantaged entre-  
25 preneurs;

26 “(2) an intermediary;

1           “(3) a microenterprise development organiza-  
2           tion or program that is accountable to a local com-  
3           munity, working in conjunction with a State or local  
4           government or Indian tribe; or

5           “(4) an Indian tribe acting on its own, if the  
6           Indian tribe can certify that no private organization  
7           or program referred to in this paragraph exists with-  
8           in its jurisdiction.

9   **“SEC. 176. ALLOCATION OF ASSISTANCE; SUBGRANTS.**

10          “(a) ALLOCATION OF ASSISTANCE.—

11           “(1) IN GENERAL.—The Administrator shall al-  
12           locate assistance from the Fund under this subtitle  
13           to ensure that—

14                   “(A) activities described in section 174(1)  
15                   are funded using not less than 75 percent of  
16                   amounts made available for such assistance;  
17                   and

18                   “(B) activities described in section 174(2)  
19                   are funded using not less than 15 percent of  
20                   amounts made available for such assistance.

21           “(2) LIMIT ON INDIVIDUAL ASSISTANCE.—No  
22           single organization or entity may receive more than  
23           10 percent of the total funds appropriated under  
24           this subtitle in a single fiscal year.

1       “(b) TARGETED ASSISTANCE.—The Administrator  
2 shall ensure that not less than 50 percent of the grants  
3 made under this subtitle are used to benefit very low-in-  
4 come persons, including those residing on Indian reserva-  
5 tions.

6       “(c) SUBGRANTS AUTHORIZED.—

7           “(1) IN GENERAL.—A qualified organization re-  
8 ceiving assistance under this subtitle may provide  
9 grants using that assistance to qualified small and  
10 emerging microenterprise organizations and pro-  
11 grams, subject to such rules and regulations as the  
12 Administrator determines to be appropriate.

13           “(2) LIMIT ON ADMINISTRATIVE EXPENSES.—  
14 Not more than 7.5 percent of assistance received by  
15 a qualified organization under this subtitle may be  
16 used for administrative expenses in connection with  
17 the making of subgrants under paragraph (1).

18       “(d) DIVERSITY.—In making grants under this sub-  
19 title, the Administrator shall ensure that grant recipients  
20 include both large and small microenterprise organiza-  
21 tions, serving urban, rural, and Indian tribal communities  
22 and racially and ethnically diverse populations.

23 **“SEC. 177. MATCHING REQUIREMENTS.**

24       “(a) IN GENERAL.—Financial assistance under this  
25 subtitle shall be matched with funds from sources other

1 than the Federal Government on the basis of not less than  
2 50 percent of each dollar provided by the Fund.

3 “(b) SOURCES OF MATCHING FUNDS.—Fees, grants,  
4 gifts, funds from loan sources, and in-kind resources of  
5 a grant recipient from public or private sources may be  
6 used to comply with the matching requirement in sub-  
7 section (a).

8 “(c) EXCEPTION.—

9 “(1) IN GENERAL.—In the case of an applicant  
10 for assistance under this subtitle with severe con-  
11 straints on available sources of matching funds, the  
12 Administrator may reduce or eliminate the matching  
13 requirements of subsection (a).

14 “(2) LIMITATION.—Not more than 10 percent  
15 of the total funds made available from the Fund in  
16 any fiscal year to carry out this subtitle may be ex-  
17 cepted from the matching requirements of subsection  
18 (a), as authorized by paragraph (1) of this sub-  
19 section.

20 **“SEC. 178. APPLICATIONS FOR ASSISTANCE.**

21 “An application for assistance under this subtitle  
22 shall be submitted in such form and in accordance with  
23 such procedures as the Fund shall establish.



1 **“SEC. 179. RECORDKEEPING.**

2 “The requirements of section 115 shall apply to a  
3 qualified organization receiving assistance from the Fund  
4 under this subtitle as if it were a community development  
5 financial institution receiving assistance from the Fund  
6 under subtitle A.

7 **“SEC. 180. AUTHORIZATION.**

8 “In addition to funds otherwise authorized to be ap-  
9 propriated to the Fund to carry out this title, there are  
10 authorized to be appropriated to the Fund to carry out  
11 this subtitle—

12 “(1) \$15,000,000 for fiscal year 2000;

13 “(2) \$25,000,000 for fiscal year 2001;

14 “(3) \$30,000,000 for fiscal year 2002; and

15 “(4) \$35,000,000 for fiscal year 2003.

16 **“SEC. 181. IMPLEMENTATION.**

17 “The Administrator shall, by regulation, establish  
18 such requirements as may be necessary to carry out this  
19 subtitle.”.

20 **SEC. 2. ADMINISTRATIVE EXPENSES.**

21 Section 121(a)(2)(A) of the Riegle Community Devel-  
22 opment and Regulatory Improvement Act of 1994 (12  
23 U.S.C. 4718(a)(2)(A)) is amended—

24 (1) by striking “\$5,550,000” and inserting  
25 “\$6,100,000”; and

1           (2) in the first sentence, by inserting before the  
2           period “, including costs and expenses associated  
3           with carrying out subtitle C”.

4 **SEC. 3. CONFORMING AMENDMENTS.**

5           Section 104(d) of the Riegle Community Develop-  
6           ment and Regulatory Improvement Act of 1994 (12  
7           U.S.C. 4703(d)) is amended—

8           (1) in paragraph (2)—

9                   (A) by striking “15” and inserting “17”;

10                   (B) in subparagraph (G)—

11                           (i) by striking “9” and inserting  
12                           “11”;

13                           (ii) by redesignating clauses (iv) and  
14                           (v) as clauses (v) and (vi), respectively;  
15                           and

16                           (iii) by inserting after clause (iii) the  
17                           following:

18                                   “(iv) 2 individuals who have expertise  
19                                   in microenterprises and microenterprise de-  
20                                   velopment;” and

21           (2) in paragraph (4), in the first sentence, by  
22           inserting before the period “and subtitle C”.

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