106TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
106–365

WOMEN'S BUSINESS CENTERS SUSTAINABILITY ACT OF 1999

OCTOBER 5, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. TALENT, from the Committee on Small Business, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 1497]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 1497) to amend the Small Business Act with respect to the women's business center program, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Women's Business Centers Sustainability Act of 1999".

SEC. 2. PRIVATE NONPROFIT ORGANIZATIONS.

Section 29 of the Small Business Act (15 U.S.C. 656) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(B) by inserting after paragraph (1) the following:

"(2) the term 'private nonprofit organization' means an entity described in section 501(c) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of such Code;"; and

(2) in subsection (b), by inserting "nonprofit" after "private".

79–006

SEC. 3. INCREASED MANAGEMENT OVERSIGHT AND REVIEW OF WOMEN'S BUSINESS CENTERS.

Section 29 of the Small Business Act (15 U.S.C. 656) is amended—

(1) by striking subsection (h) and inserting the following:

"(h) PROGRAM EXAMINATION.—

"(1) IN GENERAL.—The Administration shall—

"(A) develop and implement procedures to annually examine the programs and finances of each women's business center established pursuant to this section, pursuant to which each such center shall provide to the Administration—

"(i) an itemized cost breakdown of actual expenditures for costs incurred during the preceding year; and

"(ii) documentation regarding the amount of matching assistance from non-Federal sources obtained and expended by the center during the preceding year in order to meet the requirements of subsection (c) and, with respect to any in-kind contributions described in subsection (c)(2) that were used to satisfy the requirements of subsection (c), verification of the existence and valuation of those contributions; and

"(B) analyze the results of each such examination and, based on that analysis, make a determination regarding the viability of the programs and finances of each women's business center.

"(2) EXTENSION OF CONTRACTS.—In determining whether to extend or renew a contract with a women's business center, the Administration—

"(A) shall consider the results of the most recent examination of the center under paragraph (1); and

"(B) may withhold such extension or renewal, if the Administration determines that—

"(i) the center has failed to provide any information required to be provided under clause (i) or (ii) of paragraph (1)(A), or the information provided by the center is inadequate; or

"(ii) the center has failed to provide any information required to be provided by the center for purposes of the report of the Administration under subsection (j), or the information provided by the center is inadequate."; and

(2) by striking subsection (j) and inserting the following:

"(j) MANAGEMENT REPORT.—

"(1) IN GENERAL.—The Administration shall prepare and submit to the Committees on Small Business of the House of Representatives and the Senate a report on the effectiveness of all projects conducted under this section.

"(2) CONTENTS.—Each report submitted under paragraph (1) shall include information concerning, with respect to each women's business center established pursuant to this section—

"(A) the number of individuals receiving assistance;

"(B) the number of startup business concerns formed;

"(C) the gross receipts of assisted concerns;

"(D) the employment increases or decreases of assisted concerns;

"(E) to the maximum extent practicable, increases or decreases in profits of assisted concerns;

"(F) documentation detailing the most recent analysis undertaken under subsection (h)(1)(B) and the determinations made by the Administration with respect to that analysis; and

"(G) demographic data regarding the staff of the center.".

SEC. 4. WOMEN'S BUSINESS CENTER SUSTAINABILITY PILOT PROGRAM.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

"(l) SUSTAINABILITY PILOT PROGRAM.—

"(1) IN GENERAL.—There is established a 4-year pilot program under which the Administration is authorized to make grants (referred to in this section as 'sustainability grants') on a competitive basis for an additional 5-year project under this section to any private nonprofit organization (or a division thereof)—

"(A) that has received financial assistance under this section pursuant to a grant, contract, or cooperative agreement; and

"(B) that—

"(i) is in the final year of a 5-year project; or

"(ii) to the extent that amounts are available for such purpose under subsection (k)(4)(B), has completed a project financed under this section (or any predecessor to this section) and continues to provide assistance to women entrepreneurs.

"(2) CONDITIONS FOR PARTICIPATION.—In order to receive a sustainability grant, an organization described in paragraph (1) shall submit to the Administration an application, which shall include—

"(A) a certification that the applicant—

"(i) is a private nonprofit organization;

"(ii) employs a full-time executive director or program manager to manage the women's business center for which a grant is sought; and

"(iii) as a condition of receiving a sustainability grant, agrees—

"(I) to an annual examination by the Administration of the center's programs and finances; and

"(II) to the maximum extent practicable, to remedy any problems identified pursuant to that examination;

"(B) information demonstrating that the applicant has the ability and resources to meet the needs of the market to be served by the women's business center site for which a sustainability grant is sought, including the ability to raise financial resources;

"(C) information relating to assistance provided by the women's business center site for which a sustainability grant is sought in the area in which the site is located, including—

"(i) the number of individuals assisted;

"(ii) the number of hours of counseling, training, and workshops provided; and

"(iii) the number of startup business concerns formed;

