REPORT ON THE ACTIVITIES

OF THE

COMMITTEE ON SMALL BUSINESS

115TH CONGRESS

DECEMBER 17, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC, December 17, 2018.

Hon. KAREN L. HAAS,
Clerk, House of Representatives,
Washington, DC.

DEAR MS. HAAS: Pursuant to clause 1(d)(3) of rule XI of the Rules of the House of Representatives, I present herewith the report of the activities of the Committee for the 115th Congress, including the Committee's review of legislation within its jurisdiction and the oversight activities taken in accordance with the oversight plan adopted on February 1, 2017.

Sincerely,

STEVE CHABOT,
Chairman.

Enclosure.
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REPORT ON THE ACTIVITIES OF THE COMMITTEE ON SMALL BUSINESS FOR THE 115TH CONGRESS

DECEMBER 17, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

Clause 1(d)(3) of rule XI of the Rules of the House of Representatives for the 115th Congress requires that each standing committee, no earlier than December 15 or adjournment of the Congress sine die (whichever occurs first), submit to the House a report on the activities of that Committee, including separate sections summarizing the legislative and oversight activities of that Committee.

JURISDICTION AND SPECIAL OVERSIGHT FUNCTION

Clause 1(q) of rule X of the Rules of the House of Representatives of the 115th Congress sets forth the jurisdiction of the Committee on Small Business as follows—

(1) Assistance to and protection of small business, including financial aid, regulatory flexibility, and paperwork reduction.

(2) Participation of small-business enterprises in Federal procurement and Government contracts.

Clause 3(1) of rule X of the Rules of the House of Representatives for the 113th Congress sets forth the Special Oversight Function of the Committee on Small Business as follows—

The Committee on Small Business shall study and investigate on a continuing basis the problems of all types of small business.
RULES OF THE COMMITTEE ON SMALL BUSINESS FOR THE 115TH CONGRESS

1. GENERAL PROVISIONS

(A) Rules of the Committee. The Rules of the House of Representatives, in total (but especially with respect to the operations of committee., Rule X, cl. 1(q), cl. 2, cl. 3(1) and Rule XI), are the rules of the Committee on Small Business (“Committee”) to the extent applicable and are incorporated by reference.

(B) Appointments by the Chair. Pursuant to the Rules of the House, the Chair shall designate a Member of the Committee Majority to serve as Vice Chair of the Committee. The Vice Chair shall preside at any meeting or hearing during the temporary absence of the Chair. The Chair also reserves the right to designate a Member of the Committee Majority to serve as the Chair at a hearing or meeting.

2. REFERRAL OF BILLS BY THE CHAIR

The Chair will retain consideration of all legislation referred to the Committee by the Speaker. No action will be required of a Subcommittee before legislation is considered for report by the Committee. Subcommittee chairs, pursuant to the rules set out herein, may hold hearings on any bill referred to the Committee.

3. SUBCOMMITTEES

(A) Generally. Each Subcommittee of the Committee is part of the Committee and is subject to the authority and direction of the Committee, and to the Rules of the House and the rules adopted herein, to the extent applicable. The Chairman and Ranking Member of the Committee are ex officio Members of all Subcommittees for the purpose of any meeting conducted by a Subcommittee.

(B) The Committee shall be organized into the following five subcommittees:

1. Subcommittee on Agriculture, Energy, and Trade
   This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will address policies that enhance rural economic growth, increasing America’s energy independence and ensuring that America’s small businesses can compete effectively in a global marketplace.
   • Oversight of agricultural policies.
   • Oversight of environmental issues and regulations (including agencies such as the Environmental Protection Agency and the Army Corps of Engineers).
   • Oversight of energy issues, including expansion of domestic resources, whether they are renewable or non-renewable.
   • Oversight of international trade policy with particular emphasis on agencies that provide direct assistance to small businesses, such as: the Small Business Administration’s (SBA) Office of international Trade, the Department of Commerce’s United States Export Assistance Centers, the Department of Agriculture’s Foreign Agricultural Service, and the Export-Import Bank.
   • Oversight of infringement of intellectual property rights by foreign competition.
(2) Subcommittee on Health and Technology

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will address how health care policies may inhibit or promote economic growth and job creation by small businesses. In addition, the Subcommittee will examine small business job growth through the creation and adoption of advanced technologies.

- Oversight of the implementation of the Patient Protection and Affordable Care Act.
- Oversight of availability and affordability of health care coverage for small businesses.
- Oversight of general technology issues, including intellectual property policy in the United States.
- Oversight of United States telecommunications policies including, but not limited to, the National Broadband Plan and allocation of electromagnetic spectrum.
- Oversight of the Small Business Innovation Research Program.
- Oversight of the Small Business Technology Transfer Program.

(3) Subcommittee on Economic Growth, Tax, and Capital Access

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will evaluate the operation of the financial markets in the United States and their ability to provide needed capital to small businesses. In addition, the Subcommittee will review federal programs, especially those overseen by the SBA, aimed at assisting entrepreneurs in obtaining needed capital. Since the tax policy plays an integral role in access to capital, this Committee also will examine the impact of federal tax policies on small businesses.

- Oversight of capital access and financial markets.
- SBA financial assistance programs, including guaranteed loans, microloans, certified development company loans, and small business investment companies.
- Oversight of the Department of Agriculture business and industry guaranteed loan program.
- Oversight of general tax policy affecting small businesses.
- The management of the SBA disaster loan program.

(4) Subcommittee on Investigations, Oversight, and Regulations

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will probe the efficient operation of government programs that affect small businesses, including the SBA, and develop proposals to make them operate in a more cost-effective manner. This Subcommittee also will review the regulatory burdens imposed on small businesses and how those burdens may be alleviated.

- Oversight of general issues affecting small businesses and federal agencies.
- Oversight of the management of the SBA.
- Oversight of the SBA Inspector General.
- Implementation of the Regulatory Flexibility Act.
• Oversight of the Office of Information and Regulatory Affairs at the Office of Management and Budget.
• Use of the Congressional Review Act.
• Transparency of the federal rulemaking process as required by the Administrative Procedure and Data Quality Acts.
• Implementation of the Paperwork Reduction Act.

(5) Subcommittee on Contracting and Workforce

This Subcommittee (which will consist of six (6) Republican Members and four (4) Democratic Members) will assess the federal procurement system, including those programs designed specifically to enhance participation by small businesses in providing goods and services to the federal government. The Subcommittee will examine various programs designed to provide technical assistance to small businesses, whether specifically aimed at federal contractors or small businesses in general. Finally, the Subcommittee will review the broad scope of workforce issues that affect the ability of small businesses to obtain and maintain qualified employees.

• Oversight of government-wide procurement practices and programs affecting small businesses.
• Oversight of federal procurement policies that inhibit or expand participation by small businesses in the federal contracting marketplace.
• All contracting programs established by the Small Business Act, including HUBZone, 8(a), Women-, and Service Disabled Veteran-Owned Small Business Programs.
• Technical assistance provided to federal contractors and perspective contractors through SBA personnel, Offices of Small and Disadvantaged Business Utilization, and Procurement Technical Assistance Centers.
• The SBA Surety Bond guarantee program.
• Oversight of all federal policies that affect the workforce including, but not limited to, the roles of the Department of Labor and the National Labor Relations Board.
• SBA entrepreneurial development and technical assistance programs unrelated to participation in the federal government contracting.

(C) Powers and Duties of Subcommittees. Each Subcommittee is authorized to meet, hold hearings, receive evidence, and report to the Committee on any matters referred to it. Prior to the scheduling of any meeting or hearing of a Subcommittee, the Chair of the Subcommittee shall obtain the approval of the Chair of the Committee.

(D) Hearing Time and Date. No hearing or meeting of a Subcommittee shall take place at the same time as the meeting or hearing of the full Committee or another Subcommittee, provided however, that the Subcommittee Chairs may hold field hearings that conflict with those held by other Subcommittees of the Committee.

4. COMMITTEE STAFF

(A) Majority Staff. The employees of the Committee, except those assigned to the Minority as provided below, shall be appointed and assigned, and may be removed by the Chair of the Committee. The
Chair shall fix their remuneration and they shall be under the general supervision and direction of the Chair.

(B) Minority Staff. The employees of the Committee assigned to the Minority shall be appointed and assigned, and their remuneration determined, as the Ranking Minority Member of the Committee shall decide.

(C) Subcommittee Staff. There shall be no separate staff assigned to Subcommittees. The Chair and Ranking Minority Member shall endeavor to ensure that sufficient Committee staff is made available in order that each Subcommittee may carry out the responsibilities set forth in Rule 3, supra.

5. MEETINGS

(A) Regular Meeting Day. The regular meeting day of the Committee shall be the second Wednesday of every month when the House is in session. The Chair may dispense with the meeting of the Committee, if in the sole discretion of the Chair, there is no need for such meeting.

(B) Additional Meetings. Additional meetings may be called as deemed necessary by the Chair or at the request of the majority Members of the Committee pursuant to Rule XI, cl. 2(c) of the rules of the House. At least 3 days' notice of such an additional meeting shall be given unless the Chair, with the concurrence of the Ranking Minority Member, determines that there is good cause to call the meeting on less notice or upon a vote by a majority of the Committee (a quorum being present). To the extent possible, the three days shall be counted from the 72 hours before the time of the meeting. Announcements of the meeting shall be published promptly in the Daily Digest and made publicly available in electronic form.

(C) Business to be Considered. The determination of the business to be considered at each meeting shall be made by the Chair subject to limitations set forth in House Rule XI, cl. 2(c).

(D) Meeting Materials. The Chair shall provide to each Member of the Committee, to the extent practicable, at least 48 hours in advance of a meeting, a copy of the bill, resolution, report or other item to be considered at the meeting, but no later than 24 hours before the meeting. Such material also shall be made available to the public at least 24 hours in advance in electronic form.

(E) Special and Emergency Meetings. The rules for notice and meetings as set forth in Rule 5 of these Rules shall not apply to special and emergency meetings. Clause 2(c)(2) of Rule XI and clause 2(g)(3)(A) of Rule XI of the Rules of the House, as applicable, shall apply to such meetings.

6. NOTICE AND ANNOUNCEMENT OF HEARINGS

(A) Announcement of Hearings. Public announcement of the date, place and subject matter of any hearing to be conducted by the Committee shall be made no later than 7 calendar days before the commencement of the hearing. To the extent possible, the seven days shall be counted from 168 hours before the time of the Committee's hearing.

(B) Exception. The Chair, with the concurrence of the Ranking Minority Member, or upon a vote by the majority of the Committee
(a quorum being present), may authorize a hearing to commence on less than 7 days’ notice.

(C) Witness Lists. Unless the Chair determines it is impracticable to do so, the Committee shall make a tentative witness list available at the time it makes the public announcement of the hearing. If a tentative witness list is not made available at the time of the announcement of the hearing, such witness list shall be made available as soon as practicable after such announcement is made. A final witness list shall be issued by the Committee no later than 48 hours prior to the commencement of the hearing.

(D) Hearing Material. The Chair shall provide to all Members of the Committee, as soon as practicable after the announcement of the hearing, a memorandum explaining the subject matter of the hearing and any official reports from departments and agencies on the subject matter of the hearing. Such material shall be made available to all Members of the Committee no later than 48 hours before the commencement of the hearing, unless the Chair, after consultation with the Ranking Minority Member, determines that certain reports from departments or agencies should not be made available prior to the commencement of the hearing. Material provided by the Chair to all Members, whether provided prior to or at the hearing, shall be placed on the Committee website no later than 48 hours after the commencement of the hearing, unless such material contains sensitive or classified information, in which case such material shall be handled pursuant to Rule 16 of the Committee’s Rules.

7. MEETINGS AND HEARINGS OPEN TO THE PUBLIC

(A) Meetings. Each meeting of the Committee or its Subcommittees for the transaction of business, including the markup of legislation, shall be open to the public, including to radio, television, and still photography coverage, except as provided by House Rule XI, cl. 4. If the majority of Members of the Committee or Subcommittee present at the meeting determine by a recorded vote in open session that all or part of the remainder of the meeting on that day shall be closed to the public because the disclosure of matters to be considered would endanger national security, would compromise sensitive law enforcement information, or would tend to defame, degrade, or incriminate any person or otherwise would violate any law or rule of the House; provided however, that no person other than Members of the Committee, and such congressional staff and such executive branch representatives they may authorize, shall be present in any meeting which has been closed to the public.

(B) Hearings. Each hearing conducted by the Committee or its Subcommittees shall be open to the public, including radio, television and still photography coverage. If the majority of Members of the Committee or Subcommittee present at the hearing determine by a recorded vote in open session that all or part of the remainder of the hearing on that day shall be closed to the public because the disclosure of matters to be considered would endanger national security, would compromise sensitive law enforcement information, or would tend to defame, degrade, or incriminate any person or otherwise would violate any law or rule of the House; provided however, that the Committee or Subcommittee may by the
same procedure also vote to close one subsequent day of hearings. Notwithstanding the requirements of the preceding sentence, a majority of those present (if the requisite number of Members are present under Committee rules for the purpose of taking testimony) may vote: (i) to close the hearing for the sole purpose of discussing whether the testimony or evidence to be received would endanger the national security, would compromise sensitive law enforcement information, or violate Rule XI, cl. 2(k)(5) of the House or (ii) to close the hearing, as provided clause 2(k)(5) of Rule XI of the House.

(C) Participation in Subcommittee Hearings. The Chair and Ranking Minority Member are ex officio Members of all Subcommittees for any hearing conducted by a Subcommittee. Members of the Committee who wish to participate in a hearing of the Subcommittee to which they are not Members shall make such request to the Chair and the Ranking Minority Member of the Subcommittee at the commencement of the hearing. The Chair, after consultation with the Ranking Minority Member of the Subcommittee, shall grant such request.

(D) Non-Participatory Attendance by Other Members of the House. No Member of the House may be excluded from non-participatory attendance at any hearing of the Committee or any Subcommittee, unless the House of Representatives shall by majority vote authorize the Committee or Subcommittees, for purposes of a particular subject of investigation, to close its hearing to Members by the same procedures designated to close hearings to the public.

(E) Procedure to Participate. Members of Congress who are not Members of the Committee but would like to participate in a hearing shall notify the Chair and the Ranking Minority Member and submit a formal request no later than 24 hours before the commencement of the meeting or hearing.

(F) Audio and Video Coverage. To the maximum extent practicable, the Committee shall provide audio and video coverage of each hearing or meeting for the transaction of business in a manner that allows the public to easily listen and view the proceedings and shall maintain the recordings of such coverage in a manner easily accessible to the public.

8. WITNESSES

(A) Number of Witnesses. For any hearing conducted by the Committee or Subcommittee there shall be no more than four non-governmental witnesses of which the Ranking Minority Member of the Committee or Subcommittee (as appropriate) is entitled to select one witness for the hearing.

(B) Witnesses Selected by the Minority. Witnesses selected by the Ranking Minority Member of the Committee or Subcommittee shall be invited to testify by the Chair of the Committee or Subcommittee (as appropriate). Rule 8(D) shall apply with equal force to witnesses selected by the Ranking Minority Member of the Committee or Subcommittee.

(C) Small Business Week Exception. The limitations set forth in the preceding paragraph shall not apply if the Committee holds a hearing to honor the work of the small business community in conjunction with the annual celebration of Small Business Week. Wit-
ness limitations for such a hearing shall be determined by the Chair in consultation with the Ranking Minority Member.

(D) Statement of Witnesses.

(1) Each witness who is to appear before the Committee or Subcommittee shall file an electronic copy of the testimony with the Committee and the Ranking Minority Member no later than 48 hours before the commencement of the hearing. In addition, the witness shall provide 25 copies of the testimony by the commencement of the hearing. The Chair may waive the requirement by the witness providing 25 copies in which case the Committee or Subcommittee shall provide the 25 copies.

(2) Each non-governmental witness shall provide to the Committee and the Ranking Minority Member, no later than 48 hours before the commencement of the hearing, a curriculum vitae or other statement describing their education, employment, professional affiliation or other background information pertinent to their testimony.

(E) Witness Disclosure. As required by Rule XI, cl. 2(g) of the Rules of the House, each non-governmental witness before the commencement of the hearing shall file with the Chair a disclosure form detailing any contracts or grants that the witness has with the federal government, as well as the amount and country of origin of any payment or contract related to the subject of the hearing originating with a foreign government. In addition, each non-governmental witness shall file with the Committee Chair a disclosure form detailing any payments or contracts received from a foreign government if such payments or contracts are related in any manner to the subject matter of a hearing. Such information shall be posted on the Committee website within 24 hours after the witness appeared at the hearing.

(F) Failure to Comply. The failure to provide the materials set forth by the deadlines set forth in these rules may be grounds for excluding both the oral and written testimony of the witness unless waived by the Chair of the Committee or Subcommittee.

(G) Public Access to Witness Materials. The Committee will provide public access to printed materials, including the testimony of witnesses in electronic form on the Committee’s website no later than 24 hours after the hearing is adjourned. Supplemental material provided after the hearing adjourns shall be placed on the Committee website no later than 24 hours after receipt of such material.

(H) Questioning of Witnesses. Except when the Committee adopts a motion pursuant to subdivisions (B) and (C) of clause 2(i)(2) of Rule XI of the Rules of the House, Committee Members may question witnesses only when they have been recognized by the Chair for that purpose. Members shall have the opportunity, as set forth in Rule XI, cl. 2(j) of the Rules of the House, to question each witness on the panel for a period not to exceed five minutes. For any hearing, the Chair of the Committee or Subcommittee may offer a motion to extend the questioning of a witness or witnesses by the Member identified in the motion for more than five minutes as set forth in Rule XI, cl. 2(j)(B).

(I) Order of Questioning. The Chair of the Committee or Subcommittee shall commence questioning followed by the Ranking
Minority Member. Thereafter, questioning shall alternate between the majority and minority Members. Before the gavel has been struck, or in the case of Members arriving simultaneously, the order of questioning shall be based on seniority among Members of his or her own party. After the gavel has been struck, Members first to arrive shall have priority over Members of his or her own party.

(J) Consideration of Ratio. In recognizing Members to question witnesses, the Chair may take into consideration the ratio of majority and minority Members present in such a manner as to not disadvantage the Members of either party.

9. QUORUM

(A) Determining a Quorum. A quorum, for purposes of reporting a measure or recommendation, shall be a majority of the Committee Members.

(B) Quorum for a Hearing. For purposes of taking testimony or receiving evidence, a quorum shall be one Member from the Majority and one Member from the Minority. The Chair of the Committee or Subcommittee shall exercise reasonable comity by waiting for the Ranking Minority Member even if a quorum is present before striking the gavel to commence the hearing. For hearings held by the Committee or a Subcommittee in a location other than the Committee’s hearing room in Washington, DC, a quorum shall be deemed to be present if the Chair of the Committee or Subcommittee is present.

10. RECORD VOTES

(A) When Provided. A record vote of the Committee shall be provided on any question before the Committee upon the request of any Member of the Committee. A record of the vote of each Member of the Committee on a matter before the Committee shall be available in electronic form within 48 hours of such record vote, and, with respect to any roll call vote on any motion to amend or report, shall be included in the report of the Committee showing the total number of votes cast for and against and the names of those Members voting for and against.

(B) Public Access to Record Votes. The Chair of the Committee shall, not later than 24 hours after consideration of a bill, resolution, report or other item, cause the text of the reported item and any amendment adopted thereto to be made publicly available in electronic form.

11. SUBPOENAS

(A) Authorization and Issuance. A subpoena may be authorized and issued by the Committee in the conduct of any investigation or series of investigations or activities to require the attendance and testimony of such witness and the production of such books, records, correspondence, memoranda, papers and documents, as deemed necessary. Such subpoena shall be authorized by a majority of the full Committee. The requirement that the authorization of a subpoena requires a majority vote may be waived by the Ranking Minority Member of the Committee.
(B) Issuance During Congressional Recess. The Chair may issue a subpoena, in consultation with the Ranking Minority Member, when the House is out for session for more than three legislative days.

12. AMENDMENTS DURING MARKUP

(A) Availability of Amendments. Any amendment offered to any pending legislation before the Committee must be made available in written form by any Member of the Committee. If such amendment is not available in written form when requested, the Chair shall allow an appropriate period for the provision thereof and may adjourn the markup to provide sufficient time for the provision of such written amendment. Such period or adjournment shall not prejudice the offering of such amendment.

(B) Drafting and Filing of Amendments. For amendments to be accepted during markup, there is no requirement that the amendments be filed prior to commencement of the markup or prepared with the assistance of the Office of Legislative Counsel. Even though it is not necessary, Members seeking to amend legislation during markup should draft amendments with the assistance of the Office of Legislative Counsel and consult with the Chair or Ranking Minority Member’s staff (as appropriate) in the preparation of such amendments.

13. POSTPONEMENT OF PROCEEDINGS

(A) When Postponement is Permissible. The Chair, in consultation with the Ranking Minority Member, may postpone further proceedings when a record vote is ordered on the question of approving any measure or matter or adopting an amendment. The Chair may resume postponed proceedings, but no later than 24 hours after such postponement, unless the House is not in session or there are conflicts with Member schedules that make it unlikely a quorum will be present to conduct business on the postponed proceeding. In such cases, the Chair will consult with Members to set a time as early as possible to resume proceedings but in no event later than the next meeting date as set forth in Rule 5 of these Rules.

(B) Resumption of Proceedings. When proceedings resume on a postponed question, notwithstanding any intervening order for the previous question, an underlying proposition shall remain subject to further debate or amendment to the same extent as when the question was postponed.

14. COMMITTEE RECORDS

(A) The Committee shall keep a complete record of all actions, which shall include a record of the votes on any question on which a recorded vote is demanded. The result of any vote by the Committee, or if applicable by a Subcommittee, including a voice vote shall be posted on the Committee’s website within 24 hours after the vote has been taken. Such record shall include a description of the amendment, motion, order, or other proposition, the name of the Member voting for and against such amendment, motion, order, or other proposition, and the names of Members present but not voting. For any amendment, motion, order, or other proposition de-
cided by voice vote, the record shall include a description and whether the voice vote was in favor or against.

(B) Transcripts. The Committee shall keep a complete record of all Committee and Subcommittee activity which, in the case of a meeting or hearing transcript, shall include a substantially verbatim account of the remarks actually made during the proceedings subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks.

(C) Availability of Records. The records of the Committee at the National Archives and Records Administration shall be made available in accordance with Rule VII of the Rules of the House. The Chair of the Committee shall notify the Ranking Member of the Committee of any decision, pursuant to Rule VII, cl. 3(b)(3) or cl. 4(b), to withhold a record otherwise available, and the matter shall be presented to the Committee for a determination of the written request of any Member of the Committee.

(D) Publishing and Posting of Records. The Committee Rules shall be made publicly available in electronic form and published in the Congressional Record not later than 30 days after the Chair of the Committee is elected in each odd-numbered year.

15. COMMITTEE WEBSITE

The Chair shall maintain an official Committee website for the purpose of furthering the Committee’s legislative and oversight responsibilities, including communicating information about Committee’s activities to Committee Members and other Members of the House. The Ranking Minority Member may maintain a similar website for the same purpose, including communicating information about the activities of the Minority to Committee Members and other Members of the House.

16. ACCESS TO CLASSIFIED OR SENSITIVE INFORMATION

(A) Access to classified or sensitive information supplied to the Committee or Subcommittees and attendance at closed sessions of the Committee or a Subcommittee shall be limited to Members and necessary Committee staff and stenographic reporters who have appropriate security clearance when the Chair determines that such access or attendance is essential to the functioning of the Committee or one of its Subcommittees.

(B) Procedures Governing Availability. The procedures to be followed in granting access to those hearings, records, data, charts, and files of the Committee which involve classified information or information deemed to be sensitive shall be as follows:

(I) Only Members of the House of Representatives and specifically designated Committee staff of the Committee on Small Business may have access to such information, pursuant to Rule VII, cl. 3(b)(3) or cl. 4(b), to withhold a record otherwise available, and the matter shall be presented to the Committee for a determination of the written request of any Member of the Committee.

(II) Members who desire to read materials that are in possession of the Committee shall notify the Clerk of the Committee in writing.

(III) The Clerk of the Committee will maintain an accurate access log, which identifies the circumstances surrounding access to the information, without revealing the material examined.

(IV) If the material desired to be reviewed is material which the Committee or Subcommittee deems to be sensitive enough
to require special handling, before receiving access to such information, individuals will be required to sign an access information sheet acknowledging such access and that the individual has read and understands the procedures under which access is being granted.

(V) Material provided for review under this rule shall not be removed from a specified room within the Committee offices.

(VI) Individuals reviewing materials under this rule shall make certain that the materials are returned to the proper custodian.

(VII) No reproductions or recordings may be made of any portion of such materials.

(VIII) The contents of such information shall not be divulged to any person in any way, form, shape, or manner and shall not be discussed with any person who has not received the information in the manner authorized by the rules of the Committee.

(IX) When not being examined in the manner described herein, such information will be kept in secure safes or locked file cabinets within the Committee offices.

(X) These procedures only address access to information the Committee or Subcommittee deems to be sensitive enough to require special treatment.

(XI) If a Member of the House of Representatives believes that certain sensitive information should not be restricted as to dissemination or use, the Member may petition the Committee or Subcommittee to so rule. With respect to information and materials provided to the Committee by the Executive Branch or an independent agency as that term is defined in 44 U.S.C. § 3502, the classification of information and materials as determined by the Executive Branch or independent agency shall prevail unless affirmatively changed by the Committee or Subcommittee involved, after consultation with the Executive Branch or independent agency.

(XII) Other materials in the possession of the Committee are to be handled in accordance with normal practices and traditions of the Committee.

17. OTHER PROCEDURES

The Chair of the Committee may establish such other procedures and take such actions as may be necessary to carry out the foregoing rules or to facilitate the effective operation of the Committee.

18. AMENDMENTS TO COMMITTEE RULES

The rules of the Committee may be modified, amended or repealed by a majority vote of the Members, at a meeting specifically called for such purpose, but only if written notice of the proposed change or changes has been provided to each Member of the Committee at least 72 hours prior to the time of the meeting of the Committee to consider such change or changes.

19. BUDGET AND TRAVEL

(A) Allocation of Budget. From the amount provided to the Committee in the primary expense resolution adopted by the House of
Representatives in the 115th Congress, the Chair, after consultation with the Ranking Minority Member, shall designate one-third of the budget under the direction of the Ranking Minority Member for the purposes of minority staff, travel expenses of minority staff and Members, and minority office expenses.

(B) Authorization of Travel. The Chair may authorize travel in connection with activities or subject matters under the legislative or oversight jurisdiction of the Committee as set forth in Rule X of the Rules of the House. The Ranking Minority Member may authorize travel for any Minority Member or staff of the minority in connection with activities or subject matters under the Committee’s jurisdiction as set forth in Rule X of the Rules of the House. Before such travel, there shall be submitted to the Chair of the Committee in writing the following at least seven (7) calendar days prior specifying: a) the purpose of the travel; b) the dates during which the travel is to occur; c) the names of the states or countries to be visited and the length of time spent in each; and d) the names of Members and staff of the Committee participating in such travel.

AUTHORIZATION AND OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED FIFTEENTH CONGRESS

Mr. Chabot, from the Committee on Small Business, submitted to the Committee on Oversight and Government Reform, the Committee on House Administration and the Committee on Appropriations the following.

REPORT

Rule X, cl. 2(d)(l) of the Rules of the House requires each standing Committee to adopt an authorization and oversight plan for the two-year period of the Congress and to submit the plan to the Committees on Government Reform and House Administration not later than February 15 of the first session of the Congress. Under Rule X, the Committee has oversight authority to investigate and examine any matter affecting small business. This Report reflects that broad oversight jurisdiction.

Pursuant to Rule X, cl. 2(d)(l)(F), this Plan also includes proposals to cut or eliminate programs that are inefficient, duplicative, outdated, or more appropriately administered by State or local governments.

House Rule X, cl. 2(d)(2) requires that committee oversight plans include a list of programs or agencies within each committee’s jurisdiction with lapsed authorizations that received funding in the prior fiscal year, or a program or agency with a permanent authorization which has not been subject to review by the Committee in the prior three Congresses. The Committee has found no Small Business Administration (SBA) programs that fit these parameters.

Rule X, cl. 2(d)(2) also requires a description of the programs or agencies to be authorized in the current Congress or the next Congress, and any oversight to support the authorization of those programs or agencies, and recommendations for moving such programs or agencies from mandatory funding to discretionary appropriations where appropriate. The Committee may consider reforms and im-
provements to various SBA programs as noted throughout this Authorization and Oversight Plan, including the need for SBA to create appropriate metrics to measure efficacy.

OVERSIGHT OF FEDERAL CAPITAL ACCESS PROGRAMS

The Committee will conduct hearings and investigations of SBA and other federal agencies that provide capital to America’s entrepreneurs that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

• Effectiveness of the capital access programs to generate jobs in the fastest growing small businesses.
• Whether lenders are meeting their goals to lend to small businesses and create jobs.
• Risk to the taxpayers of the capital access programs.
• Adequacy of SBA oversight of its lending partners to ensure that federal taxpayers are properly protected.
• Capabilities of the SBA information technology to manage the loan portfolio.
• Whether SBA rules, regulations and guidance result in transparent and reasoned decision making with respect to capital access programs.
• Assessment of credit-scoring algorithms as a replacement for individual credit assessment by SBA and its lending partners.
• The exercise of discretion by SBA to create pilot programs and the risk they pose to the taxpayer and whether such authority should be curtailed or eliminated.
• Whether SBA disaster loan program and its oversight ensures that small businesses are able to revive and rebuild communities without unduly placing the federal taxpayer at risk.
• Efficacy and duplication of federal capital access programs offered by the Department of Agriculture to small businesses in rural areas.
• Utilization by small businesses of export capital programs at the Export-Import Bank and the Overseas Private Investment Corporation.
• Impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111–203, on small business access to capital.

In performing oversight, the Committee will focus on risky aspects of financial assistance programs including, but not limited to, commercial real estate refinancing, premier certified lenders, participating security small business investment companies, small business lending companies, express lenders, and loan programs utilizing simplified lending applications.
OVERSIGHT OF SBA AND OTHER FEDERAL ENTREPRENEURIAL DEVELOPMENT PROGRAMS

The Committee will conduct hearings and investigations into the SBA programs that provide training and advice to small businesses that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Examining effectiveness of SBA entrepreneurial development programs, including programs for veterans, in creating jobs at startups and traditional firms.
- Determining whether certain programs should be eliminated as a result of their ineffectiveness or duplication of programs provided by other agencies or by the private sector.
- Suggesting methods for enhancing coordination among federal agencies in providing assistance to entrepreneurs, including, but not limited to, businesses located in rural areas and those seeking to provide goods and services in the federal procurement marketplace.
- Enhancing the efficacy and utilization of the Manufacturing Extension Partnership at the Department of Commerce, including developments in renewable energy.
- Recommending improvements in assistance to small businesses in rural areas, including those involved in agriculture, forestry, and energy production.

OVERSIGHT OF FEDERAL GOVERNMENT CONTRACTING MATTERS

The Committee will conduct hearings and investigations into the federal procurement system that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Whether fraud or other problems exist in the federal government contracting programs overseen by the SBA including the 8(a), HUBZone, service-disabled veteran, women-owned contracting, and Small Business Innovation Research programs.
- Effectiveness of SBA contracting programs to increase participation by small businesses in federal procurement.
- Effectiveness of federal agency protections against contract bundling and consolidation.
- The accuracy and utility of SBA size standards and federal procurement databases.
- Operation and effectiveness of federal agency assistance provided to small businesses interested in federal procurement, including that provided by the SBA, Offices of Small and Disadvantaged Business Utilization and Procurement Technical Assistance Centers.
- Development of federal acquisition policies and whether small businesses have sufficiently effective voice in development of such policies.
- Cost-effectiveness of outsourcing government work to private enterprise rather than expanding the government to provide the good or service internally (i.e., government insourcing).

• Examination of the Small Business Innovation Research Program as modified by the National Defense Authorization Act for FY 2012, Pub. L. No. 112–81, including, but not limited to, increased efforts at commercializing federally-funded technology.

In performing oversight, the Committee will focus its efforts on uncovering abuse and misuse of the small business designation to obtain federal government contracts.

OVERSIGHT OF SBA MANAGEMENT

The Committee will conduct the hearings and investigations into the management of the SBA that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

• The appropriate mission of the SBA.

• Whether agency employees in the field are empowered to assist small businesses.

• Duplication of offices and missions at SBA headquarters.

• Effectiveness of personnel management to ensure that employees are rewarded for assisting small businesses.

• Capabilities of SBA employees to provide proper assistance to small business owners.

• Agency personnel capabilities to properly manage loan defaults to maximize recovery of collateral.

• Whether SBA improperly utilizes statutory authority to create untested initiatives and the procedures by which the agency develops such programs.

In carrying out this oversight, the Committee will focus particularly on streamlining and reorganizing of the agency’s operations to provide maximum assistance to small business owners. Offices that primarily provide assistance or advice to headquarters staff that do not promote the interests of small businesses or protect the federal government as a guarantor of loans will be recommended for cuts or elimination. For some potential offices that the Committee will examine, refer to the section titled “Reductions in Programs and Spending.”

OVERSIGHT OF FEDERAL REGULATORY AND PAPERWORK BURDENS

The Committee will conduct hearings and investigations into unnecessary, burdensome, and duplicative federal rules, reporting and recordkeeping requirements affecting small businesses that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

• Consumer Financial Protection Bureau.

• Consumer Safety Products Commission.

• Department of Agriculture.

• Department of Commerce.

• Department of Energy, particularly the Office of Energy Efficiency and Renewable Energy.
• Department of Health and Human Services, particularly the Centers for Medicare and Medicaid Services and Food and Drug Administration.
• Department of Interior, particularly the Bureau of Land Management and Fish and Wildlife Service.
• Department of Homeland Security, particularly the Transportation Security Administration.
• Department of Labor, particularly the Occupational Safety and Health Administration and the Wage and Hour Division.
• Department of Transportation, particularly the Federal Aviation Administration and Federal Motor Carrier Safety Administration.
• Department of the Treasury, particularly the Internal Revenue Service.
• Environmental Protection Agency.
• Federal Communications Commission.
• Federal Financial Institutions Examination Council and its constituent agencies.
• Office of Management and Budget, particularly the Office of Federal Procurement Policy.
• Securities and Exchange Commission.