"(D) information demonstrating the effective experience of the applicant in—

"(i) conducting financial, management, and marketing assistance programs, as described in paragraphs (1), (2), and (3) of subsection (b), designed to impart or upgrade the business skills of women business owners or potential owners;

"(ii) providing training and services to a representative number of women who are both socially and economically disadvantaged;

"(iii) using resource partners of the Administration and other entities, such as universities;

"(iv) complying with the cooperative agreement of the applicant; and

"(v) prudently managing finances and staffing, including the manner in which the performance of the applicant compared to the business plan of the applicant and the manner in which grants made under subsection (b) were used by the applicant; and

"(E) a 5-year plan that demonstrates the ability of the women's business center site for which a sustainability grant is sought—

"(i) to serve women business owners or potential owners in the future by improving fundraising and training activities; and

"(ii) to provide training and services to a representative number of women who are both socially and economically disadvantaged.

"(3) REVIEW OF APPLICATIONS.—

"(A) IN GENERAL.—The Administration shall—

"(i) review each application submitted under paragraph (2) based on the information provided under subparagraphs (D) and (E) of that paragraph, and the criteria set forth in subsection (f); and

"(ii) approve or disapprove applications for sustainability grants simultaneously with applications for grants under subsection (b).

"(B) DATA COLLECTION.—Consistent with the annual report to Congress under subsection (j), each women's business center site that receives a sustainability grant shall, to the maximum extent practicable, collect the information relating to—

"(i) the number of individuals assisted;

"(ii) the number of hours of counseling and training provided and workshops conducted;

"(iii) the number of startup business concerns formed;

"(iv) any available gross receipts of assisted concerns; and

"(v) the number of jobs created, maintained, or lost at assisted concerns.

"(C) RECORD RETENTION.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 10 years.

"(4) NON-FEDERAL CONTRIBUTION.—

"(A) IN GENERAL.—Notwithstanding any other provision of this section, as a condition of receiving a sustainability grant, an organization described in paragraph (1) shall agree to obtain, after its application has been approved under paragraph (3) and notice of award has been issued, cash and in-kind contributions from non-Federal sources for each year of additional program participation in an amount equal to 1 non-Federal dollar for each Federal dollar.

"(B) IN-KIND CONTRIBUTIONS.—Not more than 50 percent of the non-Federal assistance obtained for purposes of subparagraph (A) may be in the form of in-kind contributions that exist only as budget line items, including such contributions of office equipment and office space.

"(5) TIMING OF REQUESTS FOR PROPOSALS.—In carrying out this subsection, the Administration shall issue requests for proposals for women's business centers applying for the pilot program under this subsection simultaneously with requests for proposals for grants under subsection (b).".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 29(k) of the Small Business Act (15 U.S.C. 656(k)) is amended—

(1) by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—There is authorized to be appropriated, to remain available until the expiration of the pilot program under subsection (l)—

"(A) $12,000,000 for fiscal year 2000;

"(B) $12,800,000 for fiscal year 2001;

"(C) $13,700,000 for fiscal year 2002; and

"(D) $14,500,000 for fiscal year 2003.";

(2) in paragraph (2)—

(A) by striking "Amounts made" and inserting the following:

"(A) IN GENERAL.—Except as provided in subparagraph (B), amounts made"; and

(B) by adding at the end the following:

"(B) EXCEPTION.—Of the total amount made available under this subsection for a fiscal year, the following amounts shall be available for costs incurred in connection with the selection of applicants for assistance under this subsection and with monitoring and oversight of the program authorized under this subsection:

"(i) For fiscal year 2000, 2 percent of such total amount.

"(ii) For fiscal year 2001, 1.9 percent of such total amount.

"(iii) For fiscal year 2002, 1.9 percent of such total amount.

"(iv) For fiscal year 2003, 1.6 percent of such total amount."; and

(3) by adding at the end the following:

"(4) RESERVATION OF FUNDS FOR SUSTAINABILITY PILOT PROGRAM.—

"(A) IN GENERAL.—Of the total amount made available under this subsection for a fiscal year, the following amounts shall be reserved for sustainability grants under subsection (l):

"(i) For fiscal year 2000, 17 percent of such total amount.

"(ii) For fiscal year 2001, 18.8 percent of such total amount.

"(iii) For fiscal year 2002, 30.2 percent of such total amount.

"(iv) For fiscal year 2003, 30.2 percent of such total amount.

"(B) USE OF UNAWARDED RESERVE FUNDS.—

"(i) SUSTAINABILITY GRANTS TO OTHER CENTERS.—Of amounts reserved under subparagraph (A), the Administration shall use any funds that remain available after making grants in accordance with subsection (l) to make grants under such subsection to women's business center sites that have completed a project financed under this section (or any predecessor to this section) and that continue to provide assistance to women entrepreneurs.

"(ii) ADDITIONAL GRANTS.—The Administration shall use any funds described in clause (i) that remain available after making grants under such clause to make grants to additional women's business center sites, or to increase the grants to existing women's business center sites, under subsection (b).".