The Committee will identify specific rules and regulations already issued or at the proposed rule stage to assess the impact on small businesses. In addition, the Committee will examine agency compliance with the Regulatory Flexibility Act and Paperwork Reduction Act. The Committee will pay close attention to the effect that regulations have on startups. Oversight of the regulatory process also will, to the extent relevant, examine the work of the Office of Information and Regulatory Affairs at the Office of Management and Budget. Special attention will be paid to the work performed by the Chief Counsel for Advocacy at the Small Business Administration to ensure that Office is fulfilling its mission to advocate vigorously on behalf of America’s small business owners in regulatory matters at federal agencies. Finally, this oversight will entail an examination of compliance by federal agencies with amendments to Executive Order 12,866 and memoranda on regulatory flexibility and regulatory compliance issued by the President on January 18, 2011 and still in effect as of the approval of this Oversight Plan.

Oversight of Federal Tax Policy

The Committee will conduct hearings and investigations into the federal tax code, its impact on small business, and Internal Revenue Service’s (IRS) collection of taxes that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

• Identification of tax code provisions and proposed rules that hinder the ability of small businesses to create jobs and recommendations for modifying those provisions to boost small business job growth.
• Examination of the structure of the tax code in order to simplify compliance for small businesses.
• Assessment of the recordkeeping and reporting requirements associated with tax compliance and suggestions for reducing such burdens on small businesses.
Evaluation of the estate tax provisions to determine whether they inhibit the ability of successive generations to maintain successful job creating enterprises.

Efficiencies at the IRS that improve the interaction between the government and small business owners.

Inefficiencies at the IRS that force small businesses to divert capital from job growth to tax compliance.

OVERSIGHT OF HEALTH CARE POLICY

The Committee will conduct hearings and investigations into federal health care policy (such as Medicare and Medicaid) and the continued implementation of the Patient Protection and Affordable Care Act that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- The cost of the Patient Protection and Affordable Care Act to small businesses, including the self-employed.
- The availability of health insurance in the federal marketplaces established by the Patient Protection and Affordable Care Act.
- The impact of the Patient Protection and Affordable Care Act, Medicare and Medicaid on the ability of physicians, pharmacists, and allied health care providers to offer the best care possible to patients.
- The impact of state tort and insurance laws on the cost of medical care.
- Examination of increases in efficiencies that will improve the provision of health care while reducing costs to small businesses that offer their workers' health insurance.

OVERSIGHT OF ENERGY POLICY

The Committee will conduct hearings and investigations into energy policy to reduce the cost of energy and increase energy independence that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Innovations developed by small businesses that create greater energy independence.
- Federal regulatory policies that increase dependence on foreign sources of energy.
- Policies needed to incentivize production of energy in the United States.
- Examination of commercialization of research in renewable energy.
- Federal regulations or policies that increase energy costs for small businesses.

The primary thrust of the Committee’s efforts will focus on efforts to use the innovation of America’s entrepreneurs to fuel the drive for greater energy independence, including the development of renewable energy products.

OVERSIGHT OF TRADE AND INTELLECTUAL PROPERTY POLICY

The Committee will conduct hearings and investigations into international trade and intellectual property policies of America...
and its trading partners that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Impact of free trade agreements to increase exports by American small businesses.
- Oversight of SBA’s Office of International Trade and the agency’s efforts to promote small business exports.
- Examination of the impact of illicit actions by foreign entities on small businesses and whether the federal government is doing enough to protect their interests.
- Whether the federal government is doing enough to protect the intellectual property rights of small businesses by foreign competitors.
- The impact of federal intellectual property policies, particularly patents and copyrights, to protect the innovations of American entrepreneurs.
- Efforts to increase exports by small businesses.
- Whether the United States Trade Representative and Department of Commerce sufficiently protect the interests of small businesses in the negotiation of free trade agreements.
- Whether the United States Trade Representative takes positions at the World Trade Organization that sufficiently promote the interests of American small businesses.

The focus of oversight will emphasize the best mechanisms to promote and protect advanced technology innovations of small businesses.

REDUCTIONS IN PROGRAMS AND SPENDING

In addition to the programs and policies already cited, the Committee will examine any and all offices and programs that fall within the Committee’s legislative jurisdiction to find areas that could lead to reduction in the federal deficit. Some programs and offices may include:

- State Small Business Credit Initiative operated by Department of Treasury.
- Express Loan Program overseen by SBA.
- Emerging Leaders Initiative started by SBA.
- Clusters Program initiated by the SBA.
- Innovation and Impact Fund Pilot Programs operated by the SBA.
- SBA Office of Policy.
- SBA Regional Administrators.
- Office of Advocacy Regional Advocates.
- SBA Deputy District Directors.
- SBA Office of International Trade.
- SBA Office of Native American Affairs.

In particular, the Committee will assess whether reorganization and reassignment of employees to more critical functions at the SBA, such as positions in the Office of Government Contracting and Business Development will provide a more effective agency at helping small businesses to generate growth.

PROGRAMMATIC DUPLICATION

The Committee notes that §18 of the Small Business Act prohibits duplication of any effort by the Small Business Administra-
tion if a program is already offered by another federal agency unless the Small Business Administration expressly authorizes the duplication. The Committee will continue to monitor the Small Business Administration for programs that duplicate the efforts of other federal agencies.
MEMBERSHIP AND ORGANIZATION
OF THE
COMMITTEE ON SMALL BUSINESS
ONE HUNDRED AND FIFTEENTH CONGRESS
FULL COMMITTEE

Majority
Steve Chabot (OH–01),
Chairman
Steve King (IA–04)
Blaine Luetkemeyer (MO–03)
Dave Brat (VA–07)
Aumua Amata Coleman Radewagen (AS)
Steve Knight (CA–25)
Trent Kelly (MS–01)
Rod Blum (IA–01)
Jenniffer González-Colón (PR)
Brian Fitzpatrick (PA–08)
Roger Marshall (KS–01)
Ralph Norman (SC–05) 1
John Curtis (UT–03) 2
Troy Balderson (OH–12) 3

Minority
Nydia Velázquez, (NY–07),
Ranking Member
Dwight Evans (PA–02)
Stephanie Murphy (FL–07)
Al Lawson, Jr. (FL–05)
Yvette Clarke (NY–09)
Judy Chu (CA–27)
Alma Adams (NC–12)
Adriano Espaillat (NY–13)
Brad Schneider (IL–10)
VACANT

1 Rep. Ron Estes was elected on April 11, 2017 in a special election to replace former Rep. Mike Pompeo and was appointed to the House Committee on Small Business on May 5, 2017. Rep. Estes resigned from the Committee on Small Business on June 27, 2017 to accept an appointment to the House Committee on Homeland Security. Rep. Norman was elected on June 20, 2017 in a special election to replace former Rep. Mick Mulvaney and was appointed to the House Committee on Small Business on June 27, 2017.

2 Rep. Curtis was elected on November 7, 2017 in a special election to replace former Rep. Jason Chaffetz and was appointed to the House Committee on Small Business on November 29, 2017. Rep. Don Bacon resigned from the Committee on Small Business on November 29, 2017 to accept an appointment to the Committee on Homeland Security.

3 Rep. Balderson was elected on August 7, 2018 in a special election to replace former Rep. Pat Tiberi and was appointed to the House Committee on Small Business on September 5, 2018. Rep. James Comer resigned from the House Committee on Small Business on September 5, 2018.

SUBCOMMITTEE ON AGRICULTURE, ENERGY, AND TRADE

Chairman
Rod Blum (IA–01)
Steve King (IA–04)
Blaine Luetkemeyer (MO–03)
Aumua Amata Coleman Radewagen (AS)
John Curtis (UT–03)

Ranking Member
Brad Schneider (IL–10)
Al Lawson, Jr. (FL–05)
VACANT

VACANT
### SUBCOMMITTEE ON HEALTH AND TECHNOLOGY

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**Chairman:** Aumua Amata Coleman Radewagen (AS),
**Ranking Member:** Al Lawson, Jr. (FL–05),
**VACANT:**

### SUBCOMMITTEE ON ECONOMIC GROWTH, TAX, AND CAPITAL ACCESS

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**Chairman:** Dave Brat (VA–07),
**Ranking Member:** Dwight Evans (PA–02),
**VACANT:**

### SUBCOMMITTEE ON INVESTIGATIONS, OVERSIGHT, AND REGULATIONS

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**Chairman:** Trent Kelly (MS–01),
**Ranking Member:** Alma Adams (NC–12),
**VACANT:**

### SUBCOMMITTEE ON CONTRACTING AND WORKFORCE

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**Chairman:** Steve Knight (CA–25),
**Ranking Member:** Stephanie Murphy (FL–07),
**VACANT:**

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LEGISLATIVE ACTIVITIES

Clause 1(d) of Rule XI of the Rules of the House of Representatives for the 115th Congress requires that each standing committee, no later than January 2 of each odd-numbered year, submit to the House a report on the activities of that committee, including a separate section summarizing the legislative activities of that committee.

SMALL BUSINESS REGULATORY FLEXIBILITY IMPROVEMENTS ACT
(H.R. 33)

Summary
H.R. 33 would amend Chapter 6 of Title 5 of the United States Code (commonly known as the Regulatory Flexibility Act) to ensure complete analysis of potential impacts of rules on small entities.

Legislative History
H.R. 33 was introduced by Representative Steve Chabot on January 3, 2017. H.R. 33 was included as Title III to H.R. 5, the Regulatory Accountability Act of 2017. On January 6, 2017, the Committee on Small Business discharged H.R. 5 in a letter to the House Committee on the Judiciary, and on January 9, 2017, notified the Speaker of the House, Paul Ryan, of the discharge. On January 11, 2017, the House passed H.R. 5 by a vote of 238–183 (Roll Call No. 45).

HELPING ANGELS LEAD OUR STARTUPS (HALOS) ACT
(H.R. 79)

Summary
H.R. 79 clarifies Securities law to ensure startup companies are able to participate in “demo days” without violating SEC general solicitation rules and regulations.

Legislative History
SUMMARIES

SUPPORTING AMERICA’S YOUNG ENTREPRENEURS ACT OF 2017
(H.R. 201)

Summary

H.R. 201 would amend title IV (Student Assistance) of the Higher Education Act of 1965 to make eligible for deferment and cancellation under the Federal Direct Loan program a borrower who is an employee or founder of a small business start-up in a distressed area. It also amends the Internal Revenue Code to exclude from an individual’s gross income the amount of such canceled student loan debt. The bill establishes a Federal Direct Refinanced Private Loan program to refinance private education loans. Finally, it establishes a young entrepreneurs business center within the Small Business Administration to certify small business start-ups, identify distressed areas, and approve loan cancelation for founders of small business start-ups.

Legislative History

H.R. 201 was introduced by Representative Nydia Velázquez on January 3, 2017.

COMMERCIAL MARKET REPRESENTATIVES CLARIFICATION ACT OF 2017
(H.R. 1597)

Summary

H.R. 1597 would codify and modernize the Small Business Administration’s (SBA) Commercial Market Representatives (CMR) program. The bill would ensure that small business concerns have the opportunity to compete for subcontracts on large federal prime contracts, and that the SBA employees tasked with enforcement of the subcontracting program have clear direction.

Legislative History

H.R. 1597 was introduced by Representative Dave Brat on March 17, 2017. On May 25, 2017, the Subcommittee on Investigations, Oversight and Regulations and the Subcommittee on Contracting and Workforce held a joint hearing on federal contracting change orders. During the hearing, Members discussed the negative effects of change orders on small federal contractors. H.R. 1597 was included in H.R. 1773, the Clarity for America’s Contractors Act of 2017. H.R. 1597 and H.R. 1773 were subsequently included in H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018, which was reported, as amended, by the House Committee on Armed Services on July 6, 2017, passed the House, as amended, on July 14, 2017 by a vote of 344–81 (Roll Call No. 378), and passed the Senate, as amended, on September 18, 2017 by a vote of 89–8 (Roll Call No. 199). H.R. 1597 and H.R. 1773 were later included in the Conference Report for H.R. 2810, which passed the House on November 14, 2017 by a vote of 356–70 (Roll Call No. 631), the Senate on November 16, 2017 by voice vote, was signed into law by the President on December 12, 2017, and became Public Law Number 115–91.
UNIFYING SMALL BUSINESS TERMINOLOGY ACT
(H.R. 1640)

Summary

H.R. 1640 would amend the Small Business Act to revise the terminology describing the range of the anticipated value of federal procurement contracts that must be reserved exclusively for small businesses.

Legislative History

H.R. 1640 was introduced on March 20, 2017 by Representative Nydia Velázquez. H.R. 1640 was included in H.R. 1773, the Clarity for America’s Small Contractors Act of 2017. H.R. 1640 and H.R. 1773 were included in the National Defense Authorization Act for Fiscal Year 2018, which was reported, as amended, by the House Committee on Armed Services on July 6, 2017, passed the House, as amended, on July 14, 2017 by a vote of 344–81 (Roll Call No. 378), and passed the Senate, as amended, on September 18, 2017 by a vote of 89–8 (Roll Call No. 199). H.R. 1640 and H.R. 1773 were later included in the Conference Report for H.R. 2810, which passed the House on November 14, 2017 by a vote of 356–70 (Roll Call No. 631), the Senate on November 16, 2017 by voice vote, was signed into law by the President on December 12, 2017, and became Public Law Number 115–91.

WOMEN’S BUSINESS CENTERS IMPROVEMENT ACT OF 2017
(H.R. 1680)

Summary

H.R. 1680 amends the Small Business Act to set forth the responsibilities of the Small Business Administration’s (SBA) Office of Women’s Business Ownership. The bill also establishes the criteria for eligible entities, establishes an accreditation program for eligible entities receiving grants from the Office of Women’s Business Ownership, and requires a site visit by the Office prior to an entity receiving a grant to ensure the entity has sufficient resources to provide the services under the grant.

Legislative History

H.R. 1680 was introduced on March 22, 2017 by Representative Steve Knight. H.R. 1640 was included in H.R. 1774, the Developing the Next Generation of Small Businesses Act, and later became part of H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. H.R. 2810 was reported, as amended, by the House Committee on Armed Services on July 6, 2017, and passed the House on July 14, 2017 by a vote of 344–81 (Roll Call No. 378). On September 18, 2017, the Senate passed H.R. 2810, as amended, by a vote of 89–8 (Roll Call No. 199). H.R. 1680 was not included in the final version of H.R. 2810. The House passed H.R. 1680, as amended, on May 8, 2018 under Suspension of the Rules by voice vote.
IMPROVING CONTRACT PROCUREMENT FOR SMALL BUSINESSES THROUGH MORE ACCURATE REPORTING ACT

(H.R. 1693)

Summary

H.R. 1693 amends the Small Business Act to require that SBA include in its annual reports to the House Committee on Small Business and the Senate Committee on Small Business and Entrepreneurship analyzing the number and dollar amount of prime contracts awarded by federal agencies each fiscal year to small business concerns, including those owned and controlled by service-disabled veterans, qualified HUBZone small business concerns, socially and economically disadvantaged individuals, and women, information regarding the small business concerns in these socioeconomic categories that would no longer be deemed a small business concern for the purposes of the initial contract, and those that were awarded using a procurement method that restricted competition to small business in these socioeconomic categories.

Legislative History

H.R. 1693 was introduced on March 23, 2017 by Representative Yvette Clarke. H.R. 1693 was included in H.R. 1773, the Clarity for America’s Small Contractors Act. H.R. 1693 and H.R. 1773 were included in H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. H.R. 2810 was reported, as amended, by the House Committee on Armed Services on July 6, 2017, passed the House, as amended, on July 14, 2017 by a vote of 344–81 (Roll Call No. 378) and the Senate, as amended, on September 18, 2017 by a vote of 89–8 (Roll Call No. 199). H.R. 1693 and H.R. 1773 were included in the Conference Report for H.R. 2810, which passed the House on November 14, 2017 by a vote of 356–70 (Roll No. 631), the Senate on November 16, 2017 by voice vote, was signed into law by the President on December 12, 2017 and became Public Law Number 115–91.

SCORE FOR SMALL BUSINESS ACT OF 2017

(H.R. 1700)

Summary

H.R. 1700 amends the Small Business Act to reauthorize the SCORE program for Fiscal Years 2017 and 2018. It also officially changes the name of the program from Service Corps of Retired Executives to SCORE.

Legislative History

H.R. 1700 was introduced on March 23, 2017 by Representative Alma Adams. H.R. 1700 was included in H.R. 1774, Developing the Next Generation of Small Businesses Act, which later became part of H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. H.R. 2810 was reported, as amended, by the House Committee on Armed Services on July 6, 2017, and passed the House on July 14, 2017 by a vote of 344–81 (Roll Call No. 378). On September 18, 2017, the Senate passed H.R. 2810, as amended, by
a vote of 89–8 (Roll Call No. 199). H.R. 1700 was not included in the final version of H.R. 2810. On July 10, 2018, H.R. 1700 passed the House under Suspension of the Rules by voice vote.

SMALL BUSINESS DEVELOPMENT CENTERS IMPROVEMENT ACT OF 2017
(H.R. 1702)

Summary

H.R. 1702 amends the Small Business Act to improve data collection methods for Small Business Development Centers (SBDC), allow SBDCs increased flexibility to effectively market their services, and implement confidentiality requirements to protect small business clients. Additionally, it requires the SBA to submit an annual report to Congress delineating all entrepreneurial development activity during the current fiscal year.

Legislative History

H.R. 1702 was introduced on March 23, 2017 by Representative Dwight Evans. H.R. 1702 was included in H.R. 1774, Developing the Next Generation of Small Businesses Act, and later became part of H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. H.R. 2810 was reported, as amended, by the House Committee on Armed Services on July 6, 2017, and passed the House on July 14, 2017 by a vote of 344–81 (Roll Call No. 378). On September 18, 2017, the Senate passed H.R. 2810, as amended, by a vote of 89–8 (Roll Call No. 199). H.R. 1702 was not included in the final version of H.R. 2810. On May 8, 2018, the House passed H.R. 1702, as amended, under Suspension of the Rules by voice vote.

CLARITY FOR AMERICA’S SMALL CONTRACTORS ACT OF 2017
(H.R. 1773)

Summary

H.R. 1773 amends the Small Business Act to expand and improve opportunities for America’s small businesses to compete for federal contracts. The measure would: modernize the Small Business Act and the SBA’s reporting requirements to ensure that the language used is clear across all federal procurement programs; strengthen small business advocates within the SBA and other agencies so they can promote competition and compliance; and improve opportunities for small businesses to compete for contracts.

Legislative History

H.R. 1773 was introduced on March 29, 2017 by Chairman Steve Chabot. H.R. 1773 was included in H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. H.R. 2810 was reported, as amended, by the House Committee on Armed Services on July 6, 2017, passed the House, as amended, on July 14, 2017 by a vote of 344–81 (Roll Call No. 378), and the Senate, as amended, on September 18, 2017, by a vote of 89–8 (Roll Call No. 199). H.R. 1773 was later included in the Conference Report for H.R. 2810, which passed the House on November 14, 2017 by a vote of 356–70 (Roll Call No. 631), the Senate on November 16, 2017 by voice vote, was
signed by the President on December 12, 2017, and became Public Law Number 115–91.

DEVELOPING THE NEXT GENERATION OF SMALL BUSINESSES ACT OF 2017
(H.R. 1774)

Summary

H.R. 1774 amends the Small Business Act to reauthorize and improve the Small Business Administration’s Small Business Development Centers (SBDC) program, the Women’s Business Centers (WBC) program, and the SCORE program. The bill modernizes the SBDCs while increasing SBA’s data collection compliance; enhances training and creates an accreditation process for WBCs; and requires the SCORE program to expand its use of online components and develop a strategic plan.

Legislative History

H.R. 1774 was introduced on March 29, 2017 by Representative Nydia Velázquez. H.R. 1774 was included in H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. H.R. 2810 was reported, as amended, by the House Committee on Armed Services on July 6, 2017, and passed the House on July 14, 2017 by a vote of 344–81 (Roll Call No. 378). On September 18, 2017, the Senate passed H.R. 2810, as amended, by a vote of 89–8 (Roll Call No. 199). The House agreed to the Conference Report on November 14, 2017 by a vote of 356–20 (Roll Call No. 631), the Senate on November 16, 2017 by voice vote. H.R. 1774 was not included in the final version of H.R. 2810.

TO AMEND THE SMALL BUSINESS ACT TO PROVIDE THE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION AUTHORITY TO INCREASE THE AMOUNT FOR GENERAL BUSINESS LOANS, AND FOR OTHER PURPOSES
(H.R. 1915)

Summary

H.R. 1915 amends the Small Business Act to provide that if the amount of Small Business Administration (SBA) commitments for authorized general business loans for a fiscal year exceeds the limit on the total amount of commitments the SBA may make for such loans under such Act, the SBA may make such commitments for such loans for such fiscal year in a total amount equal to up to 120% of that limit.

Legislative History

H.R. 1915 was introduced on April 5, 2017 by Representative Nydia Velázquez. H.R. 1915 was included H.R. 4743, the Small Business 7(a) Lending Oversight Reform Act of 2018. On April 5, 2017, the Committee on Small Business held a hearing to receive testimony from SBA Administrator Linda McMahon to discuss Administrative priorities. During the hearing, Members discussed with the Administrator the need to provide flexibility in the 7(a) authorization cap to ensure stability within the program. The Com-
committee met in open session on March 14, 2018 and ordered H.R. 4743 reported favorably, as amended, to the House by voice vote. On May 8, 2018, the House passed H.R. 4743, as amended, under Suspension of the Rules by voice vote. On June 5, 2018, the Senate passed the bill by unanimous consent. It was signed into law by the President on June 21, 2018 and became Public Law Number 115–189.

**MICROLOAN MODERNIZATION ACT**

(H.R. 2056)

*Summary*

H.R. 2056 would amend the Small Business Act to provide for expanded participation in the Microloan Program.

*Legislative History*

H.R. 2056 was introduced on April 6, 2017 by Representative Stephanie Murphy. In the 114th Congress, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Improving Capital Access Programs within the SBA” on May 19, 2015. At the hearing, the Subcommittee heard testimony from industry representatives about SBA capital access programs, including the Microloan program. On June 15, 2017, the Committee met in open session and ordered H.R. 2056 reported favorably to the House, as amended, by a 19–0 vote. On July 24, 2017, H.R. 2056 passed the House under Suspension of the Rules by voice vote.

H.R. 2056 was included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2019. H.R. 5515 passed the House on May 24, 2018 by a vote of 351–66 (Roll Call No. 230) and the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll Call Number 128). The conference report for H.R. 5515 passed the House on July 26, 2018 by a vote of 359–54 (Roll Call No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.

**SMALL BUSINESS INVESTMENT OPPORTUNITY ACT**

(H.R. 2333)

*Summary*

H.R. 2333 would amend the Small Business Investment Act of 1958 to increase the amount of leverage available to small business investment companies.

*Legislative History*

H.R. 2333 was introduced on May 3, 2017 by Representative Steve Knight. In the 114th Congress, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Improving Capital Access Programs within the SBA.” The Subcommittee heard testimony from witnesses on capital access programs, including the Small Business Investment Company Program, and urged the Subcommittee to support legislation to increase the amount of private funds available to small firms. On June 15, 2017, the Committee met in open session and ordered
H.R. 2333 reported favorably to the House, as amended, by a 21–0 vote. On July 24, 2017, the House passed H.R. 2333 under Suspension of the Rules by voice vote. On June 5, 2018, the Senate passed the bill by unanimous consent. It was signed into law by the President on June 21, 2018 and became Public Law Number 115–187.

SMALL BUSINESS KNOW-BEFORE-YOU-BID-CONSTRUCTION TRANSPARENCY ACT

(H.R. 2350)

Summary

H.R. 2350 would amend the Small Business Act to foster greater transparency in, and establish standards related to the administration of modifications to small business construction contracts.

Legislative History

H.R. 2350 was introduced by on May 4, 2017 by Representative Don Bacon.

INVESTING IN MAIN STREET ACT OF 2017

(H.R. 2364)

Summary

H.R. 2364 would amend the Small Business Investment Act of 1958 to increase the percentage that certain banks and savings associations may invest in small business investment companies.

Legislative History

H.R. 2364 was introduced on May 4, 2017 by Representative Judy Chu. On July 25, 2013, the Subcommittee on Investigations, Oversight and Regulations held a hearing titled “Examining the Small Business Investment Company Program.” The Subcommittee reviewed whether the Small Business Investment Company (SBIC) Program is meeting the needs of small business owners and reducing risk to taxpayers. The Committee heard from witnesses who strongly supplied allowing experienced managers of SBIC funds to increase their leverage, making more private capital available to investors.

On May 19, 2015, the Subcommittee on Economic Growth, Tax and Capital Access held a hearing titled “Improving Capital Access Programs within the SBA.” The Subcommittee heard testimony from witnesses on capital access programs, including the Small Business Investment Company Program, and urged the Subcommittee to support legislation to increase the amount of private funds available to small firms. On June 15, 2017, the Committee met in open session and ordered H.R. 2364 reported favorably to the House by a 21–0 vote. On July 24, 2017, the House passed H.R. 2364 under Suspension of the Rules by voice vote. Portions of H.R. 2364 were included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2019, which passed the House on May 24, 2018 by a vote of 351–66 (Roll Call No. 230), the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll No. 128). Those portions were later removed from the conference report on H.R. 5515.
H.R. 2364 was also included in H.R. 6147, the Interior, Environment, Financial Services and General Government Appropriations Act of 2019 and S. 488, the JOBS and Investor Confidence Act of 2018, both of which failed to advance.

PUERTO RICO SMALL BUSINESS ASSISTANCE ACT OF 2017
(H.R. 2488)

Summary
H.R. 2489 would amend the Small Business Act regarding small businesses that have their principal office in Puerto Rico, including to temporarily: (1) increase the total amount of loans outstanding and committed to any microloan intermediary if at least 20% of the intermediary’s loans are made to such businesses; (2) waive the Small Business Administration (SBA) Microloan Program’s limit on an intermediary’s spending on technical assistance for prospective borrowers if 25% of the intermediary’s loans are made to these businesses; (3) reduce or eliminate SBA fees on certain loans to such businesses; and (4) give federal contract preference to such businesses, transfer specified technology or surplus property to them, and provide subcontracting incentives for their protege firms. It would also require the SBA to establish: (1) a Veteran Business Outreach Center in Puerto Rico, and (2) a temporary Federal and State Technology (FAST) grant program to provide assistance to Puerto Rico businesses.

Legislative History
H.R. 2488 was introduced by Representative Nydia Velázquez on May 17, 2017.

TO AMEND THE SMALL BUSINESS INVESTMENT ACT OF 1958 AND THE SMALL BUSINESS ACT TO INCLUDE SMALL BUSINESS INVESTMENT COMPANIES IN THE SMALL BUSINESS INNOVATION RESEARCH AND SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAMS
(H.R. 2489)

Summary
H.R. 2489 would amend the Small Business Investment Act of 1958 and the Small Business Act to include Small Business Investment Companies in the Small Business Innovation Research and Small Business Technology Transfer Programs.

Legislative History
H.R. 2489 was introduced by Representative Nydia Velázquez on May 17, 2017.

SMALL BUSINESS PAYMENT FOR PERFORMANCE ACT
(H.R. 2594)

Summary
H.R. 2594 would amend the Small Business Act to ensure that small business federal contractors are paid in a timely manner for change orders.
**Legislative History**

H.R. 2594 was introduced on May 23, 2017 by Representative Brian Fitzpatrick. On May 25, 2017, a joint hearing was held by the Small Business Subcommittee on Contracting and Workforce and the Subcommittee on Investigations, Oversight and Regulations on federal contracting change orders. On June 15, 2017, the Committee met in open session and ordered H.R. 2594 reported favorably to the House, as amended, by a 21–0 vote.

**SMALL BUSINESS INNOVATION PROTECTION ACT**

(H.R. 2655)

**Summary**

H.R. 2655 would amend the Small Business Act to expand intellectual property education and training for small businesses by establishing a partnership between the United States Small Business Administration and the United States Patent and Trademark Office.

**Legislative History**

H.R. 2655 was introduced on May 25, 2018 by Representative Dwight Evans. On March 14, 2017, the Committee met in open session and ordered H.R. 2655 reported favorably by voice vote. On May 21, 2018, the Committee on the Judiciary discharged H.R. 2655 in a letter to the House Committee on Small Business. On July 10, 2018, H.R. 2655 passed the House under Suspension of the Rules by voice vote. The Senate version of the bill, S. 791, was passed by voice vote in the Senate on July 18, 2018. The Committee on Small Business and the House Committee on the Judiciary discharged S. 791 in an exchange of letters on September 20, 2018. On September 25, 2018, S. 791 passed the House under Suspension of the Rules by voice vote. On October 9, 2018, S. 791 was signed by the President and became Public Law Number 115.

**SBIR COMMERCIALIZATION ASSISTANCE ACT OF 2017**

(H.R. 2702)

**Summary**

H.R. 2702 would amend the Small Business Act to require a federal agency required to have a Small Business Innovation Research (SBIR) program (covered agency) to implement a commercialization assistance pilot program (CAPP), under which an eligible entity may receive a subsequent Phase II SBIR award through FY2022, unless the Small Business Administration determines that the agency already has a program sufficiently similar to a CAPP.

**Legislative History**

H.R. 2702 was introduced by Representative Al Lawson on May 25, 2017. H.R. 2702 was included as an amendment to H.R. 2763, the Small Business Innovation Research and Small Business Transfer Improvements Act of 2017. The bill was included in the Conference Report for H.R. 5515, the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which passed the
House on July 26, 2018 by a vote of 359–54 (Roll No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.

SMALL BUSINESS INNOVATION RESEARCH PROGRAM AND SMALL BUSINESS TECHNOLOGY TRANSFER IMPROVEMENTS ACT
(H.R. 2763)

Summary

H.R. 2763 improves agency accountability, including several hard reporting deadlines for participating agencies and for the Small Business Administration (SBA) to provide future Congresses with better information and a greater understanding of the programs’ strengths and weaknesses. It also statutorily requires the Secretary of Defense to set a goal to increase the number of Phase II contracts that lead to technology insertion into programs of record or fielded systems and to use incentives to encourage agency program managers and prime contractors to meet that goal. The bill also allows participating agencies to establish a new, separate Commercialization Assistance Pilot Program, if the agency is not currently operating such a similar program, within one year of passage of the bill. Finally, the legislation extends three popular pilot programs also established by Public Law 112–81 through FY 2022, when the full program will need a full reauthorization. One pilot provides authority for participating agencies to utilize 3 percent of the SBIR program for costs relating to administrative, oversight, and contract processing activities. Another pilot allows participating agencies to offer a straight to Phase II option for small firms that have established they have completed the work traditionally done in Phase I of the program. The last pilot carves out a small portion of the STIR funding to establish Phase “Proof of Concept” grants to universities engaged in entrepreneurship building to create new small firms spun out of university research.

Legislative History

H.R. 2763 was introduced by Representative Steve Knight on May 30, 2017. It was referred to the Committee on Small Business and the Committee on Science, Space and Technology. On October 11, 2017, the bill passed the House under Suspension of the Rules by voice vote. Provisions of the bill were included in the Conference Report for H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018, which passed the House on November 14, 2017 by a vote of 366–70 (Roll Call No. 631), the Senate on November 16, 2017 by voice vote, was signed by the President on December 12, 2017 and became Public Law Number 115–91. Additional provisions were included in the Conference Report for H.R. 5515, which passed the House on July 26, 2018 by a vote of 359–54 (Roll No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.
SMALL BUSINESS DEVELOPMENT CENTER CYBER TRAINING ACT

(H.R. 3170)

Summary
H.R. 3170 would improve cybersecurity resources for small businesses. Specifically, H.R. 3170 would amend the Small Business Act to require cyber certification for small business development center counselors.

Legislative History
H.R. 3170 was introduced by Chairman Steve Chabot on July 10, 2017. It was referred to the Committee on Small Business. During the 115th Congress, the Committee held a number of hearings, detailed elsewhere in this report, on cybersecurity issues. The Committee met in open session on March 14, 2018 and ordered H.R. 3170 reported favorably to the House by voice vote. On May 8, 2018, the House passed H.R. 3170 under Suspension of the Rules by voice vote.

HUBZONE UNIFICATION AND BUSINESS STABILITY (HUBS) ACT

(H.R. 3294)

Summary
H.R. 3294 would improve and reform the Historically Underutilized Business Zone (HUBZone) Program, a procurement program that provides federal assistance to firms in economically distressed areas. H.R. 3294 includes new program performance metrics, an accelerated application process, and a five year cycle to determine the program’s geographic boundaries, to increase certainty for participating companies.

Legislative History
H.R. 3294 was introduced by Ranking Member Nydia Velázquez on July 19, 2017. It was referred to the Committee on Small Business. During the 114th and 115th Congresses, the Committee held several hearings on the HUBZone program. On September 13, 2017, the Committee held a legislative hearing on H.R. 3294 in which the Committee heard from small contractors about the challenges of the HUBZone program. H.R. 3294 was included in H.R. 2810, the National Defense Authorization Act for Fiscal Year 2018. H.R. 2810 was reported, as amended, by the House Committee on Armed Services on July 6, 2017, and passed the House on July 14, 2017 by a vote of 344–81 (Roll Call No. 378). On September 18, 2017, the Senate passed H.R. 2810, as amended, by a vote of 89–8 (Roll Call No. 199). H.R. 3294 was included in the Conference Report for H.R. 2810, which passed the House on November 14, 2017 by a vote of 356–70 (Roll Call No. 631), the Senate on November 16, 2017 by voice vote, was signed into law by the President on November 16, 2017, and became Public Law No. 115–91.
SMALL BUSINESS OWNERS’ TAX SIMPLIFICATION ACT OF 2017  
(H.R. 3717)

Summary

H.R. 3717 would update the United States Code to simplify tax compliance for small businesses. In particular, the bill would help to reduce complexity and simplify filing for entrepreneurs.