(c) GUIDELINES.—Not later than 30 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall issue guidelines to implement the amendments made by this section.

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on October 1, 1999.

PURPOSE

The purpose of H.R. 1497 is to allow for currently funded Women's Business Centers and graduated Women's Business Centers to recompete for Federal funding. H.R. 1497 addresses the funding constraints that make it increasingly difficult for Women's Business Centers to sustain the level of services they provide and, in some instances, to keep their doors open after they graduate from the Women's Business Centers Program and no longer receive federal matching funds.

This legislation establishes a pilot four-year competitive grant program that allows graduating and graduated centers that offer on-going programs and services to recompete for another five years of matching grants, known as sustainability grants. Graduating centers are considered centers that are in the final year of their five-year funding cycle. A graduated center is considered a center that no longer receives federal funds from the Women's Business Center Program, but is still actively providing business programs and services to its local market. The bill allows graduated centers to recompete for sustainability grants in any year in order to discourage self-sufficient graduating centers from applying if they do not need to. For example, if a center has established adequate alternative funding by the time it is graduating, it does not need the sustainability grant. However, if three years later the local economic conditions negatively affect the center's ability to raise money, it can apply for a sustainability grant.

NEED FOR LEGISLATION

The Small Business Administration's Women's Business Center Program provides five-year grants, matched by non-Federal dollars, to private-sector organizations to establish business-training centers for women. Depending on the needs of the community being served, centers teach women the principles of finance, management and marketing, as well as specialized topics such as how to get a government contract or how to start a home-based business. The centers are located in rural, urban and suburban areas, and direct much of their training and counseling assistance toward socially and economically disadvantaged women.

Congress started the Women's Business Center Program in 1988 in response to hearings that revealed the Federal government was not meeting the needs of women entrepreneurs. They faced discrimination in access to credit and capital, were shut out of many government contracts and had little access to the kind of business assistance that they needed to compete in the marketplace.

Through the Women's Business Center Program, our national policy has steadily improved the resources available to women: The program made its first four grants in 1989 and ten years later, as of June 18, 1999, there are 81 centers in 47 states, DC and Puerto Rico. In addition to increasing self-sufficiency among women, Women's Business Centers strengthen women's business ownership overall and encourage local job creation. Over the past decade, the number of women-owned businesses operating in this country has grown by 103 percent to an estimated 9.1 million women-owned firms, generating $3.6 trillion in sales and revenues and employing more than 27.5 million workers. In 1998, women-owned businesses made up more than one-third of the 23 million small businesses in the United States.

In spite of the impressive growth, according to the data from the 1998 Women's Economic Summit, women-owned businesses account for only 18 percent of all small-business gross receipts, and they are dramatically under-represented in the nation's two most lucrative markets: corporate buying and government contracting. Based on this data and hearing testimony, the Committee finds the need for the Women's Business Centers continues, and this is no time to diminish or dismantle the infrastructure we have invested in for the past decade.

This legislation draws on testimony given before the Committee over the past year. According to testimony given by a member of the Association of Women's Business Centers at a hearing held February 11, 1999, the program is in danger of losing effective centers. Many centers need every penny to run their programs and it is increasingly difficult to raise the required matching funds. Losing the matching funds would compound the problem because they would have to raise twice as much money, the competition for foundation and private-sector dollars has become scarcer with each year that government funding has diminished, and they would not have any leverage to challenge those foundations and private corporations to give/match.

The hearing revealed that bank mergers further exacerbate the situation because they are a primary source of funding for many centers. According to the Association of Women's Business Centers, their executive directors have seen, whether in Oklahoma or Massachusetts, that merged institutions, whether banks or corporations, rarely give the combined sum of what the two single institutions gave.

H.R. 1497 seeks to improve Congressional oversight of the Women's Business Center program and balance the need for developing new centers while sustaining currently funded and graduated sites. There are four main components to this balanced approach. First, the legislation increases oversight and review of women's business centers. SBA is directed to do an annual programmatic and financial examination of each center and then to analyze the results to determine whether the center is programmatically and financially viable. The Committee recognized a need for such an examination because a GAO study on the Women's Business Centers program released on September 2, 1999, found "limitations in SBA's records and databases" for the years 1989 through 1998. Accordingly, if centers don't provide the information required, if the information is inadequate, or if the results are poor, the SBA can withhold grant extensions or grant renewals.

Second, H.R. 1497 requires the SBA to issue the requests for proposals (RFP) for new centers and centers competing for sustainability grants at the same time in order to better manage the selection and award process. This provision is intended to ensure that new centers and sustained centers get equal consideration during the application review process and that funds are appropriately awarded. With regard to sustainability grants, the SBA shall make awards in two rounds, giving preference to graduating centers. The

SBA will first award the best/meritorious graduating centers. If there are any funds left from the appropriations reserved for sustainability grants, the SBA shall then award the best/meritorious graduating centers. The bill gives preference to graduating centers because of funding constraints. The appropriations reserved for sustainability grants each fiscal year of the pilot are primarily based on the number of centers that are graduating and leave little room for many graduated sites to recompete.

Third, based on the conditions described in the bill, the Committee intends for the selection panel to judge merit on how well a center provided service to its market under its first award and how it plans to service its market in the next five years. The Committee wishes for the Small Business Administration to use the conditions for participation in the legislation as guidelines for establishing strict criteria applying to recompetition. During the development of the legislation, Members of both the Majority and Minority expressed concern that the Small Business Administration carefully develop the criteria regarding outreach and services to socially and economically disadvantaged women. One of the Committee's priorities is that the centers improve outreach to socially and economically disadvantaged women, and for this reason the Committee included language to allow the Small Business Administration to develop controlling criteria to either accept or refuse a proposal for recompetition.

H.R. 1497 goes a step further by requiring the SBA as part of the final selection process to complete a site visit of each center competing for a sustainability grant. The Committee feels strongly that site visits are an important tool to help panel judges distinguish between the centers and to improve the oversight of the program. Recognizing that site visits are expensive, this bill makes available the equivalent of $275,000 per year proportionate to appropriations to be used for site visits and other uses.

In addition, the Committee recommends that the Small Business Administration re-evaluate its planning mechanism that determines the number of new centers it opens each year. Given the Administration's reluctance to manage a recompetition program, the Committee questions the Small Business Administration's ability to manage the additional 25 new centers it established in June 1999. The Committee urges the Administrator to develop the program in such a way that reflects the balance between new centers and recompeting centers established in H.R. 1497.

Fourth, H.R. 1497 incrementally raises over four years the annual authorization levels from $12 million in FY2000 to $14.5 million in fiscal year 2003. The Committee increased the authorization levels to ensure that there are adequate monies to fund 45 existing centers, an average of 8 recompeting centers, and an average of 10 new centers per year. This bill establishes very specific requirements for appropriations. First, of those amounts, the bill reserves a percentage of money each fiscal year for sustainability grants. While the bill does not specify a dollar amount for the grants, they are expected to be less than the grants for new centers and SBA is expected to manage the program accordingly. New centers and existing centers are awarded matching grants of up to $150,000 per year. Recompeting centers are awarded matching grants of up to

$125,000. The funds appropriated over the four fiscal years of the pilot are available until used so that if insufficient qualified applications are received, the program can carry over unawarded funds for use later in the pilot. Second, the bill makes available up to $275,000 per year for the selection panel costs, post-award conference costs, and monitoring and oversight costs.

While federal funding should not be an entitlement, the Committee finds that graduating and graduated centers that provide on-going services should be able to recompete for a new cycle of matching grants so that we do not lose our investment in the most effective centers. The Women's Business Centers Sustainability Act of 1999 that the Committee favorably reported establishes a fair framework for competition and increases oversight to improve the overall program.

COMMITTEE ACTION

The Committee on Small Business held a hearing on February 11, 1999. As a result of the hearing, the Committee passed H.R. 774, increasing the authorization for the Women's Business Center Program to 11 million dollars and changing the funding ratio in the 5th year of funding to 1:1.

H.R. 1497 was introduced on April 20, 1999, in order to address the issue of recompetition. On September 30, 1999, the Committee on Small Business met for the purposes of considering and reporting H.R. 1497. Chairman Talent offered an amendment in the nature of a substitute which was introduced, considered as read, and opened for amendment. Congresswoman Stephanie Tubbs-Jones offered an amendment which was withdrawn. Chairman Talent moved to pass H.R. 1497 and report it to the House. At 9:30 a.m., by voice vote, a quorum being present, the Committee passed the bill, H.R. 1497, as amended, and ordered it reported.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 4, 1999.

Hon. JAMES M. TALENT,
Chairman, Committee on Small Business,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1497, the Women's Business Centers Sustainability Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Hadley (for federal costs) and Shelley Finlayson (for the state and local impact).

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 1497—Women's Business Centers Sustainability Act of 1999

Summary: Women's Business Center train and counsel women in the skills necessary to launch their own businesses. Current law authorizes appropriations of $11 million a year for Women's Business Centers. H.R. 1497 would increase the amounts authorized for fiscal years 2000 through 2003, but would repeal the authorization for subsequent years. The bill also would establish a pilot program to provide grants to such centers beyond their initial five-year projects. The bill would clarify that Women's Business Centers must be private nonprofit organizations. Finally, H.R. 1497 would direct the Small Business Administration (SBA) to determine whether each center is programmatically and financially viable, and would allow SBA to use a small portion of the authorized amounts for administrative expenses.