Legislative History

H.R. 3717 was introduced by Chairman Steve Chabot on September 8, 2017. It was referred to the House Committee on Ways and Means. The Committee has held several hearings and roundtables on reforming the tax code and the need to expand “cafeteria” benefit plans. On September 27, 2017, the Committee held a legislative hearing on the challenges small business owners face in grappling with a voluminous and complicated tax code.

SPURRING SMALL BUSINESSES IN COMMUNITIES ACT OF 2017  
(H.R. 4111)

Summary

H.R. 4111 would amend the Small Business Act of 1958 to improve the number of small business investment companies in under-licensed states.

Legislative History

H.R. 4111 was introduced by Representative Cathy McMorris Rodgers on October 24, 2017. It was referred to the House Committee on Small Business. On May 8, 2018, the House passed H.R. 4111 under Suspension of the Rules by voice vote. On December 6, 2018, the Senate passed H.R. 4111.

SMALL BUSINESS ADVANCED CYBERSECURITY ENHANCEMENTS ACT OF 2017  
(H.R. 4668)

Summary

H.R. 4668 would amend the Small Business Act to provide to establish Small Business Development Centers (SBDCs) as the primary interface for federal information sharing for small businesses; to ensure small businesses that share cyber indicators through SBDCs receive the same protections and exemptions provided in the Cybersecurity Information Sharing Act of 2015; to ensure that any policies or rulemaking adopted by any federal agency as a result of small business cyber information sharing do not unfairly burden small businesses; and, to expand liability protections for small businesses that engage with the federal government in good faith.

Legislative History

H.R. 4668 was introduced by Chairman Steve Chabot on December 18, 2017. It was referred to the Committee on Small Business. The Committee has held a number of hearings on cyber security for
small business and the need to help small firms protect their data, including those held on July 26, 2017 and January 30, 2018. The Committee met in open session on March 14, 2018 and ordered H.R. 4668 reported favorably, as amended, to the House by voice vote.

SMALL BUSINESS BROADBAND AND EMERGING INFORMATION TECHNOLOGY ENHANCEMENT ACT OF 2017

(H.R. 4677)

Summary

H.R. 4677 would improve certain programs of the SBA to better assist small business customers in accessing broadband technology.

Legislative History

H.R. 4677 was introduced by Representative Seth Moulton on December 18, 2017. It was referred to the House Committee on Small Business. H.R. 4677 was included in H.R. 5515, the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which passed the House on May 24, 2018 by a vote of 351–66 (Roll Call No. 230), the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll No. 128). Several provisions were later removed from the Conference Report on H.R. 5515, which passed the House on July 26, 2018 by a vote of 359–54 (Roll No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.

SMALL BUSINESS 7(A) LENDING OVERSIGHT REFORM ACT OF 2017

(H.R. 4743)

Summary

H.R. 4743 would improve oversight of SBA’s 7(a) Loan Program. It would do this by: 1) codifying the Office of Credit Risk Management and its duties; 2) requiring SBA to detail its oversight budget in a transparent manner; and 3) requiring SBA to perform a full risk analysis of the 7(a) program annually. The bill would also strengthen SBA’s Credit Elsewhere Test by clarifying the factors that SBA must consider in determining whether the test has been met.

Legislative History

H.R. 4743 was introduced by Chairman Steve Chabot on January 9, 2018. It was referred to the Committee on Small Business. During the 114th and 115th Congresses, the Committee held several beatings on the 7(a) Program, including hearings on March 9, 2017 and May 17, 2017. The Committee held a legislative hearing on H.R. 4743 on January 17, 2018. The Committee met in open session on March 14, 2018 and ordered H.R. 4743 reported favorably, as amended, to the House by voice vote. On May 8, 2018, the House passed H.R. 4743, as amended, under Suspension of the Rules by voice vote. On June 5, 2018, the Senate passed the bill by unanimous consent. It was signed into law by the President on June 21, 2018 and became Public Law Number 115–189.
CHANGE ORDER TRANSPARENCY FOR FEDERAL CONTRACTORS ACT

(H.R. 4754)

Summary
H.R. 4754 would amend the Small Business Act to provide prospective construction contractors with information about an agency’s policies on the administration of contract change orders. This would allow small contractors to make informed business decisions regarding the pricing of contract bids or proposals.

Legislative History
H.R. 4754 was introduced by Representative Don Bacon, a former Member of the Small Business Committee, on January 30, 2018. The bill was referred to the Committee on Small Business. The Subcommittees on Contracting and Workforce and Investigations, Oversight, and Regulations held a joint hearing on contract change order issues on May 25, 2017. On May 8, 2018, the House passed H.R. 4754, under Suspension of the Rules, by voice vote.
H.R. 4754 was included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2019. H.R. 5515 passed the House on May 24, 2018 by a vote of 351–66 (Roll Call No. 230), and the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll Call Number 128). The conference report for H.R. 5515 passed the House on July 26, 2018 (Roll Call No. 379), the Senate on August 1, 2018 by a vote of 871–10 (Roll No. 181), was signed by the President on August 13, 2018, and became Public Law Number 115–232).

SERVICE-DISABLED VETERANS SMALL BUSINESS CONTINUATION ACT

(H.R. 5044)

Summary
H.R. 5044 would amend the Small Business Act to clarify the treatment of certain surviving spouses of service-disabled veterans under the contracting goals and small business preferences of the Department of Veterans Affairs.

Legislative History
H.R. 5044 was introduced by Chairman Steve Chabot on February 15, 2018. The House Committee on Veterans Affairs met in open session on May 18, 2018 and ordered H.R. 5044 reported favorably to the House by voice vote. On May 21, 2018, the House passed H.R. 5044 under Suspension of the Rules by voice vote.

CONTRACTING COMPLIANCE ACT

(H.R. 5144)

Summary
H.R. 5144 would require the Comptroller General of the United States to report on compliance of contracting agencies with subcontracting plans and subcontracting goals under the Small Business Act.
Legislative History

H.R. 5144 was introduced by Representative Rod Blum on March 1, 2018. The bill was referred to the Committee on Small Business.

PUERTO RICO SMALL BUSINESS CONTRACTING ASSISTANCE ACT

(H.R. 5178)

Summary

H.R. 5178 would amend the Small Business Act to provide double agency credit for contract awards to Puerto Rico small businesses as well as a number of additional incentives promoting the selection of Puerto Rico small businesses as protégés for purposes of increasing and promoting Puerto Rico small business participation in the federal marketplace.

Legislative History

H.R. 5178 was introduced by Representative Nydia Velázquez on March 6, 2018 and was referred to the Committee on Small Business. The Committee met in open session on March 14, 2018 and ordered H.R. 5178 reported favorably to the House by voice vote. H.R. 5178 was included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2019, which passed the House on May 24, 2018 (Roll Call No. 230) and the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll No. 128). The Conference Report for H.R. 5515 passed the House on July 26, 2018 by a vote of 359–54 (Roll Call No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.

MAIN STREET EMPLOYEE OWNERSHIP ACT

(H.R. 5236)

Summary

H.R. 5236 would amend the Small Business Act to expand lending options available to employee-owned small businesses through Small Business Administration loan programs.

Legislative History

H.R. 5236 was introduced by Ranking Member Nydia Velázquez on March 8, 2018 and was referred to the Committee on Small Business. The Committee met in open session on March 14, 2018 and ordered H.R. 5236 reported favorably, as amended, to the House by voice vote. On May 8, 2018, the House passed H.R. 5236, as amended, under Suspension of the Rules by voice vote. H.R. 5236 was included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2019, which passed the House on May 24, 2018 (Roll Call No. 230) and the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll No. 128). The Conference Report for H.R. 5515 passed the House on July 26, 2018 by a vote of 359–54 (Roll Call No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.
ACCELERATED PAYMENTS OF SMALL BUSINESS CONTRACTORS ACT
(H.R. 5337)

Summary
H.R. 5337 would amend Section 3903 of title 31 of the United States Code to establish accelerated payments applicable to contracts with certain small businesses.

Legislative History
H.R. 5337 was introduced by Representative Steve Knight on March 20, 2018. It was referred to the Committee on Oversight and Government Reform. H.R. 5337 was included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2019, which passed the House on May 24, 2018 by a vote of 351–66 (Roll No. 230) and the Senate, as amended, on June 18, 2018 (Roll No. 128). It was included in the conference report on H.R. 5515, which passed the House on July 26, 2018 by a vote of 359–54 (Roll Call No. 379), the Senate on August 1, 2018 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.

SMALL BUSINESS ADVOCACY IMPROVEMENTS ACT
(H.R. 6316)

Summary
H.R. 6316 would clarify the functions and duties of the Office of Advocacy of the Small Business Administration to explicitly permit the Office of Advocacy to examine the rule of small business in international economies and to represent small business views and interests before foreign governments and international entities. The bill also corrects two spelling errors in Section 202 of Public Law 94–305.

Legislative History
H.R. 6316 was introduced by Representative James Comer on July 6, 2018. It was referred to the Committee on Small Business. The Committee met in open session on July 18, 2018 and ordered H.R. 6316 reported favorably, as amended, to the House by voice vote. On September 25, 2018, the House passed H.R. 6316 under suspension of the rules by voice vote.

SMALL BUSINESS RUNWAY EXTENSION ACT OF 2018
(H.R. 6330)

Summary
H.R. 6330 would amend the Small Business Act to modify the method for prescribing size standards for small business concerns.

Legislative History
H.R. 6330 was introduced by Representative Steve Knight on July 11, 2018. It was referred to the Committee on Small Business. The Committee met in open session on July 18, 2018 and ordered H.R. 6330 reported favorably, as amended, to the House by voice vote.
vote. H.R. 6330 passed the House on September 28, 2018 under suspension of the rules by voice vote. On December 6, 2018, the Senate passed H.R. 6330.

THE 7(A) REAL ESTATE APPRAISAL HARMONIZATION ACT
(H.R. 6347)

Summary

H.R. 6347 would adjust the real estate appraisal thresholds under the 7(a) program to bring them into line with the thresholds used by federal banking regulators.

Legislative History

H.R. 6347 was introduced on July 12, 2018 by Representative Dwight Evans. It was referred to the Committee on Small Business. The Committee met in open session on July 18, 2018 and ordered H.R. 6347 reported favorably, as amended, to the House by voice vote. On September 25, 2018, the House passed H.R. 6347 under suspension of the rules by voice vote.

SMALL BUSINESS ACCESS TO CAPITAL AND EFFICIENCY (ACE) ACT
(H.R. 6348)

Summary

H.R. 6348 would adjust the real estate appraisal thresholds under the Small Business Investment Act’s 504 program to bring them into line with the thresholds used by federal regulators.

Legislative History

H.R. 6348 was introduced by Representative John Curtis on July 12, 2018. It was referred to the Committee on Small Business. The Committee met in open session on July 18, 2018 and ordered H.R. 6348 reported favorably, as amended, to the House by voice vote. On September 25, 2018, the House passed H.R. 6348 under suspension of the rules by voice vote.

INCENTIVIZING FAIRNESS IN SUBCONTRACTING ACT OF 2018
(H.R. 6367)

Summary

H.R. 6367 would amend the Small Business Act to specify what credit is given to prime contractors under their subcontracting plans for contracting with certain small subcontractors and to provide an alternative dispute process for prime contractor non-payment to small subcontractors.

Legislative History

H.R. 6367 was introduced by Representative Al Lawson on July 13, 2018. It was referred to the Committee on Small Business. The Committee met in open session on July 18, 2018 and ordered H.R. 6367 reported favorably, as amended, to the House by voice vote. H.R. 6367 passed the House on September 25, 2018 under suspension of the rules by voice vote.
ENCOURAGING SMALL BUSINESS INNOVATORS ACT  
(H.R. 6368)

Summary

H.R. 6368 would encourage R&D small business set asides, to encourage SBIR and STTR participants to serve as mentors under the Small Business Administration’s mentor-protégé program and to promote the use of interagency contracts.

Legislative History

H.R. 6368 was introduced by Representative Adriano Espaillat on July 13, 2018. It was referred to the Committees on Small Business, Science, Space, and Technology, and Oversight and Government Reform. The Committee met in open session on July 18, 2018 and ordered H.R. 6368 reported favorably, as amended, to the House by voice vote. H.R. 6368 was included in the conference report for H.R. 5515, the John S. McCain National Defense Authorization Act for FY 2019, which passed the House on July 26, 2018 by a vote of 359–54 (Roll Call Number 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.

EXPANDING CONTRACTING OPPORTUNITIES FOR SMALL BUSINESSES ACT OF 2018

(H.R. 6369)

Summary

H.R. 6369 would amend the Small Business Act to eliminate the inclusion of option years in the award price for sole source contracts and institute a new oversight mechanism ensuring sole source awards are made to eligible women-owned and service-disabled veteran-owned small businesses.

Legislative History

H.R. 6369 was introduced by Representative Roger Marshall on July 13, 2018. It was referred to the Committee on Small Business. The Committee met in open session on July 18, 2018 and ordered H.R. 6369 reported favorably, as amended, to the House. H.R. 6369 passed the House on September 25, 2018 under suspension of the rules by a vote of 392–5.

CLARITY ON SMALL BUSINESS PARTICIPATION IN CATEGORY MANAGEMENT ACT OF 2018

(H.R. 6382)

Summary

H.R. 6382 would require the Small Business Administration to report on information regarding the total amount of spending across the government on contracts designated as best-in-class, and the total spent on goods and services for certain small businesses in an existing annual report, as soon as such information is available in the Federal Procurement Database System.
Legislative History

H.R. 6382 was introduced by Representative Alma Adams on July 16, 2018. It was referred to the Committee on Small Business. The Committee met in open session on July 18, 2018 and ordered H.R. 6382 reported favorably, as amended, to the House by voice vote. On September 25, 2018, the House passed H.R. 6382 under suspension of the rules by voice vote.

ACCESS TO SUFFICIENT CAPITAL FOR EVERYONE IN NATURAL DISASTER AREAS (ASCEND) ACT OF 2018
(H.R. 6826)

Summary

H.R. 6826 would amend the Small Business Act to provide an application extension for victims of Hurricanes Harvey, Irma, and Maria. It also extends the collateral requirements for disaster loans under the RISE After Disaster Act of 2015 for 5 years.

Legislative History

H.R. 6826 was introduced by Representative Nydia Velázquez on September 13, 2018.

EXPRESSING SUPPORT FOR THE DESIGNATION OF APRIL 29, 2018 THROUGH MAY 5, 2018 AS NATIONAL SMALL BUSINESS WEEK
(H. Res. 840)

Summary

H. Res. 840 would designate the week of April 29, 2018 through May 5, 2018 as “National Small Business Week.”

Legislative History

H. Res. 840 was introduced on April 24, 2018 by Chairman Steve Chabot with Ranking Member Nydia Velázquez and all Members of the Committee on Small Business. It was referred to the Committee on Small Business.

RECOGNIZING NOVEMBER 4, 2018 AS “SMALL BUSINESS SATURDAY”
(H. Res. 1144)

Summary

H. Res. 1144 would designate November 24, 2018 as “Small Business Saturday” and support efforts to increase awareness of the value of locally owned small businesses.

Legislative History

H. Res. 1144 was introduced on November 13, 2018 by Chairman Steve Chabot with Ranking Member Nydia Velázquez. It was referred to the Committee on Small Business.
OVERSIGHT SUMMARY

Clause 1(d) of rule XI of the Rules of the House of Representatives for the 115th Congress requires each standing committee, not later than January 2 of each odd numbered year, to submit to the House a report on the activities of that committee, including a separate section summarizing the oversight activities of that committee. The report shall also include a delineation of any hearings held pursuant to clauses 2(n), (o), or (p) of rule XI related to waste, fraud and abuse in government programs.

PART A

FULL COMMITTEE HEARINGS

HEARING: “REIMAGINING THE HEALTH CARE MARKETPLACE FOR AMERICA’S SMALL BUSINESSES”

On February 7, 2017 the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Reimagining the Health Care Marketplace for America’s Small Businesses.” The hearing was called to examine the current health insurance marketplace for small firms, review recent difficulties, and explore options to improve access, affordability, and consistency in America’s health insurance market.

The Affordable Care Act made numerous and significant changes to the way health care is financed, organized, and delivered in the United States. The law included a multifaceted set of interconnected provisions that addressed how the private health insurance market functions.

Witnesses on the panel were: Mr. Tom Secor, President, Durable Corporation, Norwalk, OH, testifying on behalf of the National Small Business Association; Mr. Keith Hall, President and CEO, National Association for the Self Employed, Washington, DC; Mr. Kevin Kuhlman, Director of Government Relations, National Federation of Independent Business, Washington, DC; and Ms. Dania Palanker, Assistant Research Professor, Center on Health Insurance Reforms, Health Policy Institute, Georgetown University, Washington, DC.

At the hearing, Chairman Chabot stated that doing nothing is not an option because the current system is in a death spiral, and it is important to remember that the damage done by the health care law was not limited to the new problems it created for the health care marketplace. It also exacerbated and made long-standing problems worse in that marketplace. Mr. Secor testified that fewer and fewer small businesses, especially those with fewer than 50 employees, offer health insurance as an employee benefit. This is not because they do not want to, or cannot find an insurance car-
rier in their market; it is because they simply cannot afford to offer a plan. He also emphasized that since the law was enacted, his business has many fewer choices of health care law—approved plans. Mr. Hall testified that his members view their health insurance purchase as a business decision and unfortunately the self-employed and micro-business owners currently do not receive the same tax incentives as other businesses. Mr. Kuhlman testified that because of the law, there has been a significant 25 percent reduction in the offer rate for small businesses between 2010 and 2015. He added that for the first time ever, fewer than 30 percent of businesses with under 50 employees offered health insurance to their employees in 2015. Ms. Palanker stated that small businesses were better off today than they were prior to enactment of the law because of greater choices in the types of benefits offered by the health care laws’ coverage mandates.

HEARING: “START-UPS STALLING? THE TAX CODE AS A BARRIER TO ENTREPRENEURSHIP”

On February 15, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Start-ups Stalling? The Tax Code as a Barrier to Entrepreneurship.” The hearing examined the extent to which the tax code operates as a barrier to entrepreneurship.

The witnesses for the hearing were: Mr. Kyle Pomerleau, Director of Federal Projects, Tax Foundation, Washington, DC; Mr. David Burton, Senior Fellow, Economic Policy, The Heritage Foundation, Washington, DC; Mr. Tim Reynolds, President, Tribute Inc., Hudson, OH, testifying on behalf of the National Small Business Association; and Mr. Troy Lewis, Tax Executive Committee Immediate Past Chair, American Institute of CPAs, Washington, DC.

Mr. Pomerleau focused on the tax treatment of business losses, capital losses, and business investment, as well as the relatively high tax rates on business income, as barriers to entrepreneurial ventures that tend to run losses for some time before turning a profit. Mr. Burton identified the four largest sources of complexity in the tax law as: (1) capital cost recovery; (2) inventory accounting; (3) employee benefit taxation; and (4) international taxation; and he made about a dozen recommendations for changes going forward. Mr. Reynolds echoed some of Mr. Pomerleau’s and Mr. Burton’s concerns, adding that his company, because it is an S corporation, cannot avail itself of the research and experimentation (R&E) tax credit because he is often personally subject to the alternative minimum tax (AMT). Mr. Lewis addressed more than a dozen issues that would help to reduce tax barriers to start-ups; including defining and distinguishing compensation; creating a safe harbor for employees who travel out of state; and simplifying tax penalties and administration.

HEARING: “SMALL BUSINESS CYBERSECURITY: FEDERAL RESOURCES AND COORDINATION”

On March 8, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Small Business Cybersecurity: Federal Resources and Coordination.” The hearing was called to examine the steps the federal
government is taking to ensure that small businesses have the tools they need to protect themselves from cyber threats. Although many federal agencies provide cybersecurity resources for small businesses, there is a lack of coordination between the various agencies. The agencies should ensure that small businesses can access these tools to protect and combat cyber attacks in an efficient and effective manner.

Witnesses on the only panel were: The Honorable Maureen K. Ohlhausen, Acting Chairman, Federal Trade Commission, Washington, DC; Chuck Romine, Ph.D., Director, Information Technology Lab, Gaithersburg, MD; Mr. Charles “Tee” Rowe, President and CEO, America’s Small Business Development Centers, Arlington, VA; and Mr. Jim Mooney, President and CEO, Chevron Federal Credit Union, Cybersecurity Committee Chair, National Association of Federally Insured Credit Unions, Arlington, VA.

At the hearing, Chairman Chabot stated that the federal government needs to step up its game in protecting the cyber security of small businesses. He said that federal agencies tasked with providing small businesses with cybersecurity resources can be even better coordinated and should reduce duplicative resources and processes to ensure that small businesses are equipped to deal with growing cyber threats. Ms. Ohlhausen testified that data is an increasingly vital asset for small businesses, and as companies collect more personal information from consumers, the databases they create become more attractive targets for criminals. She stated that the Federal Trade Commission (FTC) is committed to protecting consumer privacy and promoting data security in the private sector using flexible tools. The FTC has undertaken substantial efforts to promote data security in the private sector through civil law enforcement, business outreach and consumer education, policy initiatives, and recommendations to Congress to enact legislation.

Dr. Romine testified that when implementing new technologies, small businesses need to fully understand all of the potential security risks created by connecting to the Internet. The risks to systems are so complex and pervasive that small businesses cannot reasonably be expected to be experts in all areas of security, including properly implementing security controls for complex system configurations and assessing security features associated with new and emerging technology. He also stated that the National Institute of Standards and Technology has worked effectively with industry and federal agencies to help protect the confidentiality, integrity, and availability of information systems. Mr. Rowe said that Small Business Development Centers (SBDCs) have been working to spread awareness of cyber threats to their clients by offering training programs at most SBDCs and working to expand the coverage to the entire network. He noted that pursuant to section 1841 of the National Defense Authorization Act for 2017, America’s SBDCs is working with the Department of Homeland Security (DHS) and the Small Business Administration (SBA) to develop a strategy to leverage the collective resources of DHS, SBA and the national network of SBDCs to provide the resources, training and assistance small businesses will need. He added that a lot of the uncertainty and confusion small businesses face now is a result of the previous administration releasing cybersecurity regulations at
the very end of its term before it was adequately discussed. Mr. Mooney stated that securing consumers' personal information and financial accounts will require the entire payments ecosystem to take an active role in addressing emerging threats, and in turn require all industries to be proactive in protecting consumers' personally identifiable and financial information from the onset.

HEARING: “MAKING WASHINGTON WORK FOR AMERICA’S SMALL BUSINESSES”

On March 22, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Making Washington Work for America’s Small Businesses.” The hearing was called to allow small business owners to outline their priorities and provide the Committee with ideas about federal policies that will help them best grow their businesses. A priority setting hearing, it helped to inform future committee hearings, advocacy efforts, and legislative priorities for the Committee on Small Business for the 115th Congress.

Witnesses on the only panel were: Ms. Maxine Turner, Founder, Cuisine Unlimited, Salt Lake City, UT, on behalf of the United States Chamber of Commerce; Ms. Anne Chambers, Co-Founder and CEO, Red212, Cincinnati, OH, on behalf of Women Impacting Public Policy; Mr. Rutland “Skip” Paal, Owner, Rutland Beard Floral Group, Baltimore, MD, on behalf of the Society of American Florists; and Mr. David Borris, Owner, Hel’s Kitchen, Catering, Northbrook, IL, on behalf of the Main Street Alliance.

At the hearing, Chairman Chabot stated that the issues discussed are important because too often, small businesses get the short end of the stick, which is counterproductive to the economic health of the nation. All of the witnesses touched on the similar themes of unnecessary regulation, tax compliance burden and tax complexity, the cost of health care, and access to capital as the paramount issues facing small firms. Ms. Turner testified that the Chamber has heard from its members about the torrent of red tape and overregulation that is strangling established businesses and discouraging entrepreneurship. Ms. Chambers said that capital is the lifeline of business and the ability to secure capital is often the determinant of an entrepreneur’s opportunity to start or grow a business. She also said that for women in particular, accessing capital continues to be difficult. She noted that while women-owned businesses generally ask for less funding—on average, $35,000 less than male-owned counterparts—they receive just 16 percent of all small business loans made each year. Mr. Paal said the Affordable Care Act (ACA) and its implementing regulations have hamstrung his business. While he offered health insurance to his employees prior to enactment of the ACA, he has seen his premiums raise, on average, 30 percent per year since the law was passed. He also said he would like to see Congress significantly simplify the tax code and make it much more predictable from year to year. Mr. Borris noted that the ACA stabilized health costs for his company, that sensible regulation provides certainty to his business, and that navigating the bureaucratic and legal obstacles to obtaining requisite permits or licenses is often difficult and burdensome.
On March 29, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Evaluating the Paperwork Reduction Act: Are Burdens Being Reduced?” With some limited exceptions, the Paperwork Reduction Act (PRA) requires all executive departments and independent regulatory agencies to obtain approval from the Office of Management and Budget (OMB) in advance of collecting identical information from or imposing an identical reporting or recordkeeping requirement on 10 or more persons. The Committee met to examine the PRA’s effectiveness in reducing the paperwork burden on small businesses and issues that may warrant further scrutiny or legislative action.

The witnesses for the hearing were: Mr. Sam Batkins, Director of Regulatory Policy, American Action Forum, Washington, DC; Ms. Leah F. Pilconis, Environmental Law & Policy Advisor, Associated General Contractors of America, Arlington, VA; Mr. Frank Cania, Founder and President, driven HR, Pittsford, NY, testifying on behalf of the Society for Human Resource Management; and Ms. Sally Katzen, Professor of Practice and Distinguished Scholar in Residence, New York University School of Law, and Senior Advisor, Podesta Group, Washington, DC.

Mr. Batkins began the hearing by describing the overall burden of federal paperwork. Currently, federal paperwork annually takes 11.6 billion hours to fill out and submit, which is up from 6.9 billion hours in 1997. He further noted that agency paperwork burden estimates often contain mistakes, agencies routinely violate the PRA, and reforms such as monetizing the costs of paperwork and moving more reporting requirements online could make the PRA more effective. Ms. Pilconis described the construction industry’s experience complying with federal information collection requests and focused on those issued by the Environmental Protection Agency (EPA). She discussed EPA paperwork requirements that overlap or duplicate others, such as the National Pollutant Discharge Elimination System and Spill Prevention Control and Countermeasure Plan regulations and its Stormwater Pollution Prevent Plan requirements. Ms. Pilconis also noted that electronic information reporting presents new challenges, costs, and burdens and suggested that the PRA may need to be updated to account for the lifecycle costs of electronic reporting and recordkeeping. Mr. Cania, the founder and president of a small human resources consulting firm, discussed several federal forms that his clients have difficulties filling out correctly, including: the Affordable Care Act Form 1095–C, a tax form, and the United States Citizenship and Immigration Services Form I–9. He suggested that federal agencies should work with organizations like the Society of Human Resource Management to beta test forms and data collection tools before they are imposed to improve the design of federal paperwork and the burden estimates. Ms. Katzen discussed the importance of distinguishing between different types of paperwork since different forms or reporting requirements have different effects and consequences for small businesses.
HEARING: “TAKING CARE OF SMALL BUSINESS: WORKING TOGETHER FOR A BETTER SBA”

On April 5, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Taking Care of Small Business: Working Together for a Better SBA.” The hearing allowed the Committee to hear from the Honorable Linda McMahon, who was sworn in on February 14, 2017 as the 25th Administrator of the United States Small Business Administration (SBA), about her priorities for entrepreneurs and small businesses.

The sole witness for the hearing was the Honorable Linda McMahon, Administrator, United States Small Business Administration, Washington, DC.

Administrator McMahon discussed a wide variety of topics including her plans for leading the SBA and improving its programs by utilizing metrics to measure the outcomes, not output, of its programs. She stressed the importance of ensuring that all of the SBA's services are delivered efficiently and effectively to its customers and making certain that the agency and its resource partners are providing services that small businesses need to grow, innovate, and create jobs. Administrator McMahon also stated that the Government Accountability Office’s recommendations for the SBA have been helpful in evaluating the agency’s employees and practices.

HEARING: “SCAM SPOTTING: CAN THE IRS EFFECTIVELY PROTECT SMALL BUSINESS INFORMATION?”

On April 6, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Scam Spotting: Can the IRS Effectively Protect Small Business Information? As tax filing season heats up, so does fraud season at the Internal Revenue Service (IRS). Identity theft and fraudulent tax returns have been a growing problem for individuals and small businesses alike. The Treasury Inspector General for Tax Administration (TIGTA) is charged with overseeing the IRS in the conduct of its job to ensure the integrity of the tax collection system, including protecting taxpayers from identity theft, putting systems into place to identify fraudulent returns, and ensuring quality customer service. The Committee met with the current Inspector General to discuss the findings of their recent audits of the IRS' performance in addressing these issues.

The sole witness for the hearing was the Honorable J. Russell George, Inspector General, Treasury Inspector General for Tax Administration, Washington, DC.

At the hearing, Mr. George discussed how TIGTA has provided ongoing oversight and testimony on the issue of tax fraud-related identity theft because of the adverse effect on both the victims of this crime and the IRS. He also stated that identity theft continues to remain on the IRS' list of top tax scams. Mr. George testified that TIGTA has reported that the IRS does not always effectively provide assistance to taxpayers who report that they have been victims of identity theft, resulting in an increased burden for those victims. He then discussed many of the efforts that TIGTA has
taken to combat identity theft, including publishing scam-related telephone numbers, public outreach, and criminal prosecutions.

HEARING: “STORM WATCH: MAKING SURE THE SBA IS PREPARED”

On April 26, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Storm Watch: Making Sure the SBA is Prepared.” The hearing examined the U.S. Small Business Administration’s (SBA’s) Disaster Loan Program, which offers loans to individuals and businesses of all sizes to help recover from declared disasters. The Committee reviewed the program to ensure that it is prepared for the next major disaster.

The witnesses for the hearing were: Mr. James Rivera, Associate Administrator, Office of Disaster Assistance, United States Small Business Administration, Washington, DC; Mr. Hannibal “Mike” Ware, Acting Inspector General, Office of Inspector General, Small Business Administration, Washington, DC; and Mr. William Shear, Director, Financial Markets and Community Investment, Government Accountability Office, Washington, DC.

The witness panel discussed the Disaster Loan Program and what steps still need to be taken to better ensure that it is ready for the next big disaster. SBA Associate Administrator Rivera stressed in his testimony that SBA is ready. He stated that SBA has made a number of key improvements that will help it to better respond to disaster survivors. He emphasized that SBA firmly believes that the reforms instituted will enable it to be better prepared to efficiently and effectively respond to the needs of disaster survivors. Both Mr. Ware and Mr. Shear agreed that SBA’s Disaster Loan Program had made great strides since the days following Hurricane Katrina. But they had concerns whether the program was truly prepared for the next big disaster. Mr. Ware testified that the need to process loans quickly, and in some instances in large volumes, poses many complications and may create opportunities for dishonest applicants to commit fraud and SBA personnel to make errors in the lending process. Having effective internal controls, robust technology design and resources, and training programs are keys to mitigating risks to the taxpayer. Mr. Shear testified that he was concerned whether the reserve corps will be up and ready when that next major disaster strikes.

Mr. Ware agreed, saying he is concerned that SBA’s reserve corps is not necessarily trained sufficiently enough be able to hit the ground running and to be able to effectively process loan applications to cut down on errors and also to expedite the process. Mr. Shear further observed that SBA had not effectively presented information on disaster loans in a way that would help users efficiently find it, had not consistently described key features and requirements of the loan process in print and online resources, or clearly defined the financial terminology used in loan applications. According to Mr. Shear, absent better integration of, and streamlined access to, disaster loan-related information, loan applicants may not be aware of key information and requirements for completing the applications. As Mr. Ware noted, each disaster has unique circumstances and poses unforeseen challenges that SBA
personnel must adapt to and overcome to be successful. Therefore, it is critical that the program is operated effectively and efficiently.

HEARING: “EMPOWERING SMALL BUSINESSES: THE ACCELERATOR MODEL”

On May 3, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Empowering Small Businesses: The Accelerator Model.” The hearing examined how business accelerators help entrepreneurs, startups, and small businesses grow and create jobs. The hearing gave Members of the Committee the opportunity to hear from organizations that are directly involved in providing private sector resources to small businesses.

The witnesses for the hearing were: Ms. Starr Marcello, Executive Director, Polsky Center for Entrepreneurship and Innovation’s Edward L. Kaplan New Venture Challenge, University of Chicago, Chicago, IL; Mr. Darrin Redus, Sr., Vice President, Minority Business Accelerator, Cincinnati USA Regional Chamber, Cincinnati, OH; Ms. Carolyn Rodz, Founder/Chief Executive Officer, Circular Board, Houston, TX; and Dr. Stephen Tang, President/Chief Executive Officer, University City Science Center, Philadelphia, PA.

The witness panel discussed how business accelerators scale companies through a fixed-term, cohort-based program that focuses on a mentorship model and concludes with a demo day presentation. Ms. Marcello outlined the University of Chicago’s top-ranked accelerator and its impact on the Chicago region, including the importance of the fixed-term nature of accelerators. Mr. Redus discussed how some accelerators are benefitting regions and cities by concentrating on economic development. He also explained how the Cincinnati USA Regional Chamber’s Minority Business Accelerator is helping to scale African American and Hispanic owned businesses. Ms. Rodz discussed how her business accelerator utilizes a 100 percent virtual model to target female entrepreneurs by reducing geographic barriers. Dr. Tang detailed the programs that operate at the Science Center including the Phase 1 Ventures and the Digital Health Accelerator. Aside from the ways accelerators are assisting small businesses, the witness panel touched on the benefits of the SBA’s Growth Accelerator Fund Competition.

HEARING: “SBA’S 7(A) LOAN PROGRAM: A DETAILED REVIEW”

On May 17, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “SBA’s 7(a) Loan Program: A Detailed Review.” As a way to review the United States Small Business Administration’s (SBA) 7(a) Loan Program’s ability to help creditworthy small businesses obtain capital, this hearing offered Members of the Committee the opportunity to hear from SBA officials directly involved in administering the program.