Assuming appropriation of the authorized amounts, CBO estimates that H.R. 1497 would increase net outlays by $2 million over the 2000–2004 period, relative to the currently authorized level. H.R. 1497 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 1497 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. Any expenditures made by these governments to provide the non-federal matching funds or in-kind contributions to Women's Business Centers in their jurisdictions would be incurred voluntarily.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1497 is shown in the following table. For purposes of this estimate, CBO assumes that historical spending rates for this program will continue and appropriations will be provided near the start of each fiscal year. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal year, in million of dollars—				
	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION					
Spending for Women's Business Centers					
Under Current Law:					
Authorization Level [1]	11	11	11	11	11
Estimated Outlays	9	10	11	11	11
Proposed Changes:					
Authorization Level	1	2	3	4	−11
Estimated Outlays	0	1	2	3	−4
Under H.R. 1497:					
Authorization Level	12	13	14	15	0
Estimated Outlays	10	12	13	14	7

[1] The amounts shown reflect the amounts authorized to be appropriated under current law.

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 1497 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Any expenditures made by these governments to provide the non-federal matching funds or in-kind contributions to Women's Business Center in their jurisdictions would be incurred voluntarily.

Estimate prepared by: Federal costs: Mark Hadley; impact on state, local, and tribal governments: Shelley Finlayson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

COMMITTEE ESTIMATE OF COSTS

Pursuant to the Congressional Budget Act of 1974, the Committee estimates that the amendments to Small Business Act contained in H.R. 1497, as amended, will increase appropriations no more than $15 million dollars over the next five fiscal years. Furthermore, pursuant to clause 3(d)(2)(A) of rule XIII of the Rules of the House of Representatives, the Committee estimates that implementation of H.R. 1497, as amended, will not significantly increase administrative costs. This concurs with the estimate of the Congressional Budget Office.

OVERSIGHT FINDINGS

In accordance with clause 4(c)(2) of rule X of the Rules of the House of Representatives, the Committee states that no oversight findings or recommendations have been made by the Committee on Government Reform with respect to the subject matter contained in H.R. 1497.

In accordance with clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 1497 are incorporated into the descriptive portions of this report.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that authority for this legislation in Article I, Section 8, clause 18, of the Constitution of the United States.

SECTION-BY-SECTION ANALYSIS

The bill amends Section 29 of the Small Business Act to create a 4-year pilot program that allows Women's Business Centers to recompete for another 5-year matching grant, known as a sustainability grant.

Section 1. Short title

The Act is entitled the "Women's Business Centers Sustainability Act of 1999."

Section 2. Private nonprofit organizations

This section amends the act to clarify that all Women's Business Centers must be private nonprofit organizations (501(c) organizations) instead of private organizations.

Section 3. Increased management oversight and review of Women's Business Centers

This section directs the SBA to do an annual programmatic and financial examination for each center and then to analyze the results to determine whether the center is programmatically and financially viable. The Committee recognized a need for such an examination because a GAO study on the Women's Business Centers program published on September 2nd found "limitations in SBA's records and databases" for the years 1989 through 1998. Accordingly, if centers don't provide the information required, if the information is inadequate, or if the results are poor, the SBA can withhold grant extensions or grant renewals.

Section 4. Women's Business Centers sustainability pilot program

Subsection (a)(1) establishes four-year competitive grant program. Each grant cycle is for five fiscal years. There will be two separate selection rounds for the sustainability grants in each year of the pilot. In the first round, centers in the final year of their five-year grant project can compete. If there are funds unawarded from the first round, there will be a second round for graduated centers to compete. A graduated center is considered a center that no longer receives federal funds from the Women's Business Center Program, but is still actively providing business programs and services to its local market.

Subsection (a)(2) describes five conditions for participation. The conditions include requiring certification that the applicant is a private nonprofit organization; maintenance of records of its past performance; and submission of a plan that demonstrates a center's ability to records of its past performance; and submission of a plan that demonstrates a center's ability to better meet the needs of the market through fundraising and training in the next 5 years.

Subsection (a)(3) sets forth the conditions for reviewing grant applications, reporting requirements for data collection, and a ten-year record retention of applications.

Subsection (a)(4) establishes the matching requirement. Centers must raise cash or in-kind contributions from non-Federal sources. Consistent with the last three years of the initial five-year grant, centers must raise the equivalent of one non-Federal dollar to each Federal dollar.

Subsection (a)(5) requires the SBA to issue all requests for proposals (proposals to establish new centers as well as proposals seeking the sustainability pilot grants) at the same time. This provision is intended to ensure that new centers and sustained centers get equal consideration during the application review process and that funds are appropriately awarded.

Subsection (b) authorizes appropriations for the term of the pilot.

Subsection (b)(1) incrementally raises over four years the annual appropriations from $12 million in FY2000 to $14.5 million in fiscal year 2003. The Committee increased the authorization levels to ensure that there are adequate monies to fund 45 existing centers, an average of 8 recompeting centers, and an average of 10 new centers per year. New centers and existing centers are awarded matching grants of up to $150,000 per year. Recompeting centers are awarded matching grants of up to $125,000. The funds appropriated over the next four fiscal years are available until used so that if insufficient qualified applications are received, the program can carry over unawarded funds for use later in the pilot.

Subsection (b)(2) sets aside the equivalent of $275,000 per year for the Office of Women's Business Ownership to use for selection panel costs including site visits of all final contenders for sustainability grants, post-award conferences and oversight costs.

Subsection (b)(3) reserves specific percentages each year to fund centers with sustainability pilot grants. The subsection also sets forth exceptions for the use of unawarded funds. First, if the funds for the first round of sustainability pilot grants are not fully awarded, the money can be used for grants to graduated centers. Then, if reserved funds remain after funding sustainability grants for qualified graduated centers, the money can be used for new centers or to expand programs to better meet the needs of a market. Conversely, if the funds intended for new centers and maintenance of existing centers are not fully awarded, the funds can be used for sustainability grants.

Subsection (c) section establishes the guidelines. The SBA must issue guidelines to implement this Act within 30 days of enactment.

Section 5. Effective date

This section establishes that this Act takes effect on October 1, 1999.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 29 OF THE SMALL BUSINESS ACT

SEC. 29. WOMEN'S BUSINESS CENTER PROGRAM.

(a) DEFINITIONS.—In this section—

(1) * * *

(2) the term "private nonprofit organization" means an entity described in section 501(c) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of such Code;

⟦(2)⟧ *(3)* the term "small business concern owned and controlled by women", either startup or existing, includes any small business concern—

(A) * * *

* * * * * * *

⟦(3)⟧ *(4)* the term "women's business center site" means the location of—

(A) * * *

* * * * * * *

(b) AUTHORITY.—The Administration may provide financial assistance to private *nonprofit* organizations to conduct 5-year projects for the benefit of small business concerns owned and controlled by women. The projects shall provide—

(1) * * *

* * * * * * *

⟦(h) PROGRAM EXAMINATION.—

⟦(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Small Business Reauthorization Act of 1997, the Administrator shall develop and implement an annual programmatic and financial examination of each women's business center established pursuant to this section.

⟦(2) EXTENSION OF CONTRACTS.—In extending or renewing a contract with a women's business center, the Administrator shall consider the results of the examination conducted under paragraph (1).⟧

(h) PROGRAM EXAMINATION.—

(1) IN GENERAL.—The Administration shall—

(A) develop and implement procedures to annually examine the programs and finances of each women's business center established pursuant to this section, pursuant to which each such center shall provide to the Administration—

(i) an itemized cost breakdown of actual expenditures for costs incurred during the preceding year; and

(ii) documentation regarding the amount of matching assistance from non-Federal sources obtained and expended by the center during the preceding year in order to meet the requirements of subsection (c) and, with respect to any in-kind contributions described in subsection (c)(2) that were used to satisfy the requirements of subsection (c), verification of the existence and valuation of those contributions; and

(B) analyze the results of each such examination and, based on that analysis, make a determination regarding the viability of the programs and finances of each women's business center.

(2) EXTENSION OF CONTRACTS.—In determining whether to extend or renew a contract with a women's business center, the Administration—

(A) shall consider the results of the most recent examination of the center under paragraph (1); and

(B) may withhold such extension or renewal, if the Administration determines that—

(i) the center has failed to provide any information required to be provided under clause (i) or (ii) of paragraph (1)(A), or the information provided by the center is inadequate; or

(ii) the center has failed to provide any information required to be provided by the center for purposes of the report of the Administration under subsection (j), or the information provided by the center is inadequate.

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⟦(j) REPORT.—The Administrator shall prepare and submit an annual report to the Committees on Small Business of the House of Representatives and the Senate on the effectiveness of all projects conducted under the authority of this section. Such report shall provide information concerning—

⟦(1) the number of individuals receiving assistance;

⟦(2) the number of startup business concerns formed;

⟦(3) the gross receipts of assisted concerns;

⟦(4) increases or decreases in profits of assisted concerns; and

[(5) the employment increases or decreases of assisted concerns.]

(j) MANAGEMENT REPORT.—

(1) IN GENERAL.—The Administration shall prepare and submit to the Committees on Small Business of the House of Representatives and the Senate a report on the effectiveness of all projects conducted under this section.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include information concerning, with respect to each women's business center established pursuant to this section—

(A) the number of individuals receiving assistance;

(B) the number of startup business concerns formed;

(C) the gross receipts of assisted concerns;

(D) the employment increases or decreases of assisted concerns;

(E) to the maximum extent practicable, increases or decreases in profits of assisted concerns;

(F) documentation detailing the most recent analysis undertaken under subsection (h)(1)(B) and the determinations made by the Administration with respect to that analysis; and

(G) demographic data regarding the staff of the center.

(k) AUTHORIZATION OF APPROPRIATIONS.—

[(1) IN GENERAL.—There is authorized to be appropriated $11,000,000 for each fiscal year to carry out the projects authorized under this section, of which, for fiscal year 1998, not more than 5 percent may be used for administrative expenses related to the program under this section.]