The witnesses for the hearing were: Ms. Linda Rusche, Director, Office of Credit Risk Management, Office of Capital Access, United States Small Business Administration, Washington, DC; and Mr. William Manger, Associate Administrator, Office of Capital Access, United States Small Business Administration, Washington, DC.
The government witness panel discussed the role and resources of the Office of Credit Risk Management (OCRM) with regard to overseeing SBA's 7(a) Loan Program. While Mr. Manger provided a high level overview of the lending program, Ms. Rusche shared details of how OCRM oversees lenders. Specifically, Ms. Rusche discussed the Loan and Lender Monitoring System (L/LMS), the risk measurement system which is known as PARRiS, and the reviews and examinations process. Ms. Rusche described the credit elsewhere test, along with lender non-compliance with the test. When asked about the complexity of SBA's loan programs, Mr. Manger explained how he would like to streamline the process, along with an idea to potentially overhaul SBA's standard operating procedures (SOP). As a response to a question about access to capital, Mr. Manger suggested that SBA can always improve their methods in reaching out to potential borrowers.

HEARING: “ACCOMPLISHMENTS AND CHALLENGES AT THE SBA’S OFFICE OF INTERNATIONAL TRADE”

On May 23, 2017, the Committee on Small Business met in 2360 Rayburn House Office Building to examine the efforts of the United States Small Business Administration’s (SBA) Office of International Trade (OIT) to increase exports, coordinate export promotion activities with other federal agencies, and assist United States small businesses' engagement in the global marketplace. Increasing small business exports continues to be a top priority for both United States lawmakers and the federal government. While nearly 300,000 small businesses are currently exporting to foreign markets, many small businesses face significant challenges in getting their goods and services abroad. To help address these challenges, Congress redirected the SBA to increase its role in export activities, including export counseling and financing. The Committee heard directly from the SBA about its ongoing efforts to assist small businesses seeking to engage in the international trading system. The sole witness on the panel was Mr. Peter Cazamias, Associate Administrator, Office of International Trade, United States Small Business Administration, Washington, DC. Chairman Chabot stated that increasing small business exports has long been a top priority for the Committee. Mr. Cazamias said that although there are over 28 million small businesses in the United States, fewer than 5 percent can claim to be exporters. He acknowledged that there is room for improvement, which he stated could be addressed in three ways: the need for information; the need for capital; and the need among small businesses for overseas promotional services and market access. Mr. Cazamias assured the Committee that he is committed to ensuring that our small business exporters find the support they need to expand into international markets.

HEARING: “A CAUTIONARY TALE: A REVIEW OF SBA’S FAILED FY 2014 AGENCY RESTRUCTURE”

On June 14, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “A Cautionary Tale: A Review of SBA’s Failed FY 2014 Agency Restructure.” The hearing examined how the Small Business Ad-
The Small Business Administration (SBA) managed its FY 14 Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) program. SBA failed to effectively manage and implement its FY 2014 VERA–VSIP program. As a result, SBA spent over $2.1 million for early retirements that were not properly restructured.

The witnesses for the hearing were: Mr. Hannibal “Mike” Ware, Acting Inspector General, Office of Inspector General, Small Business Administration, Washington, DC; and Mr. Joseph Loddo, Chief Operating Officer, Small Business Administration, Washington, DC.

Acting Inspector General Ware testified that the Office of Inspector General conducted an audit in response to inquiries from Congress and hotline complaints. He stated that these complaints said the program was not rolled out correctly, and there was not any planning. Mr. Ware testified that his office’s audit determined that SBA did not accomplish its stated goals of the VERA/VSIP program. Mr. Loddo agreed that SBA poorly managed the FY 2014 VERA/VSIP program. Mr. Loddo, however, promised the Committee that such a poor VERA/VSIP rollout will never happen on his watch.

Mr. Ware assigned three causes to SBA’s failed VERA/VSIP: (1) the lack of any planning that would have aligned with the Office of Personnel Management’s (OPM) requirements and SBA’s stated goals; (2) lack of tracking to determine who left and what positions would need to be restructured; and (3) the Chief Human Capital Officer’s poor guidance that allowed the HR office to simply backfill positions. Mr. Ware further stated that it appeared that SBA rushed to implement something they were not exactly ready for. Further, the Office of Human Resources Solutions—responsible for planning the VERA/VSIP and the OPM justification—did not include most of the SBA leadership in the planning for the VERA/VSIP. Therefore, the VERA/VSIP plan did not factor in their insight, expertise and experience. Their absence from the table also caused miscommunication and misinformation. Mr. Loddo testified that there was no transparency, no communication, and it was implemented in 30 days. He said that is not the way you would do a VERA/VSIP. Mr. Loddo also confirmed that the VERA/VSIP rollout caused a tremendous morale problem particularly within the Office of Human Resources Solutions. Exacerbating the morale problem, the Chief Human Capital Officer sent a letter to SBA employees encouraging SBA to ignore OPM guidelines and the SBA plan for the VERA/VSIP.

Mr. Loddo testified that the SBA is currently restructuring and reorganizing the entire agency. Mr. Loddo was preparing to present the recommendations of this restructure and reorganization to Administrator Linda McMahon in an effort to streamline the agency.

**HEARING: “PARTNERS IN COMMERCE: THE TRADE PROMOTION COORDINATING COMMITTEE”**

On June 21, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Partners in Commerce: The Trade Promotion Coordinating Committee.” The hearing examined the Trade Promotion Coordinating Committee (TPCC) and its efforts to partner with federal,
state, and local trade promotion agencies to help America’s small businesses increase exports and thrive in the global marketplace.

Exporting is a critical component for the long-term growth and viability of small businesses and the United States economy overall. In 2016, total U.S. exports reached $2.2 trillion. According to the U.S. International Trade Commission (ITC), those exports helped support nearly 11.5 million jobs. Exporting provides small businesses with the opportunity to reach new markets, increase revenue, grow their business, and ultimately create needed jobs. The benefits of exporting are clear, but many small businesses do not have the knowledge, resources, or capital to navigate the trade process; therefore, they simply do not export.

Witnesses on the panel were: Mr. Patrick Kirwan, Director, Trade Promotion Coordinating Committee (TPCC), International Trade Administration, United States Department of Commerce, Washington, DC; Mr. Peter J. Cazamias, Associate Administrator, Office of International Trade, United States Small Business Administration, Washington, DC; and Ms. Ann Pardalos, Manager, International Trade and Investment Office, Missouri Department of Economic Development, Jefferson City, Missouri.

At the hearing, the TPCC representatives discussed their strategy to leverage existing federal, state, and local resources and explained the steps they are taking to strengthen their partnerships and better coordinate with TPCC member agencies. The goal is to more effectively provide small businesses with the necessary tools and support to increase exports and create new jobs in the United States. Mr. Cazamias provided an overview of the priorities for Office of International Trade (OIT) and its role as chair of the TPCC’s Small Business Working Group. Mr. Kirwan explained that the Department of Commerce’s International Trade Administration is the primary agency responsible for strengthening the competitiveness of U.S. industry in the global marketplace, promoting U.S. exports, monitoring compliance with U.S. trade agreements, and enforcing U.S. trade laws. He also spoke about ongoing efforts to enhance coordination among federal, state, and local trade promotion agencies. Finally, Ms. Pardalos explained how State International Development Organizations (SIDO) helps state international trade agencies serve American exporters by sharing innovative ideas and resources and developing policies that help more small businesses export at the local level. She noted that SIDO works closely with its federal trade partners, including the Trade Promotion Coordinating Committee, the International Trade Administration, and the U.S. Small Business Administration.

Chairman Chabot said that greater collaboration between state and federal trade agencies would help to ensure that America’s small businesses have opportunities to export. He also encouraged the federal agencies to continue working together with state and local partners, and that the TPCC make a greater effort to share client information with one another to improve coordination of the services provided by the TPCC.
On July 12, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Help or Hindrance? A Review of SBA’s Office of the Chief Information Officer.” The hearing examined whether the Small Business Administration’s (SBA) Office of the Chief Information Officer (OCIO) is operating efficiently and effectively. Over the years, the OCIO has struggled to fulfill its most important functions: to conduct effective oversight over the agency’s: (1) IT investments; and (2) IT security. Government watchdogs have issued numerous reports outlining the OCIO’s many failures and flaws.

The sole witness for the hearing was Ms. Maria Roat, Chief Information Officer, Small Business Administration, Washington, DC.

In her testimony, Ms. Roat acknowledged that the Office of the Chief Information Officer was struggling upon her arrival. She testified that it was clear that transformation was overdue. She stated that when she arrived, she and her team embarked on a fast-paced journey to change how the SBA builds, buys, and manages information technology to support small businesses and entrepreneurs. According to Ms. Roat, her first 12 months are critical to making lasting improvements. Evaluating her progress, Ms. Roat testified that by January she made a significant amount of progress in stabilizing the environment. At this point, she said her team is taking steps to modernize, such as moving all their systems to the cloud.

When asked about the biggest challenge she faced when she became the Chief Information Officer, Ms. Roat testified that it was stabilizing the IT environment and filling the vacancies with the right people. She emphasized that her office must continue to attract, hire, and retain the right talent and to develop the entire SBA IT workforce. She agreed that the high rate of turnover at the CIO position has negatively affected the office and the entire organization. To strengthen IT leadership, Ms. Roat has installed a leadership team to avoid gaps. For example, she has hired a Deputy Chief Information Officer and a Chief Technology Officer—two positions that have often been vacant. She said she has also been building a team that is dedicated to the mission, and not just there to deploy desktops or laptops.

Ms. Roat also noted that her office is working to continue to improve IT security. As she stated, building security in by design is important because you cannot have a hard outer shell and a “soft squish” inside. In case there is a breach, her office has updated SBA’s incident response procedures. Additionally, Ms. Roat is making sure SBA understands its network environment. Understanding how the network operates normally will put SBA in a better position to detect a security breach.

In sum, Ms. Roat testified that to overcome the inherent inertia of the status quo, we are making a radical and difficult, but deeply considered and well-planned turn, moving to an environment where the CIO is a partner to and enabler of the business of SBA. The Office of the Chief Information Officer must transition from being just an office that does computers to a service organization.
On July 19, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Reversing the Entrepreneurship Decline.” The hearing provided the Committee an opportunity to understand the entrepreneurship trends, challenges, and opportunities that exist in the United States. This hearing also examined how entrepreneurship influences leading economic indicators and potential solutions to promote new and existing small businesses.

Witnesses on the panel were: Gregory Crawford, Ph.D., President, Miami University, Oxford, Ohio; Ms. Karen Kerrigan, President & CEO, Small Business & Entrepreneurship Council, Vienna, VA; and Mr. Joe Schocken, CEO, Broadmark Capital, Seattle, WA.

The panel discussed current barriers to entrepreneurship and solutions that would promote increased business formation. Dr. Crawford mentioned that Miami’s curriculum fosters an entrepreneurial mindset across the entire university. Entrepreneurship opportunities include internships, corporate partnerships, and case competitions that can lead to job placements and even new business ideas. Ms. Kerrigan’s testimony addressed the current state of entrepreneurship, including barriers and potential solutions to address the entrepreneurial deficit. She supported a variety of reforms in her testimony including lower and simpler taxes, health care reform, regulatory reform, improved access to capital, and improved broadband infrastructure for small business and entrepreneurs. Mr. Schocken emphasized the importance of the innovation economy on economic growth and job creation and labeled what he believes are the most significant obstacles for new business creation.

On July 26, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Protecting Small Businesses from Cyber Attacks: the Cybersecurity Insurance Option.” The hearing examined how cybersecurity insurance solutions can help small businesses recover from a cyber attack as well as the challenges small businesses face in selecting a cybersecurity insurance policy, and the hurdles insurers must overcome to offer viable and comprehensive cybersecurity insurance solutions.

Small businesses rely on information technology more than ever, yet the very tools that make small businesses competitive have put them in the crosshairs of cyber attackers. Unfortunately, it has become increasingly evident that no matter how well-protected a small business’ information technology system may be, it is practically impossible to be hack-proof. As a result, many corporate executives are giving consideration to cyber insurance policies as part of the solution. The global cyber insurance market is expected to reach $14 billion by 2022, with a compound annual growth rate of nearly 28 percent from 2016 to 2022.

Witnesses on the panel were: Mr. Robert Luft, President, Sure-Fire Innovations, Cincinnati, Ohio; Ms. Erica Davis, Senior Vice
President, Head of Specialty Products Errors & Omissions, Zurich Insurance, North America, Washington, DC; Mr. Eric Cernak, Vice President, Cyber Risk Practice Leader, Munich Re U.S., Hartford, CT; and Mr. Daimon Geopfert, National Leader and Principal, Security and Privacy Consulting, Risk Advisory Services, Southfield, MI.

At the hearing, the panel discussed how cybersecurity insurance can mitigate losses from cyber incidents, including data breaches, business interruption, and network damage that might otherwise destroy a small business. The witnesses also noted that insurance underwriters face difficulties in calculating cyber risk due to a lack of data and the factors that impact the scope and cost of a cyber liability policy, including the size and type of business, the number of customers, the type of data and information the business stores, and the business' online exposure. Finally, the panel cautioned that the cyber insurance marketplace is relatively new and faces significant challenges to becoming a singular and comprehensive solution to cyber attacks against small businesses.

Mr. Luft provided a small business owner's experience with acquiring a cybersecurity insurance policy. He stated that it is critically important that a small business owner, when selecting an agent for their cybersecurity policies, stay within the sphere of knowledgeable cybersecurity agents, as they will be able to better assist with identifying the appropriate policy for the level of coverage required per the business. Ms. Davis explained that businesses face difficult decisions about cybersecurity and how best to manage their risks: deciding whether they should retain the residual risk or transfer it through the purchase of a cyber insurance product. She also noted that the role of insurance is continuously increasing as customers are now seeking industry feedback and risk insights. Mr. Cernak explained that a reinsurer, a company that provides insurance for insurers, for primary insurers provides reinsurance to share in the risk of loss, helps primary insurers underwrite cyber risk and develop products, and provides other services to primary insurers that are writing cyber insurance specifically for small businesses. Finally, Mr. Goepfert said that the current state of security governance within small organizations limits the benefits of cybersecurity insurance as risk mitigation.

HEARING: “EXPEDITING ECONOMIC GROWTH: HOW STREAMLINING FEDERAL PERMITTING CAN CUT RED TAPE FOR SMALL BUSINESSES”


The witnesses for the hearing were: Mr. Philip Howard, Chair, Common Good, New York, NY; Mr. Louis Griesemer, President, Springfield Underground, Inc., Springfield, MO; Mr. Mark Hayden, General Manager, Missoula Electric Cooperative, Missoula, MT; and Ms. Margot Dorfman, CEO, U.S. Women’s Chamber of Commerce, Washington, DC.
The witnesses provided testimony detailing how small businesses across industries must overcome a number of hurdles, including wading through regulatory overlap, enduring lengthy delays, and bearing increased costs, as they try to obtain all of the appropriate federal permits before launching projects. For example, Mr. Howard testified that the regulatory overlap causes confusion and extra costs for small businesses. He explained that obtaining a permit to start a business, or to build anything, requires going to multiple agencies, often at federal, state, and local levels. These agencies rarely coordinate their requirements. Often their demands are duplicative, and sometimes conflict with one another. They do not honor the practical implications of the regulations—the costs, time constraints, and diversion of energy. The witnesses testified about how the federal permitting process forces small businesses to endure lengthy delays waiting for permitting decisions. Mr. Hayden, the General Manager for an electric cooperative in Montana, said that he fully recognized the fires burning in Montana today were all lightning sparked, but also realize the increased risk that long delays in federal approval permit applications, inadequate fuels reduction programs, and other factors bring to his co-op and infrastructure.

Mr. Griesemer, a small business owner in Springfield, Missouri, explained that the current federal permitting process places the burden of proof on small businesses to show that they do not fall within a certain agency’s or law’s jurisdiction. He testified that a “regulated until proven otherwise” approach is costly and difficult for any small business, particularly a small company without the resources for dedicated compliance staff that larger corporations employ. He said this is not an efficient use of resources for either the company or the agencies, and is one that punishes businesses that are trying to comply and care about the environment.

Mr. Howard testified that the current regulatory structure is flawed, and that ultimately no one seems to be in charge. He said there is no one with the responsibility to ask, “What’s the right thing to do here?” He also noted that no one in government has the job of balancing the demands of different agencies. Instead, he described American regulation as a dense jungle. For small business owners, the status quo is not an option. As Mr. Hayden said, we need streamlined, expedited procedures that allow for timely implementation of projects to protect the long-term health of our forests, our small businesses, and the overall economies of the communities served.

HEARING: “SERVING SMALL BUSINESSES: EXAMINING THE EFFECTIVENESS OF HUBZONE REFORMS”

On September 13, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Serving Small Businesses: Examining the Effectiveness of HUBZone Reforms.” The hearing examined legislation updating the Small Business Administration’s (SBA) Historically Underutilized Business Zones (HUBZone) Program, which seeks to provide federal contracting opportunities to small businesses in economically distressed areas of the country. H.R. 3294 is a bipartisan, comprehensive HUBZone reform bill designed to address concerns
brought by small businesses as well as the Government Accountability Office (GAO).

The HUBZone Program, authorized in 1997, was intended to stimulate economic development by increasing employment and capital investment through the use of federal contracting preferences to small businesses operating in economically distressed areas. The Government Accountability Office underwent a series of reports examining the Program and identified several weaknesses. The Committee on Small Business met with HUBZone small business owners, industry groups, and the Small Business Administration to identify challenges facing HUBZone small business owners and potential legislative remedies. H.R. 3294 is the first legislative step towards resolving some of the challenges and weaknesses identified by small businesses and the GAO.

Witnesses on the panel were: Ms. Shirley Bailey, Co-Owner and Executive Vice President and Chief Operating Officer, GCC Technologies, LLC, Oakland, MD, testifying as Board Chair of the HUBZone Contractor’s National Council; Mr. Robert A. Schuerger, II, Principal & Attorney at Law, Law Offices of Robert A. Schuerger Co., LPA, Columbus, OH, Mr. Dennis DuFour, President, The Data Entry Company, Oakland, MD, and Mr. Carlos Meléndez, Chief Operating Office & Co-Founder, Wovenware, San Juan, PR.

At the hearing, Ms. Bailey discussed the importance of the provision in H.R. 3294 that modified the HUBZone designated area formulation to a 5-year time model, stating that this change will benefit all HUBZone small businesses regardless of if located in an urban or rural area. Mr. Schuerger emphasized that the provision expanding rural small businesses would be particularly helpful for small businesses located in such communities, such as his own. Mr. DuFour testified that the provision in H.R. 3294 freezing the HUBZone designations until the year 2020 will be particularly beneficial to save jobs and businesses that are facing loss of the HUBZone status in the next few years. Mr. Meléndez highlighted the provision in H.R. 3294 that mandates the SBA collect performance metrics that effectively measure the impact of the Program on underserved communities, noting that these metrics will help Congress and the Small Business Administration take action in the future to make further improvements to the Program.

HEARING: “SMALL BUSINESS TAX REFORM: MODERNIZING THE CODE FOR THE NATION’S JOB CREATORS”

On October 4, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Small Business Tax Reform: Modernizing the Code for the Nation’s Job Creators.” The purpose of the hearing was to examine how the United States tax code affects small businesses and how changes proposed in H.R. 3717, the Small Business Owners’ Tax Simplification Act of 2017, could impact the nation’s job creators. H.R. 3717 is a bipartisan small business tax bill introduced by Chairman Steve Chabot (R–OH) and Ranking Member Nydia Velázquez (D–NY) as a result of numerous hearings and research.

The witnesses for the hearing were: Ms. Kristie Arslan, Entrepreneur-In-Residence, Small Business & Entrepreneurship Council,
Vienna, VA; Ms. Taylor Wyatt, President, MotionMobs, Birmingham, AL; Mr. Miguel Centeno, Partner, Shared Economy CPA, Redondo Beach, CA; and Ms. Caroline Bruckner, Managing Director, Kogod Tax Policy Center, American University, Washington, DC.

Each witness discussed how the tax code was not built for small businesses. Rather than promoting job creation and growth for small businesses, the panelists said the tax code is overly complicated and causes uncertainty. Moreover, the panelists collectively described how the tax code has not kept pace with America’s technology-focused small businesses, entrepreneurs, and startups. In a comprehensive manner, Ms. Arslan discussed how tax cuts could benefit both small businesses and corporations. As an entrepreneur who was about to launch a new sharing economy startup, Ms. Wyatt described the importance of worker classification decisions within the tax code. Mr. Centeno focused his comments on the growth and momentum of sharing economy companies. Ms. Bruckner spoke extensively on the topic of quarterly-estimated payment deadlines and 1099 filing thresholds. Each panelist stated that H.R. 3717 would provide equity to small businesses, entrepreneurs, and startups as they deal with the tax code.

HEARING: “EVALUATING THE PAPERWORK REDUCTION ACT PART II: ARE BURDENS BEING REDUCED?”

On October 11, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Evaluating the Paperwork Reduction Act Part II: Are Burdens Being Reduced?” The Committee held a hearing on March 29, 2017 on the Paperwork Reduction Act’s (PRA) effectiveness and small business issues with the PRA. This hearing continued to examine the PRA and how agencies are reducing paperwork burdens on small businesses.

The witnesses for the hearing were: Dr. Steven Fine, Acting Assistant Administrator and Acting Chief Information Officer, U.S. Environmental Protection Agency, Washington, DC; Mr. Stephen Guertin, Deputy Director for Policy, U.S. Fish and Wildlife Service, Washington, DC; Mr. Gundeep Ahluwalia, Chief Information Officer, U.S. Department of Labor, Washington, DC; and Mr. Todd Simpson, Chief Information Officer, U.S. Food and Drug Administration, Silver Spring, MD.

The witnesses provided testimony detailing how their agencies comply with the PRA and their efforts to reduce the burden of paperwork requirements on small businesses. For example, Dr. Fine discussed the ways the Environmental Protection Agency (EPA) is reducing reporting and recordkeeping burdens. For example, the agency obtains information from other sources instead of the public. Additionally, EPA is increasing using information technologies to reduce burdens by streamlining the information collection process. Mr. Guertin testified that the Fish and Wildlife Service (FWS) is considering ways to collect information from its constituents in the least burdensome way. He stated that even with the PRA, information collection can be a burden on the public, so they strive to limit the information and paperwork requirements they place on
the public. One way they accomplish this is by making a number of resources available electronically.

Mr. Ahluwalia testified that the Department of Labor (DOL) has managed to control its overall paperwork burden on the public. He stated that DOL’s paperwork burden has remained virtually flat over the last 12 years. Mr. Simpson provided examples of how the Food and Drug Administration (FDA) assists small businesses with paperwork requirements. He said FDA employs seminars, workshops, educational conferences, information materials, and contact via email and a toll-free telephone number. FDA also offers access to regional and small business advisors and administrative and scientific support.

When asked why small businesses have not seen a relief in paperwork burdens, the witnesses acknowledged that more can be done. Mr. Guertin said the Fish and Wildlife Service stands by the work that it is doing, and plans to harness emerging technologies to reach more effective partnerships within the federal government put much of the information needs onto automated systems to minimize the burden.

HEARING: “SMALL BUSINESS CAPITAL ACCESS: SUPPORTING COMMUNITY AND ECONOMIC DEVELOPMENT”

On October 20, 2017, the Committee on Small Business met in Studio Cat the Enterprise Building in Philadelphia, PA for a field hearing titled “Small Business Capital Access: Supporting Community and Economic Development.” Access to capital is key for entrepreneurs seeking to start new ventures and expand existing ones. The hearing examined the role of affordable capital for small businesses and their local communities. The hearing also explored capital access programs working to promote affordable lending products for small businesses, especially those in distressed areas.

The witnesses for the hearing were: Ms. Dafina Williams, Vice President of Public Policy, Opportunity Finance Network, Philadelphia, PA; Ms. Leslie Benoliel, President, Entrepreneur Works, Philadelphia, PA; Mr. Lin Thomas, Chief Executive Officer, EMSCO Scientific Enterprises, Philadelphia, PA; and Mr. Steve Dorcelien, Owner, Bright Yellow Creamery, Philadelphia, PA.

Acting Chairman Fitzpatrick began the hearing by stating that access to capital is one of the most important responsibilities of small business owners, but that it can also be one of the most difficult challenges. Ms. Williams testified about the role that community development financial institutions, or CDFIs, play in helping small business access affordable financing. Ms. Benoliel testified about three main challenges that stymie small business owners’ access to capital: low starting wealth, limited access to capital, and a “trust gap.” Mr. Thomas testified that small businesses must have access to increased, innovative, and relaxed mainline bank underwriting in order to grow and develop. Mr. Dorcelien shared his experiences as a rising entrepreneur and how community institutions helped him to launch a successful small business.
HEARING: “HIRING MORE HEROES: A REVIEW OF SBA’S OFFICE OF VETERANS BUSINESS DEVELOPMENT”

On November 8, 2017, the Committee on Small Business met in 2360 of the Rayburn House Office Building for a hearing titled “Hiring More Heroes: A Review of SBA’s Office of Veterans Business Development.” The Committee examined the United States Small Business Administration’s (SBA) Office of Veterans Business Development’s (OVBD) efforts to transition our nation’s veterans from the battlefield to the small business realm. As the majority of veteran-owned businesses are small businesses, it is crucial that veterans have the tools and resources they need to get off the ground once they return home.

Our nation’s veterans make up a significant percentage of the American workforce. However, the employment rate for veterans historically has lagged behind the rate of their nonveteran peers. Additionally, the Department of Labor’s Bureau of Labor Statistics also estimates that veterans have a lower labor force participation rate than nonveterans aged 18 and older, at 50.6 percent and 65.7 percent, respectively. This means that, overall, more nonveterans above the age of 18 are available for work or are seeking employment more actively than veterans. In order to reverse the trend of the declining labor force participation rate among the veteran population, the hearing examined whether the existing resources available to veterans, specifically at the federal level, are working to achieve their intended goals.

The witness on the panel was Ms. Barbara Carson, Associate Administrator, Office of Veterans Business Development, United States Small Business Administration, Washington, DC.

Chairman Chabot began the hearing by stating that many veterans choose to start a small business after serving our country because they often learn skills such as leadership and discipline during their time in the military. He also stated that although the SBA does help veterans transition into the workforce, there is always more that can be done for our nation’s heroes. Ms. Carson testified that the SBA promotes and supports veteran small business ownership by administering programs, formulating policy, and administering grants to assist veterans, active duty, National Guard and Reserve service members, and military spouses. She also outlined many programs offered by the OVBD, such as Veterans Business Outreach Centers (VBOCs), government contracting assistance, and loan programs, such as the Military Reservist Economic Injury Disaster Loan program. Ms. Carson also acknowledged some of the challenges facing the Office, such as improving outreach and the upcoming deadline to reclassify VBOCs. Ms. Carson testified that she was willing to work alongside Congress to ensure that America’s military men and women have the tools and resources they need to start and grow a business.

HEARING: “FEDERAL GOVERNMENT AND SMALL BUSINESSES: PROMOTING GREATER INFORMATION SHARING FOR STRONGER CYBERSECURITY”

On November 15, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing ti-
tled “Federal Government and Small Businesses: Promoting Greater Information Sharing for Stronger Cybersecurity.” Small businesses are prime targets for cyber attackers and the threat continues to grow. Unfortunately, small business owners face an uphill battle in protecting themselves from bad actors because they often lack the resources required to employ the best defenses. As the federal government and private sector continue to take steps to strengthen small business cybersecurity, the lack of information sharing between federal and private partners poses a major hurdle to effectively combatting cyber attacks. The hearing examined how federal agencies can encourage greater information sharing with small businesses and provide timely assistance and resources when a cyber attack occurs. Additionally, the hearing examined the policies that discourage small businesses from engaging with federal agencies for cybersecurity assistance.

The witnesses for the hearing were: Mr. Rob Arnold, Founder and Chief Executive Officer, Threat Sketch, LLC, Winston-Salem, NC; Ms. Ola Sage, Chief Executive Officer, e-Management, Silver Spring, MD; Mr. Morgan Reed, President, The App Association, Washington, DC; and Mr. Thomas Gann, Chief Public Policy Officer, McAfee, LLC, Reston, VA.

The private sector witness panel discussed the importance of information sharing between small businesses and the federal government while also acknowledging that information sharing policies could be improved. Mr. Arnold addressed some of the needs and challenges surrounding cyber information sharing, including fragmentation, overuse of classification, and improving the collection and dissemination of information. Ms. Sage testified that small businesses’ reluctance to share cybersecurity information could be reduced through incentives like expanding Cybersecurity Information Sharing Act (CISA) protections for small businesses and providing tax incentives. Mr. Reed said the federal government could better protect small businesses in three ways: improving information sharing activities; making cybersecurity frameworks and best practices more workable for small businesses; and ensuring a legal and policy environment that enhances small businesses’ abilities to manage cyber risks. Mr. Gann discussed a few of the federal information sharing programs currently available to small businesses through agencies such as the Department of Homeland Security (DHS). He also made recommendations to improve cybersecurity for small businesses, such as moving to the Cloud and encouraging cyber insurance for small businesses.

HEARING: “HIGHWAY TO HEADACHE: FEDERAL REGULATIONS ON THE SMALL TRUCKING INDUSTRY”

On November 29, 2017, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Highway to Headache: Federal Regulations on the Small Trucking Industry.” The hearing examined how federal regulations affect the small trucking industry.

The witnesses for the hearing were: Mr. Monte Wiederhold, President, B.L. Reever Transport, Inc., Maumee, OH, testifying on behalf of the Owner-Operator Independent Drivers Association; Mr. Marty DiGiacomo, Owner, True Blue Transportation, Harrisburg,
The witnesses provided testimony detailing how small businesses, including small trucking companies, the pyrotechnics industry, and the ready-mixed concrete industry, are affected by federal regulations. All four witnesses addressed some of the major regulations that impact their business or industry, including the Federal Motor Carrier Safety Administration’s Electronic Logging Device (ELD) mandate, hours of service regulations, and other issues. Mr. DiGiacomo testified that ELDs do not help to address safety and should be optional, rather than mandated.

The witnesses also addressed other issues, such as adequate and safe parking and rest areas for truck drivers. For example, Mr. DiGiacomo, testified that ELDs can prevent drivers from stopping at a location that does not have adequate facilities for basic physical needs or the location where they do stop may not have any parking spots. Mr. Wiederhold added that lack of adequate parking is one of the most serious issues in trucking.

Mr. Pelkey, a small business owner in the fireworks industry, emphasized the importance of agencies recognizing how regulations impact small businesses, especially ones that rely on the trucking industry for part of their business. He stated that if small businesses are to survive, regulatory agencies need to do a better job in recognizing the differences between small and big businesses. What works for large, long haul drivers may be different from what works for small independent drivers.

All four witnesses also emphasized that a one-size-fits-all approach to federal regulations does not work for small businesses. For example, Mr. Wiederhold testified that the one-size-fits-all approach has left the federal government complicit in driving the safest truckers on the road out of the industry through overregulation. Similarly, Mr. Garbini stated that regulations should not be one-size-fits-all, because it is rarely the case. In fact, the small trucking industry and the industries it supports are examples of the adverse effects of regulation on small businesses.

HEARING: “STRENGTHENING SBA’S 7(A) LOAN PROGRAM”

On January 17, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Strengthening SBA’s 7(a) Loan Program.” The purpose of the hearing was to examine the United States Small Business Administration’s (SBA) 7(a) Loan Program and how changes proposed in H.R. 4743, the “Small Business 7(a) Lending Oversight Reform Act of 2018,” could strengthen oversight and bolster the integrity of the program for small businesses and American taxpayers. H.R. 4743 was introduced as a bipartisan and bicameral SBA lending reform bill by Chairman Steve Chabot (R–OH) and Ranking Member Nydia Velázquez (D–NY) as a result of numerous hearings.

The witnesses for the hearing were: Ms. Cindy Blankenship, Vice Chairman, Bank of the West, Grapevine, TX, testifying on behalf
HEARING: “SMALL BUSINESS INFORMATION SHARING: COMBATING FOREIGN CYBER THREATS”

On January 30, 2018, the Committee on Small Business met in Room 2361 of the Rayburn House Office Building for a hearing titled “Small Business Information Sharing: Combating Foreign Cyber Threats.” The hearing examined H.R. 4668, the Small Business Advanced Cybersecurity Enhancements Act of 2017, and discussed how federal agencies are facilitating greater information sharing with small businesses that are vulnerable to foreign-backed cyber attacks.

As small businesses increasingly rely on foreign technology products and services, they become even more susceptible to cyber attacks. Many small business owners are underequipped to protect themselves from basic cyber attacks and face significant hurdles in guarding against sophisticated foreign state-backed cyber actors. As the Committee has learned in past hearings, some foreign-backed firms have taken steps to expose small businesses’ information technology systems as a means of infiltrating America’s critical infrastructure and weakening our national security. A key component in combating these cybersecurity vulnerabilities is strengthening the federal government’s engagement with the private sector.

Witnesses on the panel were: Mr. Howard Marshall, Deputy Assistant Director, Cyber Division, Federal Bureau of Investigations, Washington, DC; and Mr. Richard Driggers, Deputy Assistant Sec-
Chairman Chabot began the hearing by mentioning Hikvision, a Chinese security camera company that manufactured security cameras with a major vulnerability allowing them to be hacked and remotely controlled. Many of these cameras are owned by small businesses. The panel then discussed the importance of increasing cybersecurity awareness for small businesses as they can easily fall victim to foreign cyber attacks. Mr. Marshall testified that both the number and sophistication of cyber threats is on the rise. He listed a number of prevalent cyber threats that are specific to small businesses, including business email compromise, ransomware, and the Internet of Things. He also discussed the FBI’s private sector engagement, including public outreach, distributing reports and information regarding specific threats, and a number of public-private partnerships. He testified that the FBI Cyber Division regularly coordinates initiatives for engagement with private sector partners with the goal of ultimately closing intelligence gaps.

Mr. Driggers echoed many of Mr. Marshall’s comments, saying that cyber threats remain one of the most significant risks for small businesses. He discussed DHS’ resources for assisting small businesses, including the National Cybersecurity and Communications Integration Center, or NCCIC. He also testified that DHS has been working alongside SBA to develop a strategy to effectively respond to small businesses’ cybersecurity needs, as directed by the National Defense Authorization Act for Fiscal Year 2017. Both witnesses also endorsed H.R. 4668, testifying that it would provide small businesses with greater access to cybersecurity information and ultimately encourage further information sharing between the public and private sectors.

HEARING: “JOB CREATION, COMPETITION, AND SMALL BUSINESS’ ROLE IN THE UNITED STATES ECONOMY”

On February 14, 2018, the Committee on Small Business met for a hearing titled, “Job Creation, Competition, and Small Business’ Role in the United States Economy.” The hearing provided Committee Members with the opportunity to discuss new research conducted by Goldman Sachs regarding the effect of access to capital on small firms’ growth and expansion. The hearing also explored economic trends that show small firms’ access to capital, particularly in large urban and remote rural areas, has been slower to recover. Additionally, the hearing featured small business owners who have graduated from Goldman Sachs 10,000 Small Businesses program, offering insight as to what private sector resources can be available to small firms seeking assistance to grow.

On the only panel were: Mr. Steven H. Strongin, Head, Global Investment Research Division, Goldman Sachs, New York, NY; Mr. J.R. Foster, President and CEO, Robert Louis Group, Cincinnati, OH; and, Ms. Jessica Johnson-Cope, President, Johnson Security Bureau, Inc., Bronx, NY.

Chairman Chabot stated small firms continue to experience a rigid lending environment. He added that while large companies can turn to debt and equity markets to raise capital, small businesses all over the country regularly turn to conventional bank
lending to finance their projects. Additionally, it was pointed out that recent research from Goldman Sachs has shown that while some areas of the nation have experienced a more open credit market, the same cannot be said for largely urban and predominantly rural areas. Mr. Strongin testified that even as the American economy is more than 100 months into the current recovery—now the third longest on record—the “small business economy” has continued to face some serious challenges. He added that this hearing coincided with a summit hosted by the Goldman Sachs entitled: “10,000 Small Businesses: The Big Power of Small Business.” The aim of this initiative is to renew the focus on the vital relationship between entrepreneurship and economic growth, including the link between business formation and innovation, as well as economic and social mobility for American workers. Mr. Foster said he found himself lost in the sea of managing employees, customers, contractors, payroll, marketing, and the like and needed something more than his corporate career had taught him and the Goldman Sachs 10,000 Small Businesses program has helped him increase his revenue by 100% each year. Ms. Johnson-Cope testified that she faced many challenges as she grew her businesses and that the current business environment, especially with limited access to working capital, makes it increasingly difficult for small businesses to survive.

HEARING: “WORKFORCE DEVELOPMENT: CLOSING THE SKILLS GAP”

On February 26, 2018, the Committee on Small Business met in Boilermakers Local Lodge No. 13 in Newportville, PA, for a field hearing titled “Workforce Development: Closing the Skills Gap.” The Committee examined ways in which federal programs help or hinder workforce development initiatives aimed at supporting small businesses. The hearing explored methods in which programs can help to close the skills gap while also connecting a new generation of workers with rewarding jobs in industries that lack qualified applicants.

The witnesses for the hearing were: Mr. Patrick Eiding, President, Philadelphia Council AFL-CIO, Philadelphia, PA; Ms. Susan Herring, Interim Executive Director, Center for Workforce Development, Bucks County Community College, Newtown, PA; and Mr. Alex Halper, Director of Government Affairs, Pennsylvania Chamber of Business and Industry, Harrisburg, PA.

Acting Chairman Fitzpatrick opened the hearing by explaining the skills gap and how this lack of qualified applicants is negatively impacting small businesses throughout Pennsylvania and across the United States. Mr. Eiding’s testimony detailed the challenges the manufacturing industry is experiencing as a result of the skills gap. He explained that reforms to the education system and emphasized that career and technical education (CTE) are key to addressing those challenges. Ms. Herring discussed the CTE opportunities available at Bucks County Community College and the importance of encouraging participation in apprenticeships to provide candidates with necessary skills. Mr. Halper discussed the responsibility that businesses must play in providing workforce development training to ensure a robust labor force. Acting Chairman Fitzpatrick, with the concurrence of the witnesses, highlighted the
role that addiction has played in limiting workforce participation, particularly in the manufacturing industry and in numerous apprenticeship programs.

HEARING: “HOW RED TAPE AFFECTS COMMUNITY BANKS AND CREDIT UNIONS: A GAO REPORT”

On Tuesday, February 27, 2018 at 2:00 p.m., the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “How Red Tape Affects Community Banks and Credit Unions: A GAO Report.” The purpose of the hearing was to examine a report by the United States Government Accountability Office (GAO) assessing how regulations impact community banks and credit unions (GAO–18–213). The hearing provided Members of the Committee with the opportunity to explore the regulations that are impacting the institutions that are instrumental in delivering capital to the nation’s small businesses.

The witness for the hearing was: Mr. Michael Clements, Director, Financial Markets and Community Investment, United States Government Accountability Office, Washington, DC.

In the fall of 2015, House Small Business Committee Chairman Steve Chabot requested a GAO study on the impact financial regulations have on community banks and credit unions. With the study recently completed, Mr. Clements testified in front of the Committee that GAO identified the Home Mortgage Disclosure Act, the implementing regulations of the combined Truth-in-Lending Act and the Real Estate Settlement Procedures Act, and the Bank Secrecy Act as the most burdensome regulations affecting small financial institutions. Additionally, Mr. Clements discussed with the Committee that GAO made a number of recommendations to financial regulators on steps they should take to reduce red tape and compliance burdens. With small businesses traditionally utilizing conventional bank borrowing to finance their development, financial regulations that are deemed burdensome, can severely impact access to capital.

HEARING: “REGULATORY REFORM AND ROLLBACK: THE EFFECTS ON SMALL BUSINESSES”

On March 7, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Regulatory Reform and Rollback: The Effects on Small Businesses.” The hearing examined the effects of Congress and the President’s regulatory reform and rollback efforts on small businesses.

The witnesses for the hearing were: Mr. Karen Hamed, Executive Director of the Small Business Legal Center, National Federation of Independent Business, Washington, DC; Mr. Patrick Hedren, Vice President of Labor, Legal & Regulatory Policy, National Association of Manufacturers, Washington, DC; Mr. Randy Noel, Chairman, National Association of Home Builders, Washington, DC; and Ms. Lisa Heinzerlig, Justice William J. Brennan, Jr., Professor of Law, Georgetown Law, Washington, DC.

The witnesses provided testimony detailing how federal regulations continue to be a problem for America’s small business owners, as they bear a disproportionate amount of the regulatory burden.
For example, Ms. Harned testified that almost half of small businesses view regulation as a very serious or somewhat serious problem. She further testified that the key drivers for this regulatory burden are compliance costs, difficulty understanding regulatory requirements, and extra paperwork. Similarly, Mr. Hedren testified that small and medium-sized manufacturers experience regulatory burdens differently than larger ones because they lack the economies of scale that larger businesses use to spread the costs of compliance, such as monitoring new or changing requirements, implementing new or different processes, completing paperwork, and working with regulatory agencies to resolve disputes.

Despite the problems that small businesses currently face when complying with regulations, the witnesses also stated that things are getting better. Mr. Hedren testified that 94.6 percent of manufacturers were positive about their own company’s outlook, which is an all-time high. Similarly, Mr. Noel testified that the home building industry and small businesses have been significant beneficiaries of efforts to reduce costly regulations, and builders have entered 2018 with a great deal of optimism. Ms. Harned said America’s small business owners view the President’s commitment to rolling back unnecessary, burdensome, and duplicative regulations as one of his Administration’s greatest accomplishments in his first year in office. The Trump Administration has reduced the number of pages in the Federal Register by 36 percent, and has exceeded its goal of eliminating two regulations for every new one proposed by eliminating 22 regulations for every new one in fiscal year 2017.

However, despite all the work that Congress and the President have done to reduce the regulatory burden on small businesses, the witnesses emphasized that more needs to be done. Mr. Noel provided examples of specific regulations that still need to be addressed, such as the Occupational Safety and Health Administration’s multiemployer policy, the Environmental Protection Agency’s lead renovation, repair, and painting program, the Department of Labor’s apprenticeship program, and Endangered Species Act regulations. Ms. Harned, Mr. Hedren, and Mr. Noel all emphasized the importance of reforming the regulatory process, which must be addressed by Congress. The witnesses supported numerous regulatory reforms that would help give small businesses a stronger voice in the rulemaking process and require agencies to more closely assess how their proposed regulations would impact small businesses. Additionally, Ms. Heinzerling stressed the importance of considering how large scale deregulatory initiatives can pit one small business against another and how focused regulatory streamlining can better serve small entities.

HEARING: “DISPARITIES IN ACCESS TO CAPITAL: WHAT THE FEDERAL GOVERNMENT IS DOING TO INCREASE SUPPORT FOR MINORITY-OWNED FIRMS”

On March 12, 2018, the Committee on Small Business met at the Jacksonville Chamber of Commerce, 3 Independent Dr., Jacksonville, FL for a field hearing titled “Disparities in Access to Capital: What the Federal Government Is Doing to Increase Support For Minority Owned Firms.” This hearing focused on the challenges
small businesses face with Small Business Administration (SBA) lending programs, traditional bank loans, private investment capital, and other alternative financing.

Witnesses on the panel were: Mr. Jimmy Van Horn, Lead Lender Relations Specialist, United States Small Business Administration, Jacksonville, FL; Ms. Hillary Almond, Owner, Almond Engineering, Jacksonville, FL; Ms. Roslyn Phillips, Vice President, The Hester Group, Jacksonville, FL; and Mr. Dane Grey, President, Elite Parking Services of America, Jacksonville, FL.

The panel discussed trends in small business access to capital as well as their own struggles with obtaining financing. Mr. Van Horn outlined how the SBA guarantees small business loans and provided statistics on the growth of certain SBA programs. For example, the SBA Microloan program, which provides loans of up to $50,000, has seen a year-over-year increase of 5 percent. Ms. Almond discussed how she became an entrepreneur and mentioned some of the difficulties associated with obtaining capital. Ms. Phillips mentioned several of the reasons why small businesses struggle to obtain capital, including the lack of a relationship with financial institutions, unawareness of available resources, and insufficient financial documentation to convey past performance. Mr. Grey discussed how he grew his business from a part time hobby in college to a 400-employee business with operations across the country.

HEARING: “THE STATE OF TRADE FOR AMERICA’S SMALL BUSINESSES”

On April 11, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “The State of Trade for America’s Small Businesses.” The hearing examined the State Trade and Export Promotion (STEP) Grant Program and the federal government’s overall efforts to increase small business exports. Additionally, the Committee explored recent trade policy developments and their impact on America’s small business exporters.

Increasing small business exports continues to be a top priority for both United States lawmakers and the federal government. International trade policy affects nearly every type of small business. Whether a business directly exports an agricultural commodity, imports a component part, or sells foreign merchandise, global trade influences its operations and competitiveness. The trade agreements that the federal government negotiates play a critical role in determining whether a small business is able to compete in the global market, because small firms have limited resources and personnel to comply with foreign requirements it acts as a trade barrier.

Witnesses on the panel were: Mr. Chuck Wetherington, President, BTE Technologies, Inc., Hanover, MD, testifying on behalf of the National Association of Manufacturers; Mr. Ken Couch, Director, Product Management, ComSonics, Inc., Harrisonburg, VA, testifying on behalf of the State International Development Organizations; and Mr. Raymond Keating, Chief Economist, Small Business and Entrepreneurship Council, Vienna, VA.

At the hearing, the Committee heard from small businesses and technology service experts on how proposed changes to the tariff
schedule and stronger enforcement strategies could impact American manufacturers and service-oriented small businesses. While nearly 300,000 small businesses are currently exporting to foreign markets, many small businesses face significant challenges in getting their goods and services abroad. Mr. Wetherington mentioned that some of the challenges small businesses face are similar to those of large businesses, such as tariffs, lack of transparency, discriminatory policies, and weak intellectual property (IP) protections. Mr. Couch talked about many of the trade barriers specific to small businesses. He stated that the main challenge small businesses face is an investment risk—smaller companies are more skeptical to invest their resources without any known return. Mr. Keating discussed the importance of free trade for small businesses and the American economy, stating that free trade reduces costs through enhanced competition, lowers costs for consumers, opens new markets and opportunities for businesses, and feeds economic growth.

HEARING: “AN EXAMINATION OF THE SMALL BUSINESS ADMINISTRATION’S 7(A) LOANS TO POULTRY FARMERS”

On April 18, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “An Examination of the Small Business Administration’s 7(a) Loans to Poultry Farmers.” The hearing examined the Small Business Administration (SBA) Office of Inspector General’s (OIG) recent evaluation of the SBA’s 7(a) Program loans to poultry farmers.

The witnesses for the hearing were: Mr. Hannibal “Mike” Ware, Acting Inspector General, SBA, Washington, DC; and Mr. William M. Manger, Associate Administrator, Office of Capital Access, SBA, Washington, DC.

OIG examined the universe of 7(a) agricultural loans from FY2012 to FY2016 as well as a more thorough review of a sample of poultry loans. OIG found that the 7(a) loans made to growers did not meet regulatory and SBA requirements for eligibility: large poultry companies (integrators) exercised such control over the growers through contracts, operating procedures, and other mandates that growers ceased to be independent businesses and became affiliates of the integrators. Under current SBA size standard regulations and requirements, large companies are not eligible for SBA loans. Given the evidence of affiliation, OIG found that from FY2012 to FY2016, SBA guaranteed approximately $1.8 billion of 7(a) loans that may be ineligible.

SBA agreed with OIG’s recommendations to review the sample of loans cited in the report as well as to review arrangements between integrators and growers in regard to current affiliation rules and regulations and to establish and implement additional controls or actions if needed.

To increase access to capital, the SBA offers small firms guarantees through private lenders that participate in the 7(a) Loan Program, whereby loan proceeds can be used for general business purposes. The program does not provide direct loans to participating small businesses; rather, SBA guarantees the repayment of loans made by lenders. To ensure the integrity of the 7(a) Loan Program for small businesses that truly require SBA’s capital access re-
sources, House Small Business Committee Chairman Steve Chabot (R–OH) and Ranking Member Nydia Velázquez (D–NY) introduced H.R. 4743, the “Small Business 7(a) Lending Oversight Reform Act of 2018.” Senators James Risch (R–ID) and Jeanne Shaheen (D–NH) likewise introduced the companion legislation, S. 2283, at the same time. With the aim of increasing SBA’s oversight functions, H.R. 4743 proposes a number of reforms to increase lender oversight while providing certainty to small businesses as they face an uncertain lending environment. H.R. 4743 passed the House Committee on Small Business S. 2283 passed the Senate Committee on Small Business and Entrepreneurship in March of 2018.

HEARING: “AMERICAN INFRASTRUCTURE AND THE SMALL BUSINESS PERSPECTIVE”

On April 25, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “American Infrastructure and the Small Business Perspective.” The Committee examined the small business perspective of the development and use of our nation’s infrastructure. In particular, the hearing considered how surface transportation and access to broadband promote economic growth among small businesses. The hearing also explored some of the challenges that small businesses face without a robust infrastructure system.

A reliable American infrastructure system is key to the growth of the United States economy and the success of our nation’s small businesses. Small firms both build our nation’s infrastructure and rely upon it to create jobs, promote competition, and get their goods to the market. The American infrastructure system is a widely-encompassing umbrella, including roads, bridges, railways, waterways, sea ports, airports, broadband deployment, and more. Providing a reliable and secure infrastructure is one arena where federal, state, and local governments can play a major role in supplying the tools for success for America’s small businesses.

Witnesses on the panel were: Ms. Marsia Geldeti-Murphey, Chief Operating Officer, W. James Taylor, Inc., Belleville, IL, testifying on behalf of the American Society of Civil Engineers; Mr. Bill Schmitz, Vice President, Sales and Quality Control, Gernatt Asphalt Company, Collins, NY, testifying on behalf of the National Stone, Sand, and Gravel Association; Mr. Kevin Beyer, General Manager, Farmers Mutual Telephone Company and Federated Telephone Cooperative, Chokio, MN, testifying on behalf of NTCA—The Rural Broadband Association; and Mr. Bob Dagostino, President and CEO, Dagostino Electronic Services, Inc., testifying on behalf of the National Electrical Contractors Association.

Chairman Chabot opened the hearing by noting that American small business owners often feel the effects of our nation’s broken infrastructure system the most. He also stated that surface transportation and access to broadband are areas where there is room for significant improvement. Ms. Geldert-Murphey’s testimony focused on the infrastructure investment gap, and noted that failure to meaningfully invest in infrastructure can affect businesses large and small, households, and even economic Gross Domestic Product. Mr. Schmitz discussed many of the federal regulations that can act as barriers for small businesses, such as federal permitting and the
Clean Water Act. He also stated that a long-term plan for the Highway Trust Fund is crucial for small businesses in rural areas. Mr. Beyer addressed the importance of broadband deployment for rural America and the ways it can help small businesses and households to access health care and education and keep small businesses competitive. Finally, Mr. Dagostino shared the perspective of an electrical contractor, and said his industry struggles with on-time payments and finding skilled workers.

HEARING: “READY, WILLING, AND ABLE TO WORK: HOW SMALL BUSINESSES EMPOWER PEOPLE WITH DEVELOPMENTAL DISABILITIES”

On May 9, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Ready, Willing, and Able to Work: How Small Businesses Empower People with Developmental Disabilities.” The hearing examined the role small businesses have played in employing individuals with differing abilities and the lessons that have been learned.

The witnesses for the hearing were: Ms. Angela Timashenka Geiger, President and CEO, Autism Speaks, Washington, DC; Mr. Dave Friedman, Founder and CEO, AutonomyWorks, Downers Grove, IL; Mr. John Cronin, Co-Founder and Chief Happiness Officer, John’s Crazy Socks, Melville, NY, (accompanied by Mr. Mark X. Cronin, Co-Founder and President, John’s Crazy Socks); and Ms. Lori Ireland, President, Extraordinary Ventures, and Vice Chair Autism Society of America, Chapel Hill, NC.

One segment of American society that is often overlooked when discussing economic opportunities through new job growth is the special needs community. A common strategy to reduce barriers to employment is to provide workplace accommodations, which may include: flexible schedule; mentoring and on the job training; personal care attendants; special equipment or modified work space; modified work duties; or transportation assistance. Accommodations for individuals with developmental disabilities are generally low cost. Given the innovation, flexibility, and diversity of small businesses, they can offer inclusive environments for employees with developmental disabilities.

Since the Committee’s May 2016 hearing on this topic, three recent trends in small business opportunities for individuals with developmental disabilities have emerged. (1) The growing number of small businesses created by parents (or groups of parents) or other advocates with the mission of hiring individuals with autism or other developmental disabilities. While these businesses are mission driven, they are for-profit businesses, not charities. (2) The increase of entrepreneurs with developmental disabilities owning and operating micro-businesses or being self-employed. These include artisans or inventors selling their products or individuals providing a service. (3) Businesses, both large and small, have announced initiatives to diversify their workforces by hiring individuals with developmental disabilities.

Small businesses play a crucial role in our nation's economy, but just as important is the role small businesses play in the community. Members of the Committee heard from employers and organizations who have been pioneers in providing job opportunities to individuals whose contributions can be overlooked.
HEARING: “INTELLECTUAL PROPERTY 101: HOW SMALL BUSINESS OWNERS CAN UTILIZE INTELLECTUAL PROPERTY PROTECTIONS IN THEIR BUSINESSES”

On May 16, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Intellectual Property 101: How Small Business Owners Can Utilize Intellectual Property Protections in Their Businesses.” The hearing examined how small business owners have used intellectual property protections to help their businesses and the issues they have faced when navigating the intellectual property processes.

The witnesses for the hearing were: Ms. Michal Rosenn, General Counsel, Expa, New York, NY; Mr. David Graham, CEO, Code Ninjas LLC, Pearland, TX, testifying on behalf of the International Franchise Association; Mr. Rick Carnes, President, Songwriters Guild of America, Inc.; and Ms. Joan Fallon, DC, Founder and CEO, Curemark, Rye, NY.

The witnesses provided testimony detailing the importance of intellectual property protections for small businesses owners and the challenges they face. For example, Ms. Rosenn discussed the experiences that startups have with patents and the intellectual property system. She testified that filing for patents is a long and expensive process, but a patent is a valuable asset for a business. However, Ms. Rosenn explained that even with various patent reforms, abuse of the patent system still exists. She testified that for many startups and other small businesses, the only interaction they ever have with the patent system is through predatory patent litigation. She described the experience that one startup company had when it was sued in a patent infringement case.

Mr. Graham testified that intellectual property, especially trademarks, can play a key role in ensuring brand protection and providing consistent quality for businesses who franchise. He explained that without intellectual property protections, his company would not have been as successful as it was and he would not have been able to franchise his business across the country. Mr. Graham stated that franchises should be understood as a system of licensing intellectual property where each individual franchise is a small business that hires and fires their own workers, but the brand controls the look and feel of the system so that the customer’s experience is consistent.

Copyright protections are another type of intellectual property that play an important role for creative industries, including songwriters. Mr. Carnes explained how most songwriters are self-employed small businessmen and women who are completely reliant on copyright protections to survive. He explained that in the current digital environment, songwriters are especially vulnerable to piracy and unauthorized distribution of their work. Copyright protections allow them to fight back, but he suggested that some reforms can be made to help small business owners more effectively enforce their copyrights.

Finally, Dr. Fallon discussed how patents have been vital to her business in the science field and have helped her discover important drugs for various neurological disorders. She testified that in-
intellectual property forms the basis of her company. She explained how patents can grow value at all stages in a company’s lifecycle, and are especially critical for startups to help provide assurance to investors. Patents also can provide a competitive advantage for small businesses, allow for licensing and joint ventures, and are often critical in obtaining funding. She also discussed the gap between the number of female patent holders and male patent holders.

HEARING: “MILLENNIALS AND THE GIG ECONOMY”

On Wednesday, June 6, 2018 at 11:00 A.M., the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Millennials and the Gig Economy.” The purpose of the hearing was to explore the relationship between small businesses and the gig economy. Specifically, this hearing examined the increasing number of millennials pursuing careers within the gig economy, while considering how this economic trend is impacting small businesses.

The witnesses for the hearing were: Ms. Betsy Dougert, Director of Communications, SCORE Association, Herndon, VA; Mr. Ryan Morris, Owner, Ruff House Dog Training, Stafford, VA; Ms. Anne Kirby, Founder, The Sweet Core, Lancaster, PA; and Mr. Steven Olikara, Founder and President, Millennial Action Project, Washington, DC.

Chairman Chabot explained the gig economy as a marketplace of workers whose businesses are a collection of individual projects or “gigs.” Ms. Dougert discussed the relationship between small businesses and the gig economy. Statistics have shown that small businesses are hiring independent contractors or gig workers at a higher rate than traditional employees. As a gig worker himself, Mr. Morris highlighted the increased freedom and flexibility that the gig economy offers. This increased flexibility is widely seen as a key factor in the growth of the gig economy. As the gig economy continues to grow, the concept of coworking has grown as well. Ms. Kirby spoke about the importance of coworking in providing gig workers with community support and networking opportunities, both of which contribute to an entrepreneur’s ability to scale their business in the long term. Mr. Olikara commented on the lack of employer sponsored retirement or healthcare programs and the potential policy solutions to these issues moving forward.

HEARING: “THE IMPACT OF CATEGORY MANAGEMENT ON THE SMALL BUSINESSES INDUSTRIAL BASE”

On June 13, 2018 the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “The Impact of Category Management on the Small Business Industrial Base.” The hearing continued the Committee’s long-standing oversight examining the use of contract bundling and consolidation in the federal procurement system.

The federal government spends over $300 billion dollars on goods and services each year. In order to seek efficiencies and manage this spending, the Office of Management and Budget (OMB) expanded upon previous attempts at contract consolidation, resulting in the current category management strategy. The purpose of cat-
egory management, as originally developed, was to track and ana-
lyze market research data to better capture what the federal gov-
ernment was buying and how it was spending in order to increase
efficiencies and achieve cost savings. Used in this manner, category
management can be a valuable tool to the federal government.
However, category management has been taken a step further; the
OMB mandated a targeted increase in spending through “best-in-
class” contract vehicles and a decrease in individual contracts. This
has the potential consequence of funneling contract dollars and
awards towards specific, few contract vehicles which have only a
handful of vendors, both large and small, operating on each vehicle.
This federal spending approach may have deleterious impacts on
small businesses who do not operate on these “best-in-class” vehi-
cles, particularly for emerging small businesses, by reducing the
number of available opportunities for small businesses and by mak-
ing it increasingly difficult to compete for government contracts. As
OMB continues to implement category management government-
wide, the impacts to the small business industrial base should be
considered.

Witnesses on the panel were: Ms. Shirley Bailey, CEO and Man-
aging Member of MSC Management Services, LLC in Oakland,
MD, testifying on behalf of the HUBZone Contractors National
Council; Mr. Alan Chvotkin, Executive Vice President and Counsel
of the Professional Services Council in Arlington, VA; Ms. Beth
Laurie Strum, Vice President of Business Development of Volanno,
formerly known as IT WORKS, Washington DC, testifying on be-
half of the U.S. Women’s Chamber of Commerce; and Ms. ML Mac-
key, CEO of Beacon Interactive Systems, Waltham, MA, testifying
on behalf of the National Defense Industrial Association.

Ms. Bailey explained that category management will not only
have harmful impacts on small businesses but also may also harm
agencies abilities to meet their small business goals. Mr. Chvotkin
questioned whether category management will help agencies meet
their mission objectives. He explained that labeling a contract as
“best-in-class” after the contract has already been awarded harms
small businesses that did not compete for a spot on that contract.
Ms. Strum noted that this framework restricts competition to a
handful of vendors which harms the industrial base and also advo-
cated for more on-ramping opportunities for existing “best-in-class”
contract vehicles. Ms. Mackey stated that this policy dilutes the
innovative and agile advantages that small businesses bring to fed-
eral procurement.

HEARING: “EXPLORING THE STATE OF WESTERN KENTUCKY’S SMALL
BUSINESSES”

On June 18, 2018, the Committee on Small Business met in the
Paducah Bank Room, Paducah Area Chamber of Commerce, Padu-
cah, Kentucky, for a field hearing titled “Exploring the State of
Western Kentucky’s Small Businesses.” Small business leaders
shared their experiences and provided the Committee with rec-
ommendations about federal policies that will help them grow their
businesses and create jobs.

The witnesses for the hearing were: Mr. Bruce Kimbell, Presi-
dent, First Community Bank of the Heartland, Clinton, KY; Mr.
Leon Owens, President, Swift & Staley, Inc., Paducah, KY; Mr. Edward Musselman, Owner, Musselman Properties, Paducah, KY; and Mr. Jonas Neihoff, Owner, Socially Present, Paducah, KY.

While large companies regularly raise capital through debt and equity markets, small businesses often finance their endeavors with personal assets or commercial bank borrowing. Unfortunately, the lending environment around the country for small businesses continues to be stagnant. According to research, the total value of loans by small domestic banks has remained flat since the recession and depressed as compared to levels before the recession. With capital options limited, small businesses often turn to the SBA to finance their projects. The SBA, which was created in 1953 by the Small Business Act, administers several programs designed to assist small businesses, including capital access programs that aim to bridge the debt and equity gaps that exist in the marketplace.

Mr. Kimbell testified about the role of community banks in providing small businesses access to credit and about how H.R. 4743, the Small Business 7(a) Lending Oversight Reform Act, would improve SBA's 7(a) loan program. Mr. Owens explained the impact of H.R. 5236, the Main Street Employee Ownership Act, on small business and employees and provided recommendations about how successful small businesses could continue to participate in small business programs after they have slightly exceeded their size standards.

Across every industry, small business owners continue to be burdened by federal regulations. The cost in time and money to research, understand, and comply with regulations continues to be a problem for small businesses, and federal agencies have not always taken the proper steps to ensure they are adequately assessing how they are impacting small businesses when issuing new regulations. Complying with federal regulations continues to be one of the biggest challenges for America's small businesses. Both Congress and President Trump have taken steps to reduce the regulatory burden on small businesses by rolling back and revising existing regulations. The President has also taken steps to reform the regulatory process and require federal agencies to review their existing regulations and identify candidates for removal or revision. Mr. Musselman discussed the historic tax credit, a provision of H.R. 1, the Tax Cuts and Jobs Act, and provided recommendations to reform Obamacare's employer mandate. Mr. Neihoff testified about the importance of finding a local mentor who can guide entrepreneurs and new small businesses through the process of starting a business.

HEARING: "THE PERSPECTIVE OF RURAL SMALL BUSINESSES IN NORTH MISSISSIPPI"

On June 18, 2018, the Committee on Small Business met for a field hearing titled, "The Perspective of Rural Small Businesses in North Mississippi.” The hearing took place at in Southaven, MS at the ServPro Training Center, 1160 Stateline Road East. The hearing highlighted how rural small businesses in Mississippi are faring in today's economy and the outlook going forward.

Witnesses on the only panel were: Mr. Pat Woods, Owner, Woods Farm Supply, Inc., Byhalia, MS; Mr. Geoffrey Carter, Founder,
Chairman Chabot discussed the regulatory and tax reform efforts of Congress and President Trump and how that has been beneficial for small businesses in the economy. Congressman Kelly echoed Chairman Chabot’s statements on the benefits of regulatory and tax reform efforts of the federal government, but pointed out that more progress needs to be made in the areas of access to capital, rural broadband deployment, and the difficulty small firms are experiencing finding qualified employees to fill open positions. Mr. Woods testified that he has seen a significant growth in the small business sector of North Mississippi’s economy due in large part to the regulatory and tax reform efforts the federal government has taken in the past 18 months. Mr. Carter testified that since the 2016 election, his workforce had grown by 30 percent, the company’s revenue had doubled, and was currently seeking a new facility as they had outgrown their current one. Mr. Hatcher also pointed to tax reform as a catalyst for growth in rural businesses in his area. Mr. Bailey stated that his outlook for his small business is optimistic, but the federal government ought to continue to find regulations that are unnecessarily burdensome.

HEARING: “COMMUNITIES THAT THINK SMALL AND WIN BIG”

On Wednesday, June 20, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Communities That Think Small and Win Big.” The purpose of the hearing was to highlight localities that have developed thriving small business ecosystems. The hearing examined key elements of a business-friendly environment as well as the socio-economic returns on small business investment. Witnesses reviewed economic development policy strategies, best practices, and local success stories.

Localities use a variety of policy tools to address business concerns, including operating costs, operating conditions, and quality of life. The panel touched on familiar themes, including regulations, taxes, access to capital, and access to resources. The witnesses explained how they tailor economic development strategies to meet the specific needs of their community and businesses they wanted to attract.

Witnesses on the panel were: Mr. Greg Prestemon, President and CEO, EDC Business and Community Partners, St. Charles, MO; Mr. Derek Miller, President and CEO, Salt Lake Chamber and Downtown Alliance, Salt Lake City, UT; Ms. Vanessa Wagner, Small Business and Entrepreneurship Manager, Loudoun County Department of Economic Development, Ashburn, VA; and Mr. Gregg Bishop, Commissioner, New York City Department of Small Business Services, New York, NY.

HEARING: “ZTE: A THREAT TO AMERICA’S SMALL BUSINESSES”

On June 27, 2018, the Committee on Small Business met in Room 2360 Rayburn House Office Building for a hearing-titled “ZTE: A Threat to America’s Small Businesses.” The hearing exam-
ined the imminent threat posed to America’s small businesses by the Chinese telecommunications firm Zhongxing Telecommunications Equipment Corporation (ZTE) and provided Committee Members the opportunity to hear from national security experts and representatives of cybersecurity firms on steps the Administration can take to protect small businesses and American citizens from the dangers presented by ZTE. The hearing also investigated ongoing efforts by both the public and private sectors to reduce the challenges small businesses face in dealing with illicit Chinese-backed enterprises.

As small businesses increasingly rely on foreign technology products and services, they become even more susceptible to cyber attacks. As the Committee has learned in past hearings, some foreign-backed firms have taken steps to expose small businesses’ information technology systems as a means of infiltrating America’s critical infrastructure and weakening national security. Foreign governments—through subversive tactics—can employ state-backed firms to orchestrate cyber attacks, cyber espionage, and other national strategic objectives, making it difficult to identify the responsible entity. Vulnerabilities in the information technology supply chain are especially at risk because foreign telecommunications firms are capable of exploiting these weaknesses to carry out criminal activities.

Witnesses on the panel were: Mr. David Linger, President and CEO, TechSolve, Inc., Cincinnati, OH; Mr. Andy Keiser, Visiting Fellow, National Security Institute, Antonin Scalia Law School, George Mason University, Arlington, VA; and Mr. Matthew G. Olsen, President, IronNet Cybersecurity, Kensington, MD.

Chairman Chabot noted the years long investigation into ZTE’s nefarious activities and efforts to subvert United States export control laws and the subsequent judgements brought against ZTE. The panel discussed the importance of holding ZTE accountable for its misdeeds. Mr. Linger testified that typical IT cyber-attacks and both foreign and domestic espionage will continue to target manufacturers and devastate these companies, their customers, and supply chain primes. He also stated that there is fierce competition for intellectual property and industrial control systems that are largely left unguarded, and that their systems are increasingly connected through the use of IOT devices, robotics, and human-machine interfaces to improve automation and decrease costs. Mr. Keiser said that part of China’s vision includes dominance in fields that have dual economic and military benefit. He stated that in 2015, Chinese leaders unveiled the “Made in China 2025” strategic plan which focuses on the country becoming the world’s leader in high-tech fields, squarely within the learned and stolen expertise of ZTE and Huawei. Mr. Olsen observed that ZTE has proven to be a particularly bad actor, flouting U.S. export control laws and deceiving regulators. He also said that the U.S. government found ZTE to be in violation of U.S. sanctions against Iran and North Korea, by using various U.S. components in systems it sold to those two countries and, when the Commerce Department released its findings against ZTE in 2016, it disclosed evidence of the company’s guilt. He noted that one document, signed by several senior ZTE executives, reportedly cautioned that American export laws were a risk
because the company was selling to all five major embargoed countries—Iran, Sudan, North Korea, Syria and Cuba.