(1) IN GENERAL.—There is authorized to be appropriated, to remain available until the expiration of the pilot program under subsection (l)—

(A) $12,000,000 for fiscal year 2000;

(B) $12,800,000 for fiscal year 2001;

(C) $13,700,000 for fiscal year 2002; and

(D) $14,500,000 for fiscal year 2003.

(2) USE OF AMOUNTS.—[Amounts made]

(A) IN GENERAL.—Except as provided in subparagraph (B), amounts made available under this subsection for fiscal year 1999, and each fiscal year thereafter, may only be used for grant awards and may not be used for costs incurred by the Administration in connection with the management and administration of the program under this section.

(B) EXCEPTION.—Of the total amount made available under this subsection for a fiscal year, the following amounts shall be available for costs incurred in connection with the selection of applicants for assistance under this subsection and with monitoring and oversight of the program authorized under this subsection:

(i) For fiscal year 2000, 2 percent of such total amount.

(ii) For fiscal year 2001, 1.9 percent of such total amount.

(iii) For fiscal year 2002, 1.9 percent of such total amount.

(iv) For fiscal year 2003, 1.6 percent of such total amount.

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(4) RESERVATION OF FUNDS FOR SUSTAINABILITY PILOT PROGRAM.—

(A) IN GENERAL.—Of the total amount made available under this subsection for a fiscal year, the following amounts shall be reserved for sustainability grants under subsection (l):

(i) For fiscal year 2000, 17 percent of such total amount.

(ii) For fiscal year 2001, 18.8 percent of such total amount.

(iii) For fiscal year 2002, 30.2 percent of such total amount.

(iv) For fiscal year 2003, 30.2 percent of such total amount.

(B) USE OF UNAWARDED RESERVE FUNDS.—

(i) SUSTAINABILITY GRANTS TO OTHER CENTERS.—Of amounts reserved under subparagraph (A), the Administration shall use any funds that remain available after making grants in accordance with subsection (l) to make grants under such subsection to women's business center sites that have completed a project financed under this section (or any predecessor to this section) and that continue to provide assistance to women entrepreneurs.

(ii) ADDITIONAL GRANTS.—The Administration shall use any funds described in clause (i) that remain available after making grants under such clause to make grants to additional women's business center sites, or to increase the grants to existing women's business center sites, under subsection (b).

(l) SUSTAINABILITY PILOT PROGRAM.—

(1) IN GENERAL.—There is established a 4-year pilot program under which the Administration is authorized to make grants (referred to in this section as "sustainability grants") on a competitive basis for an additional 5-year project under this section to any private nonprofit organization (or a division thereof)—

(A) that has received financial assistance under this section pursuant to a grant, contract, or cooperative agreement; and

(B) that—

(i) is in the final year of a 5-year project; or

(ii) to the extent that amounts are available for such purpose under subsection (k)(4)(B), has completed a project financed under this section (or any predecessor to this section) and continues to provide assistance to women entrepreneurs.

(2) CONDITIONS FOR PARTICIPATION.—In order to receive a sustainability grant, an organization described in paragraph

(1) shall submit to the Administration an application, which shall include—

(A) a certification that the applicant—

(i) is a private nonprofit organization;

(ii) employs a full-time executive director or program manager to manage the women's business center for which a grant is sought; and

(iii) as a condition of receiving a sustainability grant, agrees—

(I) to an annual examination by the Administration of the center's programs and finances; and

(II) to the maximum extent practicable, to remedy any problems identified pursuant to that examination;

(B) information demonstrating that the applicant has the ability and resources to meet the needs of the market to be served by the women's business center site for which a sustainability grant is sought, including the ability to raise financial resources;

(C) information relating to assistance provided by the women's business center site for which a sustainability grant is sought in the area in which the site is located, including—

(i) the number of individuals assisted;

(ii) the number of hours of counseling, training, and workshops provided; and

(iii) the number of startup business concerns formed;

(D) information demonstrating the effective experience of the applicant in—

(i) conducting financial, management, and marketing assistance programs, as described in paragraphs (1), (2), and (3) of subsection (b), designed to impart or upgrade the business skills of women business owners or potential owners;

(ii) providing training and services to a representative number of women who are both socially and economically disadvantaged;

(iii) using resource partners of the Administration and other entities, such as universities;

(iv) complying with the cooperative agreement of the applicant; and

(v) prudently managing finances and staffing, including the manner in which the performance of the applicant compared to the business plan of the applicant and the manner in which grants made under subsection (b) were used by the applicant; and

(E) a 5-year plan that demonstrates the ability of the women's business center site for which a sustainability grant is sought—

(i) to serve women business owners or potential owners in the future by improving fundraising and training activities; and

(ii) to provide training and services to a representative number of women who are both socially and economically disadvantaged.

(3) REVIEW OF APPLICATIONS.—

(A) IN GENERAL.—The Administration shall—

(i) review each application submitted under paragraph (2) based on the information provided under subparagraphs (D) and (E) of that paragraph, and the criteria set forth in subsection (f); and

(ii) approve or disapprove applications for sustainability grants simultaneously with applications for grants under subsection (b).