HEARING: “INNOVATION NATION: HOW SMALL BUSINESSES IN THE DIGITAL TECHNOLOGY INDUSTRY USE INTELLECTUAL PROPERTY”


The witnesses for the hearing were: Mr. Frank Cullen, Vice President of U.S. Policy, The Global Innovation Policy Center, U.S. Chamber of Commerce, Washington, DC; Mr. Morgan Reed, President, ACT I | The App Association, Washington, DC; Mr. Christopher Mohr, Vice President for Intellectual Property and General Counsel, Software & Information Industry Association, Washington, DC; and Mr. Chris Israel, Executive Director, Alliance for U.S. Startups & Inventors for Jobs, Washington, DC.

The witnesses provided testimony detailing the role of IP for small business owners in the digital technology industry. Mr. Cullen provided an overview of the importance of IP in the United States and how IP rights drive competitiveness and economic growth. He also testified about the Global Innovation Policy Center’s International IP Index that is published every year, which showed that the United States is the top-scorer for its overall IP system. Mr. Cullen also stressed the importance of educating small business owners to help them understand how IP can help them succeed and which form of IP is most relevant to their type of business.

Mr. Reed testified about the importance of IP for small mobile software companies. He stated that IP is usually at the forefront of his members’ minds and emphasized the importance of an IP system that is accessible and useful to small, innovative, software-driven companies.

Mr. Mohr explained how a sound and uniform IP system exists in the United States and has been working for software companies. He discussed how IP-intensive industries continue to grow and provide jobs, and research and development investments have been growing faster than any other industry. He also stated how each IP protection helps small software companies grow from small ones to large ones.

Mr. Israel focused on the importance of IP protections to receive funding from investors. His testimony discussed how the United States patent system has been eroded by court decisions and changes in the law. Mr. Israel provided the results of a study detailing the trends in venture capital investment in recent years. He testified that even though venture capital investment has increased over the past 15 years, the portion committed to small businesses in important technology sectors such as medical devices and wireless communications has declined. Mr. Israel provided specific recommendations and actions that the United States Patent and Trademark Office can take to reform some of the issues that his members face in the patent system.
HEARING: “THE TAX LAW’S IMPACT ON MAIN STREET”

On July 25, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “The Tax Law’s Impact on Main Street.” The purpose of the hearing was to examine how the recently enacted tax reform package affected small businesses. The hearing allowed Members of the Committee the opportunity to hear directly from small business owners regarding the impact the law has had on their operations and their company's outlook.

The witness for the hearing were: Mr. Wettlin Treppendahl, Owner, Treppendahl’s Super Foods, Woodville, MS, on behalf of the National Grocers Association; Mr. Tibi Czentye, Chief Executive Officer, All Pro Solutions, Rock Hill, SC; Mr. Gary Ellerhorst, President/CEO, Crown Plastics Co., Harrison, OH; and Ms. K. Davis Senseman, Founder, Davis Law Office, Minneapolis, MN, on behalf of the Main Street Alliance.

On December 22, 2017, President Donald Trump signed the Tax Cuts and Jobs Act into law. With economic data responding positively to the tax reform package, one measure will come from small business owners on the ground. In Committee testimony and responses to Member questions, all three small business witnesses said the Tax Cuts and Jobs Act was beneficial to their businesses and a step in the right direction. Mr. Treppendahl said the tax reform package allowed his supermarket to invest in new freezer doors and provide raises to employees. Mr. Czentye, the chief executive of a digital archiving business, said that because of the Tax Cuts and Jobs Act, optimism in his South Carolina community is soaring and that the fourth quarter forecasts for his business have increased exponentially. Mr. Ellerhorst said that combined with the booming economy and deregulation, the tax reform package will have a significant impact moving forward. Ms. Senseman commented on the need for timely regulations, particularly in the area of the pass-through tax deduction. She noted that small firms wishing to take advantage of the provision were in limbo because they had been given no rules of the road, further creating uncertainty and complexity for the current tax year.

HEARING: “SURVEYING STORMS: A DEEPER DIVE INTO SBA’S DISASTER RESPONSE”

On Wednesday, September 5, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Surveying Storms: A Deeper Dive into SBA’s Disaster Response.” The purpose of the hearing was to examine the United States Small Business Administration’s (SBA) disaster response to the 2017 storm season. The hearing provided Members of the Committee the opportunity to hear directly from the SBA regarding the agency’s actions during the 2017 storm season and SBA's disaster response moving forward.

The witness for the hearing was: Mr. James Rivera, Associate Administrator, Office of Disaster Assistance, SBA, Washington, DC.

Mr. Rivera testified before the Committee regarding the response SBA provided to disaster victims during the 2017 storm season,
which included Hurricane Harvey, Hurricane Irma, and Hurricane Maria, all of which made landfall within weeks of each other. In the past, SBA has struggled while responding to major disasters, namely Hurricane Katrina in 2005 and Hurricane Sandy in 2012. While discussing the unique challenge of responding simultaneously to three major disasters, Mr. Rivera detailed how SBA’s Disaster Loan Program assisted 2017 disaster victims, including how the program is administered. Specifically, Mr. Rivera testified that SBA moved with alacrity and approved $1 billion dollars in loans for the 2017 hurricanes in half the amount of time compared to previous disasters. Although the recovery for 2017 storm victims continues, to date, SBA has approved over $7.2 billion of loans to victims of hurricanes Harvey, Irma, and Maria. Acknowledging that SBA needs to continue to make improvements with its disaster response, Mr. Rivera outlined for the Committee areas the agency is addressing including ongoing customer service to victims and barriers to the application process. Finally, Mr. Rivera noted the importance of making the collateralization requirements for disaster loans permanent at $25,000 instead of $14,000 if the provision is allowed to expire.

HEARING: “NOW HIRING: HOW THE OPIOID EPIDEMIC AFFECTS SMALL BUSINESSES”

On September 13, 2018, the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Now Hiring: How the Opioid Epidemic Affects Small Businesses.” Specifically, the hearing examined the decline in the labor force participation rate due to the epidemic and the challenges that small businesses experience in finding qualified workers as a result.

Witnesses on the panel were: Mr. Ben Gitis, Director of Labor Market Policy, American Action Forum, Washington, DC; Ms. Katie Van Dyke, Director, Ohio Small Business Development Center, Cleveland State University, Cleveland, OH, testifying on behalf of America’s SBDC; and Ms. Lisa Allen, President & CEO, Ziegenfelder Company, Wheeling, WV.

Chairman Chabot opened the hearing by noting that although small business optimism has reached a record 45-year high, finding and retaining qualified workers has become a recent challenge for many small businesses. He also stated that many working age men and women are out of the labor force due to opioids, and that the opioid crisis has taken a toll on many small businesses and communities. Mr. Gitis discussed how the growing use of prescription painkillers and other opioids has led to a declining labor force participation in the United States economy. He also stated that, although the declining labor force affects all businesses and communities, the effects are most heavily felt by small businesses with under 50 employees. Ms. Van Dyke provided details about resources that are on the ground working to educate employers and employees about the opioid crisis, such as the Ohio SBDC’s workshop called “The Opioid Crisis in the Workplace: The Proactive Role Employers Can Take.” She also discussed the direct results of the opioid crisis on Ohio, noting that in 2016, overdose deaths due to opioids increased by 39 percent and that Ohio saw the third
largest increase in overdose deaths among the states. Ms. Allen testified about her business, the Ziegenfelder Company, and how they have worked to combat the opioid crisis in their community by hiring recovering addicts. She discussed how working with the local community is important for fostering a safe environment for her employees to recover and prosper.

PART B

SUBCOMMITTEE HEARINGS

HEARING: “STATE OF THE SMALL BUSINESS ECONOMY”

On February 16, 2017, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “State of the Small Business Economy.” The hearing examined current economic indicators that measure the health of the economy, with a specific focus on the effect of policy uncertainty on economic growth and entrepreneurship growth. The hearing also examined general concerns that small business owners are confronting in 2017.

According to the Bureau of Economic Analysis, economic activity in 2016, as measured by gross domestic product (GDP), grew by just 1.6 percent. With small businesses comprising 42 percent of the private sector payroll and 99.9 percent of all businesses, small businesses have the potential to be significant drivers of economic growth. However, barriers such as increasing health care costs, regulatory burdens, and an increasingly complex tax code have made it harder to start, maintain, and grow a business.

Witnesses on the panel were: Stan Veuger, Ph.D., Resident Scholar, American Enterprise Institute, Washington, DC; Mr. Victor Hwang, Vice President, Entrepreneurship, Ewing Marion Kauffman Foundation, Kansas City, MO; Ms. Holly Wade, Director, Research and Policy Analysis, NFIB Research Foundation, Washington, DC; and Ms. Bob Bland, CEO and Founder, Manufacture NY, Brooklyn, NY.

The panel discussed how to promote growth in the small business economy and the primary concerns of small businesses. Dr. Veuger provided an overview of the small business economy and discussed how policy uncertainty can dampen economic growth. Mr. Hwang outlined the state of entrepreneurship in the United States, and described the Kauffman Foundation’s new Zero Barriers to Startup Challenge to address the entrepreneurship deficit. Ms. Wade used survey data of NFIB member businesses to show that health insurance costs, regulatory compliance costs, and tax complexity are three primary concerns of many small businesses. Finally, Ms. Bland described New York City’s fashion industry and discussed the industry’s challenges.

HEARING: “LEARNING FROM HISTORY: IDEAS TO STRENGTHEN AND MODERNIZE THE HUBZONE PROGRAM”

On March 2, 2017, the Subcommittee on Contracting and Workforce met in Room 2360 of the Rayburn House Office Building for
a hearing titled “Learning from History: Ideas to Strengthen and Modernize the HUBZone Program.” The hearing was the first in a series of hearings assessing the HUBZone program, starting with a study of overarching themes identified in reports issued by the Government Accountability Office (GAO) and the Small Business Administration (SBA) Office of Inspector General (OIG) over the past twenty years.

The HUBZone Program, authorized in 1997, was intended to stimulate economic development by increasing employment and capital investment through the use of federal contracting preferences to small businesses operating in economically distressed areas. GAO and OIG issued nine reports total examining the HUBZone program. Six major themes arose from these reports: (1) SBA continues facing technology and communications issues; (2) diffusion of benefits and underutilization of HUBZone-designated areas may undermine the purpose of the HUBZone program; (3) performance metrics are still lacking; (4) the HUBZone program has been vulnerable to fraud in the past; (5) SBA's certification and decertification processes improved while the recertification process needs strengthening; and (6) SBA relies on the threat of prosecution, site visits, and status protests to mitigate fraud.

Witnesses on the panel were: Mr. William Shear, Director, Financial Markets and Community Investment, GAO, Washington DC; Mr. Hannibal “Mike” Ware, Acting Inspector General, SBA, Washington DC; Ms. Shirley Bailey, Co-Owner and Executive Vice President and Chief Operating Officer, GCC Technologies, LLC, Oakland, MD, testifying as Board Chair of the HUBZone Contractor’s National Council; and Mansooreh Mollaghasemi, Ph.D., President and CEO, Atria Technologies, LLC, Orlando, FL.

At the hearing, Mr. Shear discussed the evolution of the HUBZone Program, specifically areas of weakness identified in prior reports and data on the economic characteristics of HUBZone-designated areas. Mr. Ware testified that inaccurate procurement data was a top management challenge in the HUBZone program. He noted that federal agencies reporting their small business goals to SBA were receiving HUBZone small business goaling credit for ineligible firms, putting to question the amount of HUBZone dollars reported. Ms. Bailey testified that the HUBZone Program serves an important socioeconomic utilization goal and that the Program had a substantial impact on HUBZone communities. She also identified a number of proposed legislative solutions. Dr. Mollaghasemi shared her personal experience as a HUBZone small business owner and stressed the importance of increased transparency and expediency within the HUBZone application process.

HEARING: “AN OVERVIEW OF SBA’S 7(A) LOAN PROGRAM”

On March 9, 2017, the Subcommittee on Investigations, Oversight, and Regulations of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “An Overview of SBA’s 7(a) Loan Program.” The hearing examined the United States Small Business Administration’s (SBA) 7(a) Loan Program to ensure the effectiveness of the program in helping creditworthy small businesses obtain capital. The hearing gave
Members of the Subcommittee the opportunity to hear directly from financial institutions participating in the program.

The witnesses for the hearing were: Ms. Sonya McDonald, Executive Vice President/Chief Lending Officer, Randolph Brooks Federal Credit Union, Universal City, TX, testifying on behalf of the National Association of Federally-Insured Credit Unions; Ms. Cindy Blankenship, Vice Chairman, Bank of the West, Grapevine, TX, testifying on behalf of the Independent Community Bankers of America; Mr. Tony Wilkinson, President and Chief Executive Officer, National Association of Government Guaranteed Lenders, Washington, DC; and Mr. Edward C. Ashby III, President and Chief Executive Officer, Surrey Bank & Trust, Mount Airy, NC, testifying on behalf of the American Bankers Association.

The witnesses discussed the requirements of the 7(a) Loan Program, along with its recent growth in terms of loan approvals, loan amounts and the congressionally-authorized lending limit. When asked about improvements that the SBA could make with regard to the program, Ms. McDonald highlighted an idea of utilizing best practices, which included publishing a list of unwritten rules and the importance of raising the credit unions’ Member Business Lending Cap. Ms. Blankenship discussed the uptick in demand in business optimism since the 2016 elections, along with parameters required for the “credit elsewhere test.” She also highlighted the importance of having a stable funding environment with regard to the congressionally-authorized lending limit and suggested an improvement can be made to the limit by switching to a two-year authorization level. When asked about the tools that are available at the Office of Credit Risk Management (OCRM) within SBA, Mr. Wilkinson said it is important that OCRM receive the appropriate funding and the appropriate staff to fulfill lender oversight. He mentioned that he believes the “credit elsewhere test” is clear, but legislation could potentially make it clearer. Mr. Wilkinson also described how there are likely lenders that have used the 7(a) Loan Program when conventional lending was available, but he described how that is where the role of lender oversight at SBA enters the conversation. Mr. Ashby discussed how his state of North Carolina has seen an uptick in poultry lending and that the SBA One platform has not fully been implemented.

HEARING: “CAFETERIA PLANS: A MENU OF NON-OPTIONS FOR SMALL BUSINESS OWNERS”

On March 16, 2017, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Cafeteria Plans: A Menu of Non-Options for Small Business Owners.” The Subcommittee met to examine why small business owners are not treated like larger employers in offering cafeteria plan benefits. The Subcommittee also considered the effects of this policy on small business employees and whether the policy should be changed.

The witnesses for the hearing were: Ms. Jennifer Brown, Manager of Research, National Institute on Retirement Security, Washington, DC; Ms. Paula Calimafde, Chair, Small Business Council of America, Bethesda, MD; Ms. Elise Feldman, President, Feldman
Benefit Services, Springfield, NJ; and Mr. Matt Tassey, Treasurer, National Association of Insurance and Financial Advisors, Portland, ME.

Ms. Brown laid a foundation from an academic perspective, detailing the enactment, legislative history, and development of Section 125 cafeteria plans. Ms. Calimafde noted that cafeteria plans are not widely offered by small businesses, suggesting that removing the restriction on pass-through owners from participating in such plans would result in an increase in their use. She also made several other recommendations to improve Section 125. Ms. Feldman mentioned that her pass-through clients routinely ask when they will be able to participate in their cafeteria plans. However, she also observed that many pass-through owners, even if allowed to participate, would not be able to do so based solely on the fact that their small size makes compliance with the non-discrimination rules virtually impossible. Mr. Tassey focused his testimony on two recommendations to improve cafeteria plans: (1) make pass-through owners eligible to participate; and (2) add qualified long-term care insurance to the benefits available under cafeteria plans.

HEARING: “THE FUTURE OF AMERICA’S SMALL FAMILY FARMS”

On March 23, 2017, the Subcommittee on Agriculture, Energy, and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “The Future of America’s Small Family Farms.” The hearing provided the Subcommittee an opportunity to review the economic contributions of small family farms to the health of the United States economy. The hearing also assessed historical and current trends in the industry, as well as the issues small family farms are confronting.

Witnesses on the panel were: John D. Lawrence, Ph.D., Associate Dean and Director for Extension and Outreach, College of Agriculture and Life Sciences, Iowa State University, Ames, IA; Mr. Tim White, Owner, TA White Farm LLC, Lexington, KY, testifying on behalf of the National Cattlemen’s Beef Association; Ms. Sarah Rickelman, Manager, Degener-Juhl Farms, Hudson, IA, testifying on behalf of the Iowa Farm Bureau; and Mr. Chuck Conner, President and CEO, National Council of Farmer Cooperatives, Washington, DC.

Small family farms remain an important component of the agriculture industry and make up an overwhelming number of the farms in the United States. They also grow a significant percentage of crops that are vital to the nation’s food supply. However, with net farm income falling over the past few years, it has become harder than ever to make a profit as a small family farm. Furthermore, issues such as tax burdens, regulatory burdens, and difficulty exporting increase costs and decrease income potential.

The panel discussed how to improve the state of small family farms and identified primary concerns of the industry. Dr. Lawrence provided an overview of the farm economy and mentioned the ongoing challenges for small family farms. He said that expanding access to markets, capital, technology, and information would benefit small family farms the most. Mr. White testified about his experience in operating a small cattle farm in Kentucky. He also mentioned issues affecting both cattle ranchers and small family
farms, such as low commodity prices, burdensome regulations, and the estate tax. Ms. Rickelman also discussed the difficulty of running a small farm amid low commodity prices, and said a strong Farm Bill is needed to protect against periods of low prices. She reiterated the importance of trade for small family farms, and supports allowing farmers to be able to deduct interest expenses. Finally, Mr. Conner discussed important issues for farmer cooperatives, which include tax reform, access to international markets, and improved infrastructure for rural areas.

HEARING: “SBA’S ENTREPRENEURIAL DEVELOPMENT PROGRAMS: RESOURCES TO ASSIST SMALL BUSINESSES”

On March 30, 2017, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “SBA’s Entrepreneurial Development Programs: Resources to Assist Small Businesses.” The hearing examined the United States Small Business Administration’s (SBA) Entrepreneurial Development (ED) Programs and gave Members of the Subcommittee the opportunity to review the major technical assistance programs and to hear directly from SBA’s resource partners.

The witnesses for the hearing were: Mr. W. Kenneth Yancey, Jr., Chief Executive Officer, SCORE, Herndon, VA; Ms. Antonella Pianalto, President and Chief Executive Officer, Association of Women’s Business Centers, Washington, DC; Mr. Charles Rowe, President and Chief Executive Officer, America’s Small Business Development Centers, Burke, VA; and Mr. Joseph C. Sharpe, Jr., Director, The Veterans Employment & Education Division, The American Legion, Washington, DC.

The witness panel provided the Subcommittee with an overview of the resources available to small businesses through SBA’s ED Programs. Mr. Yancey discussed the data driven focus of SCORE and recent improvements SCORE has made with regard to client and volunteer diversity. When asked how to improve access to capital for women-owned businesses, Ms. Pianalto highlighted the importance of education and financial literacy. She also discussed the process of establishing a new Women’s Business Center (WBC), which entails an initial location decision from SBA and then a grant proposal process. Mr. Rowe focused his remarks on the importance of coordination among all of the ED programs and he said extra attention is needed within rural and less populated areas. Mr. Rowe also highlighted the role of Small Business Development Centers (SBDCs) in disaster recovery. When asked about the geographic limitations of Veterans Business Outreach Centers (VBOCs), Mr. Sharpe discussed the need for enhanced public-private partnerships.

HEARING: “SMALL BUSINESS: THE KEY TO ECONOMIC GROWTH”

On April 27, 2017, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Small Business: The Key to Economic Growth.” The hearing provided the Subcommittee with an opportunity to further understand the causes of economic growth, the benefits associated with
economic growth, and current limits on economic growth in the United States. This hearing also examined how small businesses are a vital catalyst for economic growth.

Witnesses on the panel were: Robert Barro, Ph.D., Paul M. Warburg Professor of Economics, Harvard University, Cambridge, MA; Mr. Andrew Sherman, Partner, Seyfarth Shaw LLP, Washington, DC; Mr. Stephen Moore, Distinguished Fellow, Project for Economic Growth, Institute for Economic Freedom and Opportunity, The Heritage Foundation, Washington, DC; and Chad Stone, Ph.D., Chief Economist, Center on Budget and Policy Priorities, Washington, DC.

The panel discussed the determinants of economic growth, and how small businesses play an integral part in creating economic growth. Dr. Barro provided a historical and international analysis of economic growth. He stated that the most vital determinants for economic growth are the regulatory environment, ease of doing business, and human capital. Mr. Sherman discussed the importance of entrepreneurs and small businesses to economic growth. In order to improve the success of entrepreneurs and small businesses, Mr. Sherman stressed the importance of human capital, R&D partnerships with small businesses and the government, reliable and fair intellectual property laws, and access to capital. Mr. Moore explained how improving GDP growth would reduce the federal deficit, reduce poverty, and improve schools. However, in order to spur growth, Mr. Moore argued that Congress needs to enact policies like tax reform that would encourage small businesses to flourish. Dr. Stone discussed the constraints on economic growth over the next decade.

HEARING: “IMPROVING THE SMALL BUSINESS INNOVATION RESEARCH AND SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAMS”

On May 4, 2017, the Small Business Committee Subcommittee on Contracting and Workforce and the Committee on Science, Space, and Technology Subcommittee on Research and Technology met in Room 2318 of the Rayburn House Office Building for a joint hearing titled “Improving the Small Business Innovation Research and Small Business Technology Transfer Programs.” The hearing was called because the Committee on Small Business and the Committee on Science, Space, and Technology were interested in collaborating on legislation making minor adjustments and improvements to the Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) Programs in 2017. Witnesses from both the public and private sectors discussed potential adjustments and improvements to the programs.

Witnesses on the first panel were: Mr. Joe Shepard, Associate Administrator, Office of Investment and Innovation, United States Small Business Administration, and Mr. John Neumann, Director, Natural Resources and Environment, United States Government Accountability Office. Witnesses on the second panel were: Mr. John Clanton, Chief Executive Officer, Lynntech Inc., College Station, TX; John Langford, Ph.D., Chairman and CEO, Aurora Flight Sciences Corporation, Manassas, VA; Mr. Ron Shroder, CEO and President, Frontier Technologies Inc., Beavercreek, OH, testifying on behalf of the Small Business Technology Council; Ms. Angela
Mr. Shepard began the testimony by detailing the numerous success stories of businesses that had their start in the SBIR program, such as Qualcomm, MedImmune, and iRobot and recommended that legislation ought to include extensions to several pilot programs currently maintained by the participating agencies such as the Administrative Funding, Direct to Phase II, and the Civilian Agencies Commercialization Pilot Program. Mr. Neumann stated that there has been relatively low instances of waste, fraud, and abuse within the SBIR and STTR programs.

Mr. Clanton expressed support for continuation of the Administrative Funding and Direct to Phase II pilot programs. Dr. Langford stated that while his company has since graduated out of the SBIR program, his business would not be as successful as it is today with the early stage funding the SBIR program provides for truly innovative ideas. Mr. Shroder stressed the importance for our country to be world leaders in a strong Research and Development culture and how much the SBIR and STTR Programs have been such an important piece of that. Ms. Alban testified that the SBIR and STTR programs are ideally suited for creating opportunities for small businesses throughout our country to stimulate technological innovation and economic growth. Dr. Rubin testified that the National Institutes of Health Phase 0 pilot program has been beneficial to creating new small business out of the university setting and urged its continuation.

HEARING: "ALL WORK AND NO PAY: CHANGE ORDERS DELAYED FOR SMALL CONSTRUCTION CONTRACTORS"

On May 25, 2017, the Subcommittee on Contracting and Workforce and Subcommittee on Investigations, Oversight and Regulations of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a joint hearing titled "All Work and No Pay: Change Orders Delayed for Small Construction Contractors." The hearing examined the effect of agency delays in the approval and payment of contract modifications, known as "change orders," on federal construction contracts.

Changes to a contract, commonly known as "change orders," are ubiquitous on construction projects. Change orders may be issued unilaterally: by the government without the contractor's consent. Small construction contractors are increasingly frustrated by the slow approval and lack of payment by federal agencies for change order work completed. While the change order approval and/or payment is pending, small contractors must continue to perform the changed work and finance these efforts entirely out-of-pocket. Small contractors often lack the resources and working capital to sustain their businesses during this waiting period. Many small businesses are subcontractors on federal construction projects, thus are last to receive payment. Furthermore, federal agencies may be engaging in unethical negotiating strategies, forcing contractors to accept lower payment amounts. Federal agencies may be waiting until the end of a construction project to process and pay for
change order work. They may also be leveraging the claims process unfairly by requiring small contractors initiate a claim in order to receive payment on the changed work completed. Unlike the government, small contractors do not have the time or resources to litigate claims for the potential benefit of being paid pennies on the dollar; this often results in small contractors settling with the agency for amounts less than owed. Because of these issues, small contractors may decide to leave the federal marketplace, which reduces competition and increases prices for the agency and taxpayer.

Witnesses on the panel were: Mr. Edward DeLisle, Co-Chair, Federal Contracting Group, Cohen Seglias Pallas Greenhall & Furman PC, Philadelphia, PA; Mr. Andy Brown, Vice President, GlenMar Construction, Clackamas, OR, testifying as Co-Chair of the Small Business Committee for the Associated General Contractors of America; Mr. Greg Long, President and Owner, Long Electric Company, Napa, CA, testifying as a member of the National Electrical Contractors Association Northern California Chapter's Board of Directors; and Ms. E. Colette Nelson, Chief Advocacy Officer, American Subcontractors Association Inc., Alexandria, VA, testifying on behalf of the Construction Industry Procurement Coalition.

At the hearing, Mr. DeLisle provided an overview of change orders, the process for submitting a change order, and major issues facing small businesses bringing claims against federal agencies. Mr. Brown stressed that for many small contractors, change orders are considered a “necessary evil” and have immense negative impacts on a small business’s cash flow and project schedule. Mr. Long highlighted the cost-dispute issue, which is the most commonly cited reason for change order delays, and how that impacts payment bonds. Ms. Nelson testified that the federal government’s rules are inadequate pertaining to minimum requirements on when the government must review and approve contractors requests for equitable adjustments (REAs), and in some cases agency policy is to routinely defer consideration of REA’s to the end of a construction project.

HEARING: “A REVIEW OF SBA’S 504/CDC LOAN PROGRAM”

On June 29, 2017, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “A Review of SBA’s 504/CDC Loan Program.” The hearing provided Members of the Subcommittee with the opportunity to hear directly from program participants about the loan program, the role of Certified Development Companies (CDCs), and the economic development requirements that are outlined in the program.

The witnesses for the hearing were: Ms. Natasha Merz, Vice President, Langley Federal Credit Union, Newport News, VA, testifying on behalf of the National Association of Federally-Insured Credit Unions (NAFCU); Mr. Wayne Williams, Senior Vice President, Business Finance Group, Fairfax, VA; Ms. Barbara A. Vohryzek, President/Chief Executive Officer, National Association of Development Companies (NADCO), Washington, DC; and Mr. Sherwood Robbins, Managing Director, Seedcopa, Exton, PA.
The witnesses discussed the details of the 504/CDC Loan Program and the ways in which small business owners use the program. Ms. Merz discussed the loan program from the lenders perspective and described the importance of a lender partnering with the right CDC. As a CDC practitioner, Mr. Williams discussed the program from the CDC’s lens. Mr. Williams also described the recent refinancing policy change with the Subcommittee. As head of NADCO, Ms. Vohryzek provided a high-level overview of the program. She was also given the opportunity to describe the fluctuating growth rate that the program is currently experiencing. When asked about improvements that can be made to the program, Mr. Robbins suggested increasing the awareness and marketing of the program.

HEARING: “THE PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT: STATE OF SMALL BUSINESS CONTRACTING”

On July 13, 2017, the Subcommittee on Contracting and Workforce and the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a joint hearing titled “The Puerto Rico Oversight, Management, and Economic Stability Act: State of Small Business Contracting.” The Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) includes a provision requiring the Government Accountability Office (GAO) to study the application and utilization of the Small Business Administration’s federal contracting preference programs in Puerto Rico. This hearing examined the GAO’s findings, including the use of the Small Business Administration’s (SBA) contracting programs in Puerto Rico and challenges Puerto Rican small businesses face in obtaining federal contracting opportunities.

The witnesses for the hearing were: Mr. William Shear, Director of the Financial Markets and Community Investment Team at GAO in Washington D.C.; and Mr. Robb Wong, Associate Administrator of the Office of Government Contracting and Business Development at the SBA in Washington, D.C.

Mr. Shear discussed the GAO report findings and highlighted the fact that most of the contracts won by small businesses in Puerto Rico were won through full and open competition, rather than through SBA’s federal contracting programs. Mr. Wong stated that the SBA has many resources available to educate Puerto Rican small businesses on these federal contracting opportunities and will work with Congress to further discuss solutions to assist small businesses in Puerto Rico and nationwide.

HEARING: “21ST CENTURY MEDICINE: HOW TELEHEALTH CAN HELP RURAL COMMUNITIES”

On July 20, 2017, the Subcommittee on Agriculture, Energy, and Trade and the Subcommittee on Health and Technology of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a joint hearing titled “21st Century Medicine: How Telehealth Can Help Rural Communities.” The hearing examined the current utilization of telehealth services and how expansion of telehealth services could benefit small businesses and rural communities.
The witnesses for the hearing were: Ms. A. Nicole Clowers, Managing Director, Health Care Team, United States Government Accountability Office, Washington, DC; Ms. Barb Johnston, Chief Executive Officer and Co-Founder, HealthLinkNow, Sacramento, CA; Mr. Michael Adcock, Administrator, Center for Telehealth, University of Mississippi Medical Center, Jackson, MS; and David Schmitz, Ph.D., President, National Rural Health Association, Washington, DC.

Telehealth is the use of online, video, and telephone communication to deliver health care services that either replace or supplement existing health care services. While telehealth can benefit many stakeholders, this hearing focused on how expanding telehealth can benefit small businesses and rural communities. Telehealth can benefit small physician practices and other local small businesses. Telehealth allows patients to access medical care without traveling long distances. Not only does this allow rural physicians to increase patient traffic, but other small businesses benefit from patients staying nearby and keeping dollars in the community. Telehealth may attract physicians to relocate to rural areas. The ability to expand their reach to patients outside of their community may lead physicians to consider opening or relocating their practices in rural areas. Telehealth may also offer an individual physician more flexibility with operating his or her small business. Corporate telehealth programs help small businesses lower costs and maintain productivity. Some employers are offering telehealth services within the workplace as a convenient option for employees seeking medical care. Keeping employees well can reduce health care spending and increase or maintain productivity.

The federal government uses telehealth in the Medicare, Medicaid, the Department of Defense (DOD), and Veterans Affairs (VA) health care programs. The services available vary and a low percentage of these beneficiaries currently use telehealth. Stakeholders cite Medicare’s inadequate payment and coverage restrictions as barriers to low utilization of telehealth. Medicaid, where covered services are determined by the state, and DOD restrictions are less severe, but utilization is still low. VA beneficiaries, including many in rural areas, use telehealth services the most. A majority of states have parity laws that require commercial health insurance companies to cover telehealth services the same as in-person services. Many stakeholders believe that commercial insurers are increasing their coverage of telehealth services due to patient demand and cost reductions.

CMS has granted waivers to several models and demonstrations that have the potential to expand the use of telehealth. Additionally, bipartisan legislation has been introduced that, if enacted, would expand the use of telehealth for Medicare beneficiaries by expanding the covered services and the locations they can be offered and how providers are reimbursed.

HEARING: “EXAMINING THE SMALL BUSINESS LABOR MARKET”

On September 7, 2017, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Examining the Small Business Labor Market.” The hearing
provided Committee Members with an opportunity to understand recent trends in the labor market and how they affect small businesses. This hearing also examined how current challenges locating and retaining employees with the proper skills affect the ability of small businesses to operate and expand in order to grow the American economy.

Witnesses on the panel were: Dr. Michael Farren, Research Fellow, Mercatus Center, George Mason University, Arlington, VA; Mr. Bruce Seilhammer, Electrical Construction Group Manager, SECCO, Inc., Camp Hill, PA, testifying on behalf of the Independent Electrical Contractors, Inc. (IEC); Mr. Carlos Castro, President, Todos, Inc., Woodbridge, VA, testifying on behalf of the National Grocers Association; and Mr. Gardner Carrick, Vice President of Strategic Initiatives, The Manufacturing Institute, Washington, DC.

The panel discussed the current skills gap in the labor market and identified potential solutions to reduce the amount of job vacancies in the United States. Dr. Farren analyzed the size of the skills gap for the labor market and suggested solutions such as tax incentives for employee training to improve the skill set of American workers. Mr. Seilhammer noted that although the median salary for an electrician was $52,720, finding candidates to become electricians is harder than ever. Mr. Castro mentioned several regulations that impede small businesses' ability to find, hire, and retain employees, including the health care insurance mandate and the United States Department of Labor’s joint employer standard. Mr. Carrick outlined the challenges small manufacturers have in finding employees. Based on demographic trends as well as growth in the industry, he estimated that there will be roughly 2 million vacancies just in manufacturing by 2025.

HEARING: “TECH TALKS: HOW SBA ENTREPRENEURIAL DEVELOPMENT PROGRAMS HAVE EVOLVED WITH TECHNOLOGY”

On September 14, 2017, the Subcommittee on Health and Technology met in Room 2360 of the Rayburn House Office Building for a hearing titled, “Tech Talks: How SBA Entrepreneurial Development Programs Have Evolved with Technology.” This hearing provided Committee Members with the opportunity to learn about the ways the Small Business Administration’s entrepreneurial development training programs are adopting new technology.

Witnesses on the panel were: Ms. Marsha Bailey, Founder and CEO, Women’s Economic Ventures, Santa Barbara, CA, testifying on behalf of the Association of Women’s Business Centers; Mr. Scott Daughety, State Director, North Carolina Small Business Technology Development Centers, Raleigh, NC, testifying on behalf of America’s SBDC; Ms. Bridget Weston Pollack, Vice President for Marketing and Communications, SCORE Association, Herndon, VA; and Mr. Brenton Peacock, Associate Director, Veterans Business Outreach Center, Gulf Coast State College, Panama City, FL.

Chairman Radewagen emphasized the importance of small businesses adopting technology to remain competitive in the modern marketplace. Ms. Bailey briefly spoke to the overall success of Women’s Business Centers (WBC) before highlighting the basic technological programs that are offered at most centers across the
country. She recognized the benefits that distance learning can offer to women entrepreneurs without a geographically accessible WBC.

Mr. Daugherty said he believes Small Business Development Centers (SBDC) can grow their existing technological training programs by offering increased counseling on the pressing issues of cybersecurity and emerging high cost online lending sites. Additionally, he discussed the successful information sharing strategies employed by SBDCs and the benefits of America’s SBDC peer accreditation process. Ms. Weston Pollack discussed the SCORE Association’s extensive use of technology, both administratively and programmatically. This combination of technology in both aspects of the SCORE Association has allowed for the expansive distance learning resources available through the national association’s website and the communications based technological resources available to SCORE’s 10,000+ volunteer mentors. Mr. Peacock highlighted the personalized approach Veterans Business Outreach Centers provide to their veteran clients, taking the skills learned in combat and translating those to successful business strategies.

HEARING: “HIGH-TECH AGRICULTURE: SMALL FIRMS ON THE FRONTIER OF AGRIBUSINESS”

On October 5, 2017, the Subcommittee on Agriculture, Energy, and Trade met in Room 2360 of the Rayburn House Office Building for a hearing titled, “High-Tech Agriculture: Small Firms on the Frontier of Agribusiness.” The hearing examined the rapid development of the agricultural technology (agtech) industry, and prioritized the role of small businesses and small family farms.

Private sector participation in agtech is booming, largely because public investment in agriculture R&D has declined while private sector access to technological innovation and commercialization has increased. The most important player in the agtech industry, the farmer, is the most likely to be ignored as these new technologies are developed. As a result, their technology adoption has remained low.

Witnesses on the panel were: Lisa Benson, Ph.D., Director, Rural Development, American Farm Bureau Federation (Farm Bureau), Washington, DC; Mr. Kevin Heikes, Co-Founder and Chief Operating Officer, IN10T, Lenexa, KS; Mark Kester, Ph.D., Chief Scientific Officer, AgroSpheres, LLC, Charlottesville, VA; and Mr. Joe Guthrie, Senior Instructor, Agricultural Technology Program, College of Agriculture and Life Sciences, Virginia Polytechnic Institute and State University, Blacksburg, VA.

The witnesses highlighted familiar small business themes operating within the agtech industry, including: access to capital, intellectual property, regulatory burden, the rural-urban divide, data security, trade barriers, labor shortages, and tax complexity. Dr. Benson said agtech firms dominate the Farm Bureau’s rural entrepreneurial development programs. The Farm Bureau, in response to the need for capital, held an Agriculture Investment Summit for entrepreneurs and potential investors. Mr. Heikes addressed the need for collaboration among agtech stakeholders. His company links farms and agribusinesses interested in precision technologies. According to Dr. Kester, linkages with local farmers, as well as ac-
cess to startup resources, are keys to AgroSpheres’ success. Mr. Guthrie provided an overview of precision agriculture, which includes technologies for capturing, aggregating, and analyzing data to optimize farm management.

HEARING: “FOSTERING WOMEN’S ENTREPRENEURIAL SUCCESS”

On October 12, 2017, the Subcommittee on Health and Technology met in Room 2360 of the Rayburn House Office Building for a hearing titled “Fostering Women’s Entrepreneurial Success.” The hearing examined the current state of women’s entrepreneurship in the United States, while highlighting both the challenges women entrepreneurs experience and the existing resources available to support women-owned small businesses.

Witnesses on our panel were: Ms. Janice Green, President and CEO, Jancare Private Health Services, Inc., Fishkill, NY; Ms. Antonella Pianalto, President and CEO, Association of Women’s Business Centers, Washington, DC; Ms. Hester Clark, President, Hester Group, Jacksonville, FL; and Ms. Jeannette King, President and CEO, Strategic Resolution Experts, Inc., Martinsburg, WV.

Opening the hearing, Chairman Radewagen highlighted the immense growth women-owned businesses have experienced over the last decade, while acknowledging women entrepreneurs’ continued challenge of accessing adequate funding. Ms. Green shared her path to entrepreneurship, emphasizing the importance of the resources available through her local Women’s Business Center, the Women Enterprise Development Center, Inc. Additionally, Ms. Green noted the value of increased access to mentorship and access to capital for developing women-owned small businesses. Ms. Pianalto discussed the importance of Women’s Business Centers in providing their communities with the resources women entrepreneurs’ need, while noting the continued effort required to increase access to capital. Ms. Clark described her business experience, starting as an entrepreneur of necessity through growing her business with the help of a number of SBA programs, including WBCs, SBDCs, and SCORE. Sharing a personal entrepreneurship experience, Ms. King emphasized both the positive experiences and the challenges she faced while growing her business with the help of the SBA. Ms. King focused on the exceptional support she received from her local SBA office, while acknowledging the difficulties that come with SBA’s small business certification paperwork.

HEARING: “OVERSIGHT IMPROVEMENTS NEEDED: SBA OIG’S REVIEW OF THE MICROLOAN PROGRAM”

On October 12, 2017, the Subcommittees on Investigations, Oversight, and Regulations and Economic Growth, Tax, and Capital Access met in Room 2360 of the Rayburn House Office Building for the purpose of examining the Small Business Administration (SBA) Office of Inspector General’s (OIG) audit report on the SBA Microloan Program. On September 28, 2017, the SBA OIG released an audit of the microloan program. The OIG sought to determine: (1) whether SBA effectively implemented actions—specifically OIG’s recommendations from the 2009 audit report—to improve program oversight; and (2) the extent that SBA oversight was suffi-
sufficient to measure program integrity. The OIG determined SBA fell short on both counts.

The witnesses for the hearing were: Mr. Hannibal “Mike” Ware, Acting Inspector General, Office of Inspector General, Small Business Administration, Washington, DC; and Mr. William Manger, Associate Administrator, Office of Capital Access, Small Business Administration, Washington, DC.

Mr. Ware testified that SBA did not effectively implement all of the OIG’s prior recommendations and that SBA did not conduct adequate program oversight to measure program performance and ensure program integrity. The OIG examined 52 microloan files—a statistical sample—and found several discrepancies, errors, and/or data pursuant to SBA’s requirements. Mr. Ware stated that the internal control weaknesses were due to SBA not having an overall site visit plan, an adequate information system, available funding for system improvements, or clear standard operating procedures. He also said SBA management is focused on output based performance measures instead of outcome measures.

To help it focus on output-based performance measures, Mr. Ware stated that SBA needs to improve its IT system so it can make program wide-type decisions. In fact, he said the OIG was surprised that technical capabilities were not in place to measure performance. After the OIG’s 2009 audit, SBA had a contract to make the necessary improvements and provided screenshots to the OIG. Mr. Manger testified that SBA is funding an evaluation to identify the best system to capture all of the information that it needs.

Mr. Ware also testified that the intermediaries did not have sufficient documentation to support that it originated and closed 85 percent of the loans in accordance with SBA’s requirements. As a result, SBA’s ability to validate microloan data, conduct analyses across multiple programs and systems, and capture outcome-based measures was impaired.

Mr. Ware offered four recommendations to SBA to improve SBA’s oversight of the Microloan program. Mr. Manger agreed with the OIG’s recommendations. He said that he recognized that he needs to drive those changes home, and views the OIG’s report as a road map of how to strengthen the program.

HEARING: “GAO AUDIT REVEALS HALF-MEASURES TAKEN BY SMALL BUSINESS ADVOCATES”

On October 25, 2017, the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “GAO Audit Reveals Half-Measures Taken by Small Business Advocates.” This hearing examined the results of a comprehensive audit conducted by the Government Accountability Office (GAO) on the Offices of Small and Disadvantaged Business Utilization’s (OSDBU) compliance with select Small Business Act section 15(k) requirements. GAO assessed 24 federal agencies, civilian and military, and found varying levels of noncompliance. These section 15(k) requirements are critical to ensuring OSDBUs can effectively advocate for small businesses in the federal contracting arena. The Committee examined requirements that indicated higher levels of
noncompliance and looked at the differences between larger and smaller contracting agencies abilities to meet their statutory responsibilities. The Committee also explored GAO’s findings regarding its review of the results of the Small Business Procurement Advisory Council’s (SBPAC) annual review of OSDBU compliance.

The witnesses for the hearing were: Mr. William Shear, Director of Financial Markets and Community Investment, Government Accountability Office, Washington, DC; Mr. Robb Wong, Associate Administrator, Office of Government Contracting and Business Development, Small Business Administration, Washington, DC; and Mr. Kevin Boshears, Director, Office of Small and Disadvantaged Business Utilization, Department of Homeland Security, Washington, DC.

Mr. Shear discussed the GAO report findings and highlighted the fact that OSDBU noncompliance with any of the section 15(k) requirements is noteworthy and further oversight action is needed to ensure agencies strive to comply. Mr. Wong stated that while the SBA leads the SBPAC, it views its role as a collaborator, helping the OSDBUs share best practices and encouraging compliance with the section 15(k) requirements. Mr. Boshears shared examples of the importance of the OSDBU at DHS and his role in relation to other senior-level procurement officials and agency leaders, to ensure that small businesses are given the maximum opportunities to contract with the Department of Homeland Security.

HEARING: “FINANCING THROUGH FINTECH: ONLINE LENDING’S ROLE IN IMPROVING SMALL BUSINESS CAPITAL ACCESS”

On October 26, 2017, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Financing Through Fintech: Online Lending’s Role in Improving Small Business Capital Access.” The hearing provided Subcommittee Members with an opportunity to examine recent trends in how small businesses obtain capital, the different business models in the industry, and how online lending fits into the overall lending landscape.

Witnesses on the panel were: Mr. William Phelan, President and Co-Founder, PayNet, Inc., Skokie, IL; Ms. Katherine Fisher, Partner, Hudson Cook, Hanover, MD; and Mr. Trevor Dryer, CEO, Mirador, Portland, OR.

The panel discussed the scale and scope of the online lending industry and how the industry helps improve small business access to capital. Mr. Phelan mentioned that the industry is partly a result of the credit gap that exists because of burdensome regulations on traditional financial institutions. He expects the industry to grow by 47 percent by 2020, in large part because online lenders have excelled at lowering the cost of credit applications to small businesses. Ms. Fisher outlined the landscape of financing options available to small businesses, mentioning the difference between traditional lending, fintech lending, and factoring. She also discussed how regulations currently in place are sufficient to protect small businesses. Mr. Dryer explained how technology can reduce search costs for both borrowers and lenders in order to bridge small business credit.
On November 2, 2017, the Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations met in Room 2360 of the Rayburn House Office Building for a hearing titled “Operating or Rulemaking? A Review of SBA’s Opaque Standard Operating Procedure Process.” The hearing examined the Small Business Administration’s (SBA) standard operating procedures (SOP) process.

The witness for the hearing was: Mr. Joseph Loddo, Chief Operating Officer, Small Business Administration, Washington, DC.

In his testimony, Mr. Loddo stated that SOPs are used to issue agency policy, the procedures for carrying out agency policy, and the assignment of responsibility for duties. He also stated that SOPs are official written communications that initiate or govern action, conduct procedure or policy, or relay information to multiple parties, both inside or outside SBA. As essential guiding documents at SBA, SOPs serve as the policies and procedures for both customer facing and internal operations, and they all are approved and signed by the Administrator.

Mr. Loddo also discussed a FY2015 Government Accountability Office (GAO) report that recommended SBA set time frames for periodically updating and reviewing SOPs. GAO also found that a number of SOPs were outdated and needed to be revised. Mr. Loddo testified that SBA program offices have undertaken a complete review of all SOPs and ensured that all would be updated in a timely fashion.

On November 7, 2017, the Subcommittee on Agriculture, Energy, and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Investing in Small Businesses: The SBIC Program.” The hearing examined the United States Small Business Administration's (SBA) Small Business Investment Company (SBIC) Program and provided Members of the Subcommittee an opportunity to hear directly from program participants on how it impacts small businesses in communities around the nation. Created in the 1958 Small Business Investment Act, the SBIC Program utilizes a private equity financing model to increase the availability of long-term capital. SBICs are for-profit enterprises that manage investment funds, but are licensed and regulated by the SBA. Unique to the program, SBICs invest in small businesses by leveraging private dollars with federal dollars through a multistage process. SBICs do not directly borrow federal money; rather, they raise private capital and then apply for an SBIC license, which allows them to leverage federal government funds.

The witnesses for the hearing were: Mr. Brett Palmer, President, Small Business Investor Alliance (SBIA), Washington, DC; Mr. Thies Kolln, Partner, AAVIN Private Equity, Cedar Rapids, IA; Mr. Michael Painter, Managing Partner, Plexus Capital, Raleigh NC; and Mr. Mark Walsh, Managing Director, Ruxton Ventures, Chevy Chase, MD.
The private sector witness panel discussed the details of the SBIC Program and how SBA oversees and licenses individual SBICs. As head of the SBIA, the leading SBIC trade association, Mr. Palmer provided a high-level overview of the program. As a member of an SBIC in Cedar Rapids, Iowa, Mr. Kolln spoke extensively about the rural/urban divide that is apparent in private equity and the SBIC Program. Mr. Painter spoke about the role SBA plays in the program and its intended regulatory authority. As a former Associate Administrator in charge of SBA's SBIC Program during the Obama administration, Mr. Walsh shared how SBA's licensing process could be enhanced. He also discussed the paperwork burden associated with the program.

HEARING: “BRIDGING THE ENTREPRENEURIAL GAP: ADDRESSING BARRIERS TO SMALL BUSINESS FORMATION AND GROWTH”

On December 11, 2017, the Subcommittee on Agriculture, Energy, and Trade of the Committee on Small Business met in Room 209 of the Village of Deerfield Hall, 850 Waukegan Road, Deerfield, IL for a field hearing titled “Bridging the Entrepreneurial Gap: Addressing Barriers to Small Business Formation and Growth.” This hearing examined federal regulations that inhibit entrepreneurs and provided subcommittee Members with an opportunity to learn about the current barriers to entrepreneurship. It also addressed potential solutions to these challenges and methods utilized by entrepreneurs to achieve prosperity, such as capitalizing on emerging industries and fostering innovation.

Witnesses on the panel were: Mr. Steven Whittington, Founder and Chief Executive Officer, LifeWorking Enterprise, LLC, Lake Forest, IL; Ms. Meg Barnhart, Founder and Co-Creator, The Zen of Slow Cooking, Lake Forest, IL; Mr. David Borris, Owner, Hel's Kitchen Catering, Northbrook, IL; and Ms. Cheryl Besenjak, Partner, Grow Well Farms, LLC, Hoffman Estates, IL.

The panel discussed starting their businesses and some of the obstacles to expansion. Mr. Whittington testified about starting LifeWorking Coworking, a shared community workplace venue. To improve business conditions for small businesses and entrepreneurs, Mr. Whittington supports minimizing regulatory burdens, enhancing public-private partnerships, and improving avenues for small businesses to obtain capital. Ms. Barnhart discussed taking her passion for crockpot cooking and making a business selling crockpot spice blends. However, she explained that compliance with FDA labeling regulations can be expensive and burdensome when bringing new products to the market. Mr. Borris shared his story as a homemade food store owner for over 30 years, and testified that increasing consumer demand is his greatest hurdle. Ms. Besenjak said that while she has been able to receive grants from local large businesses for her indoor farming business, she believes resources from the Small Business Administration and the United States Department of Agriculture are too intimidating for a small business owner to navigate.
HEARING: “ENGAGING ENERGY: SMALL BUSINESS RESOURCES AT THE DEPARTMENT OF ENERGY”

On January 18, 2018, the Subcommittee on Agriculture, Energy, and Trade met in Room 2360 of the Rayburn House Office Building for a hearing titled “Engaging Energy: Small Business Resources at the Department of Energy.” The subcommittee examined the resources available to small businesses in the energy sector through the Department of Energy (DOE). The hearing analyzed the degree to which these programs are effective at minimizing confusion regarding participation in the federal contracting process and department-specific small business programs.

The witness was Mr. Charles R. Smith, Director, Office of Small and Disadvantaged Business Utilization, United States Department of Energy, Washington, DC.

Subcommittee Chairman Rod Blum highlighted the importance of small businesses competing in the DOE’s federal contracting process and the energy industry overall. Director Smith also discussed a number of Department programs designed to assist small businesses in the energy industry with development and commercialization issues, including the Office of Energy Efficiency and Renewable Energy’s Small Business Vouchers program and the Office of Nuclear Energy’s Gateway for Accelerated Innovation in Nuclear program. Additionally, Director Smith explained DOE’s federal contracting process, DOE’s Office of Small and Disadvantaged Business Utilization’s (OSDBU) resources that are available to existing or potential federal contractors, and the Department’s current prime small business contracting goals. Chairman Blum said he is concerned that the DOE is currently well under their small business subcategory contracting goals and questioned Director Smith about the OSDBU’s plan to address this deficiency. He requested that the Director provide that plan to the Committee within 60 days.

HEARING: “RESTORING RURAL AMERICA: HOW AGRITECH IS REVITALIZING THE HEARTLAND”

On February 15, 2018, the Subcommittee on Agriculture, Energy, and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled, “Restoring Rural America: How Agritech is Revitalizing the Heartland.”

The hearing continued the Committee’s examination of the rapidly developing agricultural technology (agritech) industry. In October 2017, the Subcommittee hearing titled, “High-Tech Agriculture: Small Firms on the Frontier of Agribusiness,” highlighted the role of small businesses and the perspective of small family farmers. At this hearing, Subcommittee Members heard from institutions driving agritech entrepreneurship and innovation activity, which has spurred rural revitalization.

On April 25, 2017 President Trump issued Executive Order 13790, Promoting Agriculture and Rural Prosperity in America, which established the Interagency Task Force on Agriculture and Rural Prosperity. There are a variety of agritech industry development initiatives that can serve as models for the Task Force. Cities, states, and regions are developing business-friendly environ-
ments tailored to attract and retain the agritech industry as a catalyst for community revitalization. Agritech initiatives have emerged in traditional agricultural areas such as Des Moines, Cedar Rapids, St. Louis, Durham, Fargo, Memphis, and Salinas. The heartland has the ingredients for technological innovation and prosperous communities, and it is now focused on offering resources to support entrepreneurial development in the region.

Witnesses on the panel were: Mr. Kevin Kimle, Director, Agricultural Entrepreneurship Initiative, Iowa State University, Ames, IA; Mr. Sam J. Fiorello, Chief Operating Officer, Donald Danforth Plant Science Center, St. Louis, MO; Mr. Pete Nelson, President, AgLaunch, and Vice President, Ag Innovation, Memphis Bioworks Foundation, Memphis, TN; and Michael Fernandez, Ph.D., Senior Fellow, Food Institute, George Washington University, Washington, DC.

The panel discussed how diverse stakeholders in the agritech industry are working together to attract startup activity to the heartland. Mr. Kimle explained how his program, the Agricultural Entrepreneurship Initiative, capitalize on the research and development capacity of the ISU’s Research Park to train and retain graduates, enhance partnerships with industry leaders, and attract talent to the area. Similarly, Mr. Fiorello highlighted the Danforth Center’s role in reversing brain drain, attracting investment, and improving local farmers’ adoption of new technologies. Mr. Nelson described how his team at Memphis Bioworks has implemented agritech development efforts on a much larger scale in the five state Delta Region. Mr. Fernandez, the minority witness, echoed the rest of the panel about the industry driving rural revitalization, and expressed the need for speedy regulatory reforms to match rapid innovation.

Chairman Blum’s questions focused on funding opportunities for agritech startups in the Midwest, and the panel explained that regional or industry specific venture firms would have a greater impact than traditional technology venture firms that are not familiar with the agriculture world. Rep. Schneider and Rep. Radewagen asked about broadband and telecommunications access, and the panel agreed that broadband access is the keystone of rural revitalization. Rep. Curtis mentioned the need for rural broadband within federal infrastructure permitting reform. Rep. King and Rep. Comer stated the importance of agricultural strength in their districts and discussed the variety of impacts the agritech industry has made in their communities.

HEARING: “OCCUPATIONAL HAZARDS: HOW EXCESSIVE LICENSING HURTS SMALL BUSINESS”

On February 27, 2018 the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Occupational Hazards: How Excessive Licensing Hurts Small Business.” This hearing examined how easing occupational licensing barriers could reduce workforce gaps and regulatory costs for small businesses.

Witnesses on the panel were: Mr. C. Jarrett Dieterle, Senior Fellow, R Street Institute, Washington, DC; Mr. Keith Hall, President
and Chief Executive Officer, National Association for the Self-Employed, Annapolis Junction, MD; Mr. Frank Zona, Owner, Zona Salons, Norwell, MA, testifying on behalf of the Professional Beauty Association; and Morris Kleiner, Ph.D., Professor, Humphrey School of Public Affairs, University of Minnesota, Minneapolis, MN.

The panel outlined how occupational licensing affects small businesses in a variety of industries and gave examples of ways the federal government can help to alleviate this burden. Mr. Dieterle explained how H.R. 6312, Alternatives to Licensing that Lower Obstacles to Work Act of 2016, would provide a model for states to follow that would decrease licensing burdens. He also stated that H.R. 3446, Restoring Board Immunity Act of 2017, would provide incentives to state boards to review licensing requirements. Mr. Hall discussed how excessive licensing affects self-employed businesses. Specifically, he stated that in a snapshot poll of his association’s membership, 68 percent of business owners report that licensing hinders their ability to operate their small business. Mr. Zona explained how licensing affects his small salon, and how there is a difficult balance that needs to be struck between finding workers during periods of low unemployment, and ensuring that workers have the proper training and experience. Dr. Kleiner shared many of the negative effects of occupational licensing, such as higher prices and job vacancies. He also provided evidence of how licensing barriers lead to decreased interstate mobility.

HEARING: “DISCONNECTED: RURAL BROADBAND AND THE BUSINESS CASE FOR SMALL CARRIERS”

On March 6, 2018, the Subcommittees on Health and Technology, and Agriculture, Energy, and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Disconnected: Rural Broadband and the Business Case for Small Carriers.” This hearing examined the disparities between large, nationwide carriers and small, rural carriers that contribute to the urban and rural digital divide. Rural communities depend on small carriers to provide internet and telecommunications service, where nationwide providers may choose not to deploy broadband, or provide inadequate service. Deploying broadband in these high-cost areas requires a significant investment in capital, time, and resources. The cost of investment, coupled with challenges unique to small, rural carriers in offsetting costs, creates barriers to competition and sustainability for small and rural carriers in the mobile wireless marketplace. This hearing identified challenges inherent in the current regulatory and operational scheme that limit the ability of small carriers to deploy broadband in rural America.

The witnesses for the hearing were: Ms. Erin Fitzgerald, Regulatory Counsel, Rural Wireless Association Inc., Washington, DC.; Mr. Tim Donovan, Senior Vice President of Legislative Affairs, Competitive Carriers Association, Washington, DC.; Mr. Paul Carliner, Co-Founder, Bloosurf, LLC., Salisbury, MD.; and Mr. Denick Owens, Vice President of Government Affairs, Western Telecommunications Alliance, Washington, DC.

Ms. Fitzgerald highlighted the difficulty small carriers face obtaining licenses for spectrum when the geographical area of the li-
cense is too large and therefore unattainable or unmaintainable for small carriers. Mr. Donovan spoke about the need to ensure the Universal Service Fund is fully supported and said it is crucial that funding is stable since these resources play a critical role helping small carriers offset the high cost of broadband deployment in rural areas. Mr. Carliner discussed how some of the financial eligibility requirements the Federal Communications Commission (FCC) imposes can be overly restrictive for small providers. Mr. Owens expressed concerns that reporting requirements imposed by the FCC can be disproportionately burdensome for small carriers who must expend valuable time and limited capital in order to remain compliant.

HEARING: “WORKFORCE DEVELOPMENT: ADVANCING APPRENTICESHIPS FOR SMALL BUSINESS”

On Tuesday, March 20, 2018 at 2:00 p.m., the Committee on Small Business Subcommittee on Contracting and Workforce met in Room 2360 of the Rayburn House Office Building to examine small business participation in apprenticeship programs. This hearing continued the Committee’s exploration of strategies to mitigate small business workforce challenges caused by the skills gap. This hearing examined apprenticeship initiatives, specifically the Department of Labor (DOL) Registered Apprenticeship (RA) Program, which combines on-the-job learning and related technical instruction.

The growing cost of higher education, coupled with lost revenue caused by the skills gap, has increased demand for apprenticeships from both workforce and industry. Industries with the most active apprenticeships are: construction, military, public administration, manufacturing, and transportation. In 2017, the Department of Labor reported 533,607 active Registered Apprentices and 22,488 active RA programs.

On February 15, 2017, President Trump issued Executive Order (EO) 13801, “Expanding Apprenticeships in America.” The EO called for federal agencies to promote apprenticeships, review existing workforce development programs, and better integrate industry needs. Specific directives included: establishment of the Task Force on Apprenticeship Expansion; cross-agency promotion and expanded opportunities for target populations and occupations; and official recognition for industry-recognized programs verified by third parties.

Witnesses on the panel were: Ms. Tammy Simmons, Vice President, Human Resources and Marketing, Machine Specialties, Inc., Whitsett, NC; Mr. Jeffrey Forrest, Vice President, Economic and Workforce Development, College of the Canyons, Santa Clarita, CA; Ms. Jeannine Kunz, Vice President, Tooling U–SME, Cleveland, OH; and Mr. Jeff Mazur, Executive Director, LaunchCode, St. Louis, MO.

The panel testified about small business participation in the RA system and highlighted their role in administering programs and collaborating with resource partners. Ms. Simmons described her journey from apprenticeship skeptic to enthusiast due to the positive impact apprentices have made on her family’s small manufacturing firm. As a regional workforce development leader, Mr. For-
rest explained the obstacles small businesses face in recruiting and training employees and the solutions available within the RA system. Ms. Kunz echoed many of the observations presented by Mr. Forrest, and provided greater detail on how small firms have utilized RA within the manufacturing industry. Mr. Mazur explained how the software industry has transformed the traditional skilled trades RA model to meet the needs of technology startups.

Chairman Knight, Ranking Member Murphy, and SBC Chairman Chabot probed the social biases that discourage students from pursuing opportunities in the skilled trades. Witnesses recommended outreach in schools, especially elementary and middle schools, to show students a variety of industries, skills, and employment pathways. From that foundation, the witnesses supported outreach initiatives, such as industry days and business visits, for older students that are looking for a profession that is high tech, well-respected, and high paying. Each witness stressed the importance of strong partnerships not only to implement effective RA programs but also encourage greater small business participation.

HEARING: “COMMUNITY SUPPORT: ENTREPRENEURIAL DEVELOPMENT AND BEYOND”

On Thursday, April 12, 2018 at 11:00 A.M., the Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations met in Room 2360 of the Rayburn House Office Building for the purpose of examining the role small businesses play in creating thriving communities. The hearing also highlighted the ways in which community support is important to the success of small businesses. The discussion focused on existing resources available to support the relationship between small businesses and communities, and explored areas for resource expansion.

The witnesses for the hearing were: Mr. Ara Bagdasarian, CEO, Omnilert LLC, Leesburg, VA, testifying on behalf of America’s SBDC; Mr. Derrick Braziel, Founding Partner and Managing Director, MORTAR Cincinnati, Cincinnati, OH, testifying on behalf of SCORE; Ms. Stephanie Carter, President, SCB Management Consulting, Upper Marlboro, MD, testifying on behalf of the Association of Women’s Business Centers; and Ms. Tamara Bryant, Director, Veterans Business Outreach Center at Fayetteville State University, Fayetteville, NC.

Chairman Kelly began the hearing by highlighting the importance of the relationship between communities and small businesses. This relationship is complex and reciprocal, requiring effort and support from both parties to achieve collective success. Mr. Bagdasarian discussed his experience in working to create an entrepreneurial ecosystem within his local community, emphasizing the important role the local Small Business Development Center played in providing entrepreneurs with the support they need to succeed. Mr. Braziel noted the community growth that has resulted from MORTAR’s partnership with SCORE. This partnership is credited for not only providing Cincinnati’s entrepreneurs with skilled mentors, but also bringing together people of differing generations and backgrounds. Similarly, Ms. Carter commented that the connections she gained through participation in her local Women’s Business Center has provided her with both a supportive com-
munity as well as a pool of potential business partners. Ms. Bryant spoke to the importance of community when working with returning veterans and their families as a way of translating expert military skills to the skills needed when starting or growing a small business. Due to the limited number of Veterans Business Outreach Centers, they rely not only on their internal community to assist veterans, but also the larger Small Business Administration’s Entrepreneurial Development community.

HEARING: “SMALL BUSINESS RETIREMENT PLANS AND THE IRS’ EMPLOYEE PLANS FEE CHANGE.”

On Tuesday, April 17, 2018 at 10:00 a.m., the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Small Business Retirement Plans and the IRS’ Employee Plans Fee Change.” The purpose of the hearing was to examine the importance of retirement plans for small businesses and the recent employee plans fee change by the Internal Revenue Service (IRS). The hearing provided Members of the Committee the opportunity to hear directly from the IRS regarding retirement plans and this fee change.

The witness for the hearing was: Ms. Sunita Lough, Project Director, Tax Reform Implementation Office, Internal Revenue Service, Washington, DC.

Ms. Lough, who is currently leading the implementation of the tax reform law at the IRS, officially directs the Tax Exempt and Government Entities division at the IRS. This office oversees employee plans and their tax implications. Due to the complexity of the IRS reporting requirements for retirement plans, the IRS offers a set of compliance tools to reduce burdens on businesses. Plan holders have the option of utilizing the Self-Correction Program (SCP), the Voluntary Correction Program (VCP), or the Audit Closing Agreement Program. To utilize many of these tools, the IRS charges a user fee to the plan holder. In January of 2018, the IRS amended its user fee schedule that corresponds to its VCP tool. The user fee schedule went from containing six user fees based on the number of participants in a retirement plan to three user fees based on a plans’ asset size. With the lowest fee increasing from $500 to $1,500, the Committee was concerned small businesses would be burdened the most by this change. In prepared testimony, Ms. Lough reported the fee change was made based on the “average time spent and complexity of each case”. Responding to questions by Subcommittee Chairman Dave Brat, Ms. Lough committed to streamlining the VCP process. Additionally, Ms. Lough committed to increasing the utilization of the SCP tool. The Committee intends to continue to track all issues pertaining to small businesses offering retirement plans.

HEARING: “NO MAN’S LAND: MIDDLE-MARKET CHALLENGES FOR SMALL BUSINESS GRADUATES”

On April 26, 2018 the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “No Man’s Land: Middle-Market Challenges for Small Business Graduates.”
The hearing examined the challenges to growth and success for businesses as they grow out of their small size status.

As the gap between small and large contractors continues to widen, the ability of a newly-graduated small business to successfully navigate the middle market becomes an increasingly challenging prospect. Businesses that exceed their small size status are often faced with limited options, most commonly, to either sell their company or acquire others, focus primarily on subcontracting opportunities which inhibits growth, or to deliberately limit their opportunities in order to remain small. None of these options meet the goals that the Small Business Administration’s small business programs set out to achieve, which is to promote the growth and success of small businesses in order to increase competition and create a healthy industrial base. Challenges facing these newly-graduated firms or mid-size firms include the lack of empirical data tracking the success of graduated small businesses, the increasingly stiff competition mid-size companies face as they compete against firms many times their size, additional burdensome requirements that trigger once they transition from small to other-than-small, and the changing procurement landscape resulting in larger contracts and more complex requirements. Because of these issues, many newly graduated firms may decide to leave the federal marketplace which reduces competition and increases prices for the agency and taxpayer.

Witnesses on the panel were: Mr. Stephen Ramaley, Associate, Miles & Stockbridge in McLean, VA, testifying on behalf of the Montgomery County Chamber of Commerce; Ms. Lisa Firestone, President & Chief Executive Officer of Managed Care Advisors in Bethesda, MD, testifying on behalf of Women Impacting Public Policy; Mr. Mehul Sanghani, Chief Executive Officer, Octo Consulting Group, Reston, VA; and Ms. Eminence Griffin, Counsel and Director of Federal Procurement and Information Technology Alliance for Public Sector, Information Technology Industry Council, Washington DC.

At the hearing, Mr. Ramaley presented several legislative options changing the formula in which the Small Business Administration (SBA) calculates size, which would extend the runway for small businesses reaching the upper limits of their size threshold. Ms. Firestone provided her own experiences as a small business owner on the cusp of losing her small size status. Mr. Sanghani also provided his experiences as a mid-size business owner and provided legislative solutions that impact how contracting officers make contract awards. Ms. Griffin voiced concerns over the SBA’s use of the North American Industry Classification System (NAICS) code as the primary classification source for the SBA’s size standards.

HEARING: “TRAVEL AND TOURISM: A SMALL BUSINESS ANGLE”

On May 8, 2018 the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Travel and Tourism: A Small Business Angle.” This hearing examined the economic impact of the travel and tourism industries, how small businesses contribute to these industries, and how travel
and tourism can continue to positively affect the United States economy.

Witnesses on the panel were: Ms. Rita McClenny, President and CEO, Virginia Tourism Corporation, Richmond, VA; Mr. Steve Shur, President, Travel Tech, Arlington, VA; Mr. Cam Brensinger, Founder and CEO, NEMO Equipment, Inc., Dover, NH, testifying on behalf of the Outdoor Industry Association; and Ms. Jagruti Panwala, President and CEO, Wealth Protection Strategies, Bensalem, PA, testifying on behalf of the Asian American Hotel Owners Association.