(B) DATA COLLECTION.—Consistent with the annual report to Congress under subsection (j), each women's business center site that receives a sustainability grant shall, to the maximum extent practicable, collect the information relating to—

(i) the number of individuals assisted;

(ii) the number of hours of counseling and training provided and workshops conducted;

(iii) the number of startup business concerns formed;

(iv) any available gross receipts of assisted concerns; and

(v) the number of jobs created, maintained, or lost at assisted concerns.

(C) RECORD RETENTION.—The Administration shall maintain a copy of each application submitted under this subsection for not less than 10 years.

(4) NON-FEDERAL CONTRIBUTION.—

(A) IN GENERAL.—Notwithstanding any other provision of this section, as a condition of receiving a sustainability grant, an organization described in paragraph (1) shall agree to obtain, after its application has been approved under paragraph (3) and notice of award has been issued, cash and in-kind contributions from non-Federal sources for each year of additional program participation in an amount equal to 1 non-Federal dollar for each Federal dollar.

(B) IN-KIND CONTRIBUTIONS.—Not more than 50 percent of the non-Federal assistance obtained for purposes of subparagraph (A) may be in the form of in-kind contributions that exist only as budget line items, including such contributions of office equipment and office space.

(5) TIMING OF REQUESTS FOR PROPOSALS.—In carrying out this subsection, the Administration shall issue requests for proposals for women's business centers applying for the pilot program under this subsection simultaneously with requests for proposals for grants under subsection (b).

ADDITIONAL VIEWS

Committee Democrats strongly support expanding the opportunities to help women establish their own businesses and become self-sufficient. In 1988, Congress passed the Women's Business Demonstration Program, which directed the SBA to provide federal matching grants to private nonprofit organizations to establish Women's Business Centers (WBCs). Continuing with this commitment, the Committee marked up H.R. 1497, "The Women's Business Center Sustainability Act of 1999."

The Women's Business Center program has gone through a myriad of changes since its establishment in 1989. The federal matching requirements have been adjusted and the funding cycle extended. To account for these changes the program's authorized level has also been increased several times. In February, the Committee passed H.R. 774, "The Women's Business Center Amendments Act," which Committee Democrats strongly supported. This bill eased several of the funding problems the centers were experiencing by lowering the matching funds requirement and increasing the authorization level.

It became clear during recent program oversight, however, that the centers need to vastly improve their services and outreach to economically and socially disadvantaged women. Statistics provided by the SBA's Office of Women's Business Ownership point out that only 9% of the clients served by the program were both socially and economically disadvantaged, while only 18% were economically disadvantaged. As we expand the program to allow existing centers to recompete for funding, several changes were made to begin dealing with this situation.

The overall program is not reflective of the needs of low- and moderate-income women. Minority assessment of the program's clientele demographics point out that the centers' clientele median household income is $13,000 more than the average median household income of a low-income inner city district. Resolving this deficiency in the program is especially critical as we continue our efforts of advancing women from welfare to work, an area where the Women's Business Centers should be playing a larger role. To address this problem the legislation makes clear that as a criteria for recompetition the center must demonstrate its effectiveness in providing training and services to women who are both socially and economically disadvantaged [§ 4(a)(2)(D)(ii)]. Also, in order to improve and provide continuity of services to this underserved sector, the center must provide a plan to aggressively tackle this issue during its next five-year grant [§ 4(a)(2)(E)(ii)].

If the pilot program is to be successful, it needs to make sure these centers have a good track record serving low to moderate-income women. As the SBA prepares to develop guidelines for the pilot program's application process, it must use centers' new five-year plan to improve services and outreach to socially and economically disadvantaged women, as well as how well the centers serviced these groups during their first award, as controlling criteria when selecting recompeting centers [§ 4(a)(l)(3)(A)(i)]. This is a critical issue in the development of these centers. The Administration should pay close attention to ensure that this criteria is included as a primary factor when determining if a center is to receive renewed funding under the pilot program.

An important way to effectively address the needs of socially and economically disadvantaged communities is to ensure that centers have an understanding and ties to those communities. A center that has no true understanding of the community it serves is more likely to fail in reaching out to socially and economically disadvantaged women. A review of the centers revealed that a low percentage of the centers are minority-run. Currently the SBA does not collect demographic information on the center's staff and management and the Committee found it extremely difficult to measure improvements in this area. For this reason the Committee included language in the bill indicating that the SBA include in their annual report to the Committee specific data on the demographics of the centers' management and staff [§ 3(1)(j)(2)(F)] so that future Committee oversight may review improvements in this area.

H.R. 1497 will help the Administration focus the program on the issues it needs to address. The Committee Democrats will continue to revisit this pilot program to make sure that the provisions listed above are being implemented correctly and effectively. This is a program that the Democratic Members of the Committee feel strongly about and we want to see WBCs reach out aggressively to economically and socially disadvantaged women.

NYDIA M. VELÁZQUEZ.

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