The panel discussed the economic effects of the travel and tourism industries and issues currently confronting them. Ms. McClenny testified about the economic impact of travel and tourism small businesses in the state of Virginia and the United States. She stated that there are an estimated 14,000 leisure and hospitality businesses in the state of Virginia with less than 20 employees. Mr. Shur described how small and independent lodging businesses can utilize technology to find new customers. In addition to bookings through online travel sites, Mr. Shur cited a study by Cornell University that said with a listing on an online travel site, small hotels and bed and breakfasts can see a 9 percent increase in direct booking. Mr. Brensinger discussed his decision to start his own outdoor equipment company and how outdoor recreation has significantly shaped the American economy. Ms. Panwala said the decline in international visitors has been detrimental to the hotel industry and that tax reform has positively affected it.

HEARING: “HOTLINE TRUTHS II: AUDIT REVEAL INCONSISTENCIES IN DEFENSE SUBCONTRACTING”

On May 17, 2018 the Subcommittee on Contracting and Workforce of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Hotline Truths II: Audit Reveals Inconsistencies in Defense Subcontracting.” The hearing examined an audit published by the Department of Defense Inspector General (DODIG) that probed the Department of the Army’s administration of their Small Business Act requirements.

To identify waste, fraud, and abuse in federal contracting, the DODIG reviewed contracting activities for compliance with the Small Business Act. Specifically, this latest report issued in March 2018 examined two Army Contracting Command (ACC) units, ACC–Redstone and ACC–Warren. For approximately half of the contracts sampled, the DODIG found significant failures in these units holding prime contractors accountable for meeting their subcontracting goals and for conducting basic-level administration activities regarding prime contractor’s subcontracting plans. This resulted in a denial of approximately $915 million in subcontracting dollars to small businesses. Six contracts, valued at $330.7 million, were awarded without a subcontracting plan or a determination that a subcontracting plan was not needed. Eleven contracts, valued at $480 million, were not monitored post-award for prime contractors’ compliance with their negotiated subcontracting plans. Five contracts, valued at $81.6 million, did not receive any follow-up investigation with prime contractors that failed to meet their
One contract, valued at $22.1 million, had an accepted individual subcontracting report that misrepresented the amount of subcontract awards made by the prime contractor. Additionally, the ACC units missed opportunities to recoup liquidated damages of up to $82.3 million. The DODIG found that the main reasons for these findings stemmed from a lack of training and standard operating procedures from the Army on the administration of subcontracting plans. Existing training focused heavily on the pre-award process, with little guidance relating to post-award responsibilities. The DODIG also found contracting officers did not view subcontracting as a high priority, and high turnover rates coupled with a lack of transition planning also contributed to these findings.

Witnesses on the panel were: Mr. Michael Roark, Assistant Inspector General of the Department of Defense, Alexandria, VA; Mr. Tommy Marks, Director of the Army Office of Small Business Programs of the Department of Defense, Washington, DC; and Ms. Tiffany Scroggs, President of the Association of Procurement Technical Assistance Centers, Washington, DC.

At the hearing, Mr. Roark presented his office’s findings audit and also described the recommendations made by the DODIG to the Army. Mr. Marks acknowledged his office’s role in the issues found by the DODIG and said his office will make subcontracting a priority and close the DODIG’s recommendations as swiftly as possible. Ms. Scroggs presented the small business perspective, stating that these findings are not unique to the Army or the Department of Defense, but can be seen across the federal government in both military and civilian agencies.

HEARING: “VETS FIRST? AN EXAMINATION OF VA’S RESOURCES FOR VETERAN-OWNED SMALL BUSINESSES”

On June 7, 2018, the Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations met in Room 2360 of the Rayburn House Office Building for a hearing titled “Vets First? An Examination of VA’s Resources for Veteran-Owned Small Businesses.” This hearing examined the resources for veteran-owned (VOSBs) and service-disabled veteran-owned small businesses (SDVOSBs) at the Department of Veterans Affairs (VA). Specifically, the hearing considered the Veterans First Contracting Program (Vets First) and recently proposed changes for procuring medical supplies.

The VA has many tools at its disposal to ensure that VOSBs and SDVOSBs are able to succeed in the American economy. One of these tools is Vets First, which was created by Congress in the Veterans Benefits, Health Care, and Information Technology Act of 2006. The Vets First program was designed to maximize the participation of VOSBs and SDVOSBs in the federal marketplace by providing the VA with contracting flexibilities for veteran small businesses to assist them in doing business with the VA. However, while Vets First was designed to assist the veteran small business community, the VA has not consistently carried out the intentions of Congress in practice. Rather than using the law to increase VOSB and SDVOSB participation, the VA has attempted to restrict
its own sole source authority by adopting rules and policies that increase barriers to its use.

The witnesses on the panel were: Mr. Scott Denniston, Executive Director, National Veterans Small Business Coalition, Centreville, VA; Mr. Bob Taylor, Chief Executive Officer, Alliant Healthcare Products, Grand Rapids, MI; Ms. Cheryl Nilsson, Chief Executive Officer, First Nation Group, LLC, Niceville, FL; and Mr. Davy Leghorn, Assistant Director, The American Legion, Washington, DC.

Chairman Kelly discussed some of the challenges that veteran entrepreneurs face due to their backgrounds of service. He also explained how Vets First seeks to help VOSBs and SDVOSBs succeed in the federal marketplace, while also noting that the VA does not use the program to its full potential. Mr. Denniston testimony discussed in more detail how VA has failed to follow Congressional intent in implementing Vets First, especially in its recent restructuring of the VA’s Medical-Surgical Prime Vendor-Next Generation Program (MSPV). He also discussed how this negatively affects many VOSBs and SDVOSBs, potentially driving them away from the federal market or undermining their business entirely. Mr. Taylor shared the perspective of a SDVOSB, discussing the value that his company brings to its business with the VA. He also debated some of the common misconceptions that federal agencies often hold against SDVOSBs. Ms. Nilsson, another SDVOSB owner, spoke about the positive outcomes her business provides for veteran patients that larger businesses cannot match. Mr. Leghorn proposed alternative routes that the VA could take instead of continuing on with its planned restructuring of MSPV.

HEARING: “SHRINKING THE SKILLS GAP: SOLUTIONS TO THE SMALL BUSINESS WORKFORCE SHORTAGE”

On June 14, 2018, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Shrinking the Skills Gap: Solutions to the Small Business Workforce Shortage.” This hearing examined the current small business employment landscape, and provided an opportunity for small business owners and experts to discuss innovative solutions for the small business employee shortage.

Witnesses on the panel were: Mr. Todd Hitt, CEO, Kiddar Capital, Falls Church, VA; Mr. Kelly McCreight, President and CEO, Hamilton-Ryker IT Solutions, Nashville, TN, testifying on behalf of the American Staffing Association; Ms. Angela Dine Schmeisser, President and CEO, St. Marys Foundry, Inc., St. Marys, OH; and Mr. Bryant Greene, Administrator, Always Best Care Senior Services, Philadelphia, PA.

The panel discussed the economic impacts of the small business workforce shortage. Mr. Hitt considered how the decline in interstate mobility in the United States inhibits matching available workers with hiring small businesses. Mr. McCreight examined the challenges of finding and retaining talent amid a 3.8 percent unemployment rate, and provided new ways to incorporate technology to train workers. Specifically, his company uses a virtual reality headset to train and test prospective forklift drivers before they apply their skills to the job. Ms. Dine Schmeisser outlined the importance
of the United States manufacturing industry, and discussed some of the difficulties confronting small businesses in the industry. Mr. Greene talked about how the growth in the senior healthcare industry along with the low unemployment rate has particularly affected small businesses such as his.

HEARING: “ACCELERATING AGRICULTURE: HOW FEDERAL REGULATIONS IMPACT AMERICA’S SMALL FARMERS”


The witnesses for the hearing were: Mr. Craig Martins, Operations Manager, three Rivers FS, Dyersville, IA, testifying on behalf of the National Council of Farmer Cooperatives and GROWMARK, Inc.; Mr. John Weber, Owner, Valley Lane Farms, Inc., Dysart, IA, testifying on behalf of the National Pork Producers Council; Mr. Glenn Brunkow, Co-Owner, Brush Creek Cattle Company, Wamego, KS, testifying on behalf of the American Farm Bureau Federation; and Ms. Laurie Ristino, Associate Professor of Law, Director, Center for Agriculture and Food Systems, Vermont Law School, South Royalton, VT.

Mr. Martins emphasized the importance of farmers being able to operate without the oppressive weight of undue regulation. He stated that it would be beneficial for stakeholders if federal agencies included states when promulgating rules and making regulatory decisions. Mr. Martins testified that inconsistency and lack of clarity in regulations can result in confusion in industries and does not create a safer environment. He discussed various regulations, including a crane and derricks in construction rule from the Occupational Safety and Health Administration, chemical facility anti-terrorism standards rule from the Department of Homeland Security, and other regulatory reforms.

Mr. Weber testified that farmers cite compliance costs and regulatory burdens as the primary obstacle to productivity, and Congressional oversight over the regulatory process is essential to reducing unnecessary red tape on farmers. Mr. Weber discussed regulations that impact pork producers, including a regulation from the Department of Agriculture’s Grain, Inspection, Packers and Stockyards Administration, the Waters of the United States rule, organic livestock rule, and hours of service from the Department of Transportation. His testimony also discussed regulations that have been positive for pork producers, including a swine slaughter inspection system rule, alternative proteins, and agricultural visas.

Mr. Brunkow testified that excessive compliance costs prohibit farmers from being able to reinvest in their farms or save for the future. He also stated that a fair, transparent, and updated regulatory process will greatly benefit the agricultural industry, as well as taxpayers, small businesses, and the environment. Mr. Brunkow explained how a smoke management plan implemented in Kansas was an example of regulated industries working with their local regulators to safely burn their fields.
Ms. Ristio testified that regulation of the agriculture sector is essential to safeguard public safety and health, but at the same time, in some cases regulations may be better tailored to small farmers and food producers by taking into account their different production methods and associated risks in a way that ensures health and safety while allowing for local innovation.

HEARING: “ACHIEVING GOVERNMENT-WIDE VERIFICATION OF SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES”

On July 17, 2018, the Committee on Small Business Subcommittee on Investigations, Oversight, and Regulations and the Committee on Veterans Affairs' Subcommittee on Oversight and Investigations met in Room 2360 of the Rayburn House Office Building for a joint hearing titled “Achieving Government-Wide Verification of Service-Disabled Veteran-Owned Small Businesses.” This hearing examined the progress of the Department of Veterans Affairs (VA) and the Small Business Administration (SBA) in harmonizing definitions related to service-disabled veteran-owned small businesses (SDVOSBs). The hearing also examined SBA's readiness to assume the remaining verification functions from the VA's Center for Verification and Evaluation and the benefits of extending verification of SDVOSBs government-wide.

Both the SBA and the VA operate procurement programs for SDVOSBs. As a result of the two separate programs, there are effectively two classes of SDVOSB—those verified by VA pursuing VA contracts, and those which self-certify and pursue contracts in all other agencies. Due to criticisms among the veteran business community, the Small Business Committee and Committee on Veterans' Affairs have held multiple joint hearings on the differences between these procurement programs and their duplicative, overlapping natures.

The witnesses on the panel were: Mr. Thomas Leney, Executive Director, Small and Veteran Business Programs, United States Department of Veterans Affairs, Washington, DC; Mr. Robb Wong, Associate Administrator, Office of Government Contracting and Business Development, United States Small Business Administration, Washington, DC; Mr. William Gould, Senior Advisor, Office of the Administrator, United States Small Business Administration, Washington, DC; and Mr. Davy Leghorn, Assistant Director, The American Legion, Washington, DC.

Mr. Leney discussed the verification program at the VA and expressed a willingness to work with SBA to take on a government-wide verification function for SDVOSBs. Mr. Wong stated that SBA is willing to take on that new responsibility, but expressed concerns about having adequate funding and support. He also provided useful background information about SBA's website. Mr. Gould echoed Mr. Wong's concerns, and provided more details regarding what SBA would need in order to effectively verify SDVOSBs government-wide. Mr. Leghorn said a government-wide verification system is important to service-disabled veteran business owners and encouraged SBA and the VA to work together to create a successful program.
HEARING: “INVESTING IN RURAL AMERICA”

On July 24, 2018, the Subcommittee on Economic Growth, Tax, and Capital Access and Subcommittee on Agriculture, Energy, and Trade of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a joint hearing titled “Investing in Rural America.” This hearing examined venture capital’s role in helping small businesses access capital and highlighted success stories of organizations that provide resources to small businesses in rural America.

Witnesses on the panel were: Mr. Matthew M. McKenna, Executive in Residence, Rural Opportunity Initiative, McDonough School of Business, Georgetown University, Washington, DC; Ms. Falon Donohue, Chief Executive Officer, VentureOhio, Columbus, OH; Ms. Amy H. Gales, Executive Vice President, Regional Agribusiness Banking Group, CoBank, Greenwood Village, CO; and Mr. Ross Baird, President, Village Capital, Innovator-in-Residence, Ewing Marion Kauffman Foundation, Alexandria, VA.

Mr. McKenna outlined how the Rural Opportunity Initiative helps facilitate matching rural businesses with growth potential to investors. Ms. Donohue discussed how to increase capital access to states like Ohio, and recommended policy changes to increase venture capital to small businesses. For example, she suggested that the Dodd-Frank Act should be reassessed to provide a narrower definition to allow banks to participate in venture capital. Ms. Gales testified about the financial products and initiatives CoBank offers to small businesses in rural America. CoBank’s services include flexible loan products for cooperative farms, rural equity investments, supporting youth farmers and entrepreneurs, and many others. Mr. Baird noted that there is a credit gap for small businesses that are too risky for a loan and yet too “normal” for venture capital investment. He went on to discuss how his company, Village Capital, is working toward providing financing for small businesses in this category.

HEARING: “SURVEYING STORMS: A DEEPER DIVE INTO SBA’S DISASTER RESPONSE”

On Wednesday, September 5, 2018 at 11:00 a.m., the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a hearing titled “Surveying Storms: A Deeper Dive into SBA’s Disaster Response.” The purpose of the hearing was to examine the United States Small Business Administration’s (SBA) disaster response to the 2017 storm season. The hearing provided Members of the Committee the opportunity to hear directly from the SBA regarding the agency’s actions during the 2017 storm season and SBA’s disaster response moving forward.

The witness for the hearing was: Mr. James Rivera, Associate Administrator, Office of Disaster Assistance, SBA, Washington, DC.

Mr. Rivera testified before the Committee regarding the response SBA provided to disaster victims during the 2017 storm season, which included Hurricane Harvey, Hurricane Irma, and Hurricane Maria, all of which made landfall within weeks of each other. In the past, SBA has struggled while responding to major disasters,
namely Hurricane Katrina in 2005 and Hurricane Sandy in 2012. While
discussing the unique challenge of responding simultaneously to three major
disasters, Mr. Rivera detailed how SBA's Disaster Loan Program assisted 2017
disaster victims, including how the program is administered. Specifically, Mr.
Rivera testified that SBA moved with alacrity and approved $1 billion dollars in
loans for the 2017 hurricanes in half the amount of time compared to
previous disasters. Although the recovery for 2017 storm victims continues,
to date, SBA has approved over $7.2 billion of loans to
those impacted by Hurricanes Harvey, Irma, and Maria. Acknow-
edging that SBA needs to continue to make improvements with its
disaster response, Mr. Rivera outlined for the Committee areas the
agency is addressing including, ongoing customer service to victims and
barriers to the application process.

HEARING: “TROUBLED SKIES: THE AVIATION WORKFORCE SHORTAGE’S
IMPACT ON SMALL BUSINESSES”

On Wednesday, September 26, 2018 the Subcommittee on Con-
tracting and Workforce of the Committee on Small Business met in
Room 2360 of the Rayburn House Office Building for a hearing ti-
tled “Troubled Skies: The Aviation Workforce Shortage’s Impact on
Small Businesses.” The hearing examines the pilot and mechanic
shortage in the aviation industry in the context of small busi-
nesses.

The aviation industry is facing two workforce issues simulta-
neously: a pilot shortage and a mechanic shortage. This scarcity ar-
rides as demand for air travel and fleet size increase. The U.S.
aviation sector supports nearly 11 million jobs contributing $1.6
tillion in economic activity. Small businesses play a major role;
over 90% of firms providing air transportation, support, and manu-
factoring are considered small by SBA’s standards. Several organi-
izations predict major pilot shortages; for instance, Boeing projects
needing 790,000 pilots by 2037 and the RAND organization esti-
mates needing 1000 Air Force pilots by 2022 and a 10% Navy pilot
shortfall by 2020. The pilot shortage can be attributed in large part
to a significant number of baby boomer pilots retiring from the
workforce; increasing costs of flight training and education with
limited return on investment (i.e., lack of upward mobility); and
legislative changes that promote safety but delay the pipeline of
qualified pilots entering the marketplace (i.e., by increasing flight
time requirements from 250 hours to 1500 hours). There are simi-
lar predictions in mechanic shortages; Boeing projects North Amer-
ican airlines will require 189,000 new technicians over the next
decade. Causes contributing to the mechanic shortage mirror those
caus ing the pilot shortage. Additionally, the disparity between
older planes and technological advances in modern aircraft require
a mechanic workforce with a diverse set of skills. Unfortunately the
technology disparity is exacerbated by the Federal Aviation Admin-
istration’s (FAA) outdated regulations governing the curriculum for
aviation maintenance technician schools. The FAA’s regulations
were last updated in 1962. This shortage is poised to significantly
impact the U.S. economy; for instance, the Aeronautical Repair
Station Association projected a potential $1.95 billion dollar eco-
nomic loss to the aviation industry if technician positions remain
unfulfilled. Cancelled or delayed flights due to a lack of pilots or service and repair delays will disrupt air travel for consumers, delay the transport of goods, prevent the ability to provide disaster relief, and inhibit many other essential services fulfilled by the aviation sector. Given that over 90% of businesses involved in air transportation, support, and manufacturing are small businesses, the disappearance of small businesses in the supply chain will undoubtedly be felt across the aviation sector.

Witnesses on the panel were: Mr. Brett Levanto, Vice President of Communications of the Aeronautical Repair Station Association in Alexandria, VA; Mr. Martin Lenss, Airport Director of the Eastern Iowa Airport in Cedar Rapids, IA; Ms. Sarah Oberman Batiush, Chief Marketing Officer & Director of Business Development of CI Jets in Camarillo, CA; and Mr. Kenneth Witcher, Ph.D., Dean of the College of Aeronautics at Embry-Riddle Aeronautical University in Daytona Beach, FL, testifying on behalf of the Aerospace Industries Association.

At the hearing, Mr. Levanto described the overarching issues surrounding the pilot and mechanic shortage, highlighting the potential economic impact to small business generally and the U.S. economy generally. Mr. Lenss described the impact of the pilot and mechanic shortage on small, regional airports and surrounding communities relying on the local air transportation infrastructure. Ms. Bartush described the difficulty small flight schools have in recruiting and retaining trained pilots as flight instructors, further exacerbating the pilot shortage. Mr. Witcher discussed the aviation technician shortage and the impact the shortage has on small maintenance and repair shops and their increasing lack of ability to recruit a skilled workforce.

HEARING: “THE LOCAL IMPACT OF ECONOMIC GROWTH”

On September 27, 2018, the Subcommittee on Economic Growth, Tax, and Capital Access of the Committee on Small Business met in Room 2360 of the Rayburn House Office Building for a joint hearing titled “The Local Impact of Economic Growth.” This hearing examined how the recent economic expansion is affecting minority-owned small businesses.

Witnesses on the panel were: Mr. Larry Lopez, President, Green JobWorks LLC, Baltimore, MD; Mr. Mansour Azimipour, President, A&K Development Corporation, Locust Grove, VA; Ms. Brenda Jones Barwick, President and CEO, Jones Public Relations, Oklahoma City, OK; and Ms. Valarie J. Cofield, President and CEO, Eastern Minority Supplier Development Council, Philadelphia, PA.

Mr. Lopez discussed the benefits of recent policy changes on both his small business and the general contracting industry. For example, entry level unskilled workers are now eligible for raises sooner than ever before, and demolition and final cleaning divisions are winning more work for his business. Mr. Azimipour discussed the importance of small businesses to his community, and how the federal government could further assist more rural small businesses. For example, he advocated for increased access to broadband in rural areas, as well as reduced underwriting requirements for banks that lend to small businesses. Ms. Barwick mentioned how
the recently enacted Tax Cuts and Jobs Act allowed her to give out bonuses, hire more workers, and increase salaries up to 10 percent for all employees. Ms. Cofield talked about the size and scope of minority-owned small businesses, specifically that the number of minority-owned small businesses is growing at twice the national average.
PART C

WASTE, FRAUD, ABUSE AND MISMANAGEMENT

Of the hearings delineated above, the following were devoted specifically to an examination of programs within the Committee’s jurisdiction with a focus on potential mismanagement, waste, fraud and abuse.

HEARINGS ON SBA MANAGEMENT AND BUDGET

The Committee continued its oversight of the management of SBA through hearings and meetings with agency officials and stakeholder groups. In the Committee’s Budget Views and Estimates for Fiscal Year 2018, which were reported by the Committee on March 1, 2017, Members of the Committee expressed concern about the SBA’s numerous management deficiencies, which date back many years. Members noted their concern that historically, SBA has not been effective in implementing new technology, which is a critical component of decision making. The SBA has also created entrepreneurial development programs on its own initiative, which appear to duplicate programs in the Small Business Act. The Committee’s Views and Estimates stressed that SBA must improve its oversight of lending program participants, which was cited by the SBA’s Office of the Inspector General as one of the most serious issues facing the agency.

Also in 2017, numerous SBA officials, industry representatives and small business owners were questioned about the operation of SBA programs. Hearings were held on SBA’s federal contracting programs on March 2, 2017, May 25, 2017, July 13, 2017, September 13, 2017, April 26, 2018, June 13, 2018, and July 17, 2018. A full Committee bipartisan roundtable on advanced small businesses and contracting issues was held on November 14, 2017. Hearings were held on SBA’s capital access programs on March 9, 2017, May 17, 2017, June 28, 2017, November 7, 2017, January 17, 2018 and April 18, 2018. Hearings on SBA’s entrepreneurial development program were held on March 30, 2017, July 19, 2017, September 14, 2017 and November 8, 2017. A Committee hearing on SBA’s disaster loan program was held on April 26, 2017. Hearings were held on SBA’s Office of International Trade on May 23, 2017 and June 21, 2017.

The Committee held a hearing on April 5, 2017 on overall SBA programs and priorities at which SBA Administrator Linda McMahon testified. Committee Members expressed their hope that longstanding SBA deficiencies will be remedied. Chairman Chabot said the SBA loan programs, which provide crucial access to capital, need vigilant oversight and better metrics to measure success. Administrator McMahon agreed, and added those metrics must measure outcomes, not output. She noted that in October 2016, SBA
hired a new Chief Information Officer to improve SBA's problem-plagued information technology system, which has been criticized by GAO and SBA's Inspector General. The Administrator also said she wants to improve SBA's disaster relief program so the agency is ready for the next major disaster. Members expressed concern about the number of Standard Operating Procedures (SOPs) that are in place at SBA, and asked the Administrator to carefully review them and determine whether all are still needed or can be streamlined. The Administrator said SBA's Chief Financial Officer and Chief Operating Officer are currently reviewing SOPs with an eye toward streamlining them. On November 2, 2017, the Subcommittee on Investigations, Oversight, and Regulations held a hearing to examine the SBA's SOP procedures and hear testimony from Joseph Loddo, SBA's Chief Operating Officer, to better understand SBA's responsibilities with SOPs.

During the 114th Congress, the Committee held six weeks of oversight hearings on the overall management of SBA programs. The hearings covered the Government Accountability Office's (GAO) comprehensive report on the overall mismanagement of the SBA, which was released on October 28, 2015. The report found serious, ongoing deficiencies spanning the entire agency, from information technology and security to staff management to fraud in lending and contracting programs. The Committee continued its rigorous and bipartisan oversight of the SBA and its programs during the 115th Congress.

At a hearing on the effectiveness and readiness of SBA's disaster loan program on April 26, 2017, the Committee heard testimony from William Shear, Director, Financial Markets and Community Investment, GAO, on dissemination of information on the SBA's Disaster Loan Program. Mr. Shear testified that SBA has not effectively presented information on disaster loans in a way that helps users easily find it, has not consistently described key features and requirements of the loan process in print and online, or clearly defined the financial terminology used in its loan applications.

On June 14, 2017, the Committee held a hearing on SBA's Fiscal 2014 Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) programs, which failed to restructure the agency. Committee Members heard from SBA Acting Inspector General Hamibal "Mike" Ware and SBA Chief Operating Officer Joseph Loddo regarding the Inspector General's report that SBA's restructure attempt not only did not measure or determine agency skill gaps or workplace competency, it failed to decrease the average age of the agency's workforce; failed to develop specific goals for cost savings; and wasted over $2 million. Following that hearing, on June 26, 2017, Chairman Chabot sent a letter to Linda McMahon, Administrator, Small Business Administration, requesting a copy of the agency's final reform plan, which was due to the Office of Management and Budget by June 30, 2017, and full details on the steps it is taking to follow up on the hearing.

At a hearing on July 12, 2017, the Committee continued its oversight of SBA's information technology systems. Over the years, SBA has had serious challenges in implementing information technology systems. The SBA's Chief Information Officer since October, 2016, Maria Roat, testified that SBA moved aggressively to assess
SBA’s IT system and establish modernization targets, such as moving e-mail to the cloud, updating software, evaluating IT purchase requisitions, and ensuring that SBA complies with the Federal Information Technology Acquisition Reform Act.

A hearing by the Subcommittee on Investigations, Oversight, and Regulations on November 2, 2017 examined agency Standard Operating Procedures (SOP). Committee Members heard testimony from Joseph Loddo, Chief Operating Officer, Small Business Administration, regarding how and when SOPs are developed and whether SOPs are a form of rulemaking that should go through notice and comment as set forth in the Administrative Procedure Act. The SOP process is not transparent and does not require agencies to consider public or Congressional comments on a proposed rule. In addition, rulemaking through SOPs can lead to arbitrary and biased decision making.

HEARINGS ON FEDERAL PROCUREMENT

During the 115th Congress, the Committee continued to examine federal procurement rules as they affect small businesses. The hearings covered topics such as problems with the HUBZone program, federal contracting change orders and agency compliance with federal statutes and rules. For example, on March 2, 2017, the Subcommittee on Contracting and Workforce held a hearing on ideas to strengthen and improve the problem-plagued HUBZone program. A bipartisan roundtable was held on June 27, 2017 to examine the barriers that veteran-owned small businesses encounter in contracting with the federal government. On May 4, 2017, the Subcommittee on Contracting and Workforce held a hearing on improvements to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STIR) Programs.

The Committee used information gleaned from the hearings to inform legislation on federal contracting. For example, during the April 5, 2017 hearing at which SBA Administrator Linda McMahon testified, Members expressed the hope that the Administrator would help to ensure that the agency complies with federal statutes and rules governing the purchase of goods and services from small businesses.

On March 2, 2017, the Committee held an oversight hearing on SBA’s HUBZone program. The program has been plagued by fraud and abuse for a number of years. As the program approached its 20 year anniversary, Committee Members learned more about its challenges with certification and reporting. In a series of separate investigations, the Government Accountability Office and the SBA Office of Inspector General found problems that left the program vulnerable to fraud and abuse. For example, the OIG identified significant weaknesses in procurement data that undermine the reliability of reported goal reporting to Congress. GAO has reported that HUBZone firms had made fraudulent or inaccurate representations to get into or remain in the HUBZone program. Other witnesses testified that in order to reach its full potential, the program must be modernized. On September 13, 2017, the Committee held a hearing on the HUBZone program to explore possible legislative solutions to strengthen the program. Witnesses testified that improvements to the program provided by H.R. 3294, the HUBZone
Unification and Business Stability Act, bipartisan legislation sponsored by Ranking Member Nydia Velázquez and cosponsored by Chairman Steve Chabot, that would bring needed stability and certainty to the program. In addition, H.R. 3294 would require SBA to establish performance metrics by which to measure the program’s effectiveness. H.R. 3294 was included in the conference report on H.R. 2810, the National Defense Authorization Act for Fiscal Year 2019, which became Public Law No. 115–91.

The Subcommittee on Contracting and Workforce probed the operation of the Small Business Innovation and Research (SBIR) and Small Business Technology Transfer (STTR) programs. On May 4, 2017, the Subcommittee held a joint hearing with the House Science, Space and Technology’s Subcommittee on Research and Innovation. At the hearing, Committee Members explored whether participating agencies were complying with statutory efforts to eliminate waste, fraud, and abuse in the program.

On June 15, 2017, the Committee reported, as amended, H.R. 2763, the Small Business Innovation Research and Small Business Technology Transfer Improvements Act, bipartisan legislation to update and improve the popular SBIR and STIR programs. H.R. 2763 was introduced by Representative Steve Knight and Representative Stephanie Murphy. Specifically, H.R. 2763 would reinforce the requirement that the SBA provide a comprehensive annual report of the programs to Congress. In addition, the bill would hold the Department of Defense accountable for stimulating small business technological innovation. The Committee’s vote was 19–0.

On May 25, 2017, the Subcommittees on Contracting and Workforce and Investigations, Oversight, and Regulations held a joint hearing on the effect of federal contracting change orders on small business contractors and solutions to ease the financial burden. Subcommittee Members are concerned that these changes cause serious delays to the project schedules, and agencies may be engaging in unfair or abusive negotiations with construction contractors. Members heard from witnesses that small businesses do not have the time or resources to litigate their claims, and often must settle for lesser amounts rather than face thousands of dollars in legal fees, with some forced out of business as a result. H.R. 2594, the Small Business Payment for Performance Act, bipartisan legislation introduced by Rep. Brian Fitzpatrick and Rep. Stephanie Murphy, would guard against abuse of the federal contracting process by federal agencies. Specifically, the bill would require federal agencies to make interim partial payments to contractors, allowing them to pay their bills without being delayed until the end of the project. H.R. 2594 was reported favorably, as amended, by the Committee to the House on June 15, 2017. The Committee’s vote was 21–0. Additionally, H.R. 4754 was introduced by Representative Don Bacon, a former Member of the Small Business Committee, on January 30, 2018. The bill injects transparency into the agency change order process by providing small construction contractors with agency change order information prior to submitting a bid on a solicitation for a small business construction project. On May 8, 2018, the House passed H.R. 4754, under Suspension of the Rules, by voice vote. H.R. 4754 was included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2019. H.R. 5515
passed the House on May 24, 2018 by a vote of 351–66 (Roll Call No. 230), and the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll Call Number 128). The conference report for H.R. 5515 passed the House on July 26, 2018 (Roll Call No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018, and became Public Law Number 115–232).

On July 13, 2017, the Subcommittees on Contracting and Workforce and Economic Growth, Tax, and Capital Access held a joint oversight hearing titled, “The Puerto Rico Oversight, Management, and Economic Stability Act: State of Small Business Contracting.” The purpose of the hearing was to review the findings of a report released by the Government Accountability Act on the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) on government contracting for small businesses in Puerto Rico. The hearing’s witnesses, Mr. William Shear, Director, Financial Markets and Community Investment, Government Accountability Office, and Mr. Robb N. Wong, Associate Administrator, Office of Government Contracting and Community Development, United States Small Business Administration, discussed trends in the SBA’s contracting programs that were presented in GAO’s report. Mr. Shear said stakeholders identified challenges that small businesses in Puerto Rico face, including a lack of knowledge about contracting, difficulty meeting procurement requirements, and difficulty accessing bonding, financing, and capital. Mr. Wong said SBA would continue to improve the implementation of its contracting programs through improved application and certification processes. H.R. 5178, introduced by Ranking Member Nydia Velázquez on March 6, 2018, sought to incentivize agencies to contract with Puerto Rico small businesses and also to incentivize potential mentors to choose Puerto Rico small businesses as proteges. The Committee met in open session on March 14, 2018 and ordered H.R. 5178 reported favorably to the House by voice vote. H.R. 5178 was included in H.R. 5515, the National Defense Authorization Act for Fiscal Year 2109, which passed the House on May 24, 2018 (Roll Call No. 230) and the Senate, as amended, on June 18, 2018 by a vote of 85–10 (Roll No. 128). The Conference Report for H.R. 5515 passed the House on July 26, 2018 by a vote of 359–54 (Roll Call No. 379), the Senate on August 1, 2018 by a vote of 87–10 (Roll No. 181), was signed by the President on August 13, 2018 and became Public Law Number 115–232.

The Subcommittee on Contracting and Workforce held a hearing on October 25, 2017 on the Government Accountability Office’s (GAO) report audit of the SBA’s Office of Small and Disadvantaged Business Utilization (OSDBU). GAO’s audit revealed that many federal agencies did not comply with the statutory functions of the OSDBU. Continued noncompliance with the requirements can inhibit the OSBDU’s effectiveness in its statutory purpose: advocating on behalf of small businesses that contract with the federal government. On November 30th, 2017, the Committee sent a series of letters to each agency OSDBU identified by the GAO audit to be noncompliant with their statutory functions. A total of 14 letters were sent, requesting each agency respond before December 31, 2017. The Committee will continue to work with GAO and SBA to
ensure that federal agencies are fully complying with statutory requirements.

On January 17, 2018, the Subcommittee on Agriculture, Energy, and Trade convened a hearing on small business resources within the Department of Energy. Subcommittee Members heard testimony from Charles Smith, Director of the Department’s Office of Small and Disadvantaged Business Utilization. Director Smith discussed DOE’s federal contracting process, the Office of Small and Disadvantaged Business Utilization’s (OSDBU) resources available to existing or potential federal contractors, and the Department’s current prime small business contracting goals. Subcommittee Chairman Rod Blum, concerned that DOE is currently well under its small business subcategory contracting goals, questioned Director Smith about the OSDBU’s plan to address this deficiency. He requested that the Director provide that plan to the Committee within 60 days.

On Thursday, April 26, 2018, the Subcommittee on Contracting and Workforce convened a hearing examining the challenges to growth and success for businesses as they grow out of their small size status. As the divide between small and large contractors continues to widen, successfully navigating the middle market becomes an increasingly challenging prospect for advanced small and mid-size firms. Businesses that outgrow their small size often fail once they reach the open federal market, become acquired into the supply chain of a larger competitor, or are forced to impede their own growth in order to remain small. None of these outcomes promote the health of the industrial base and undermine the Small Business Administration’s small business program goals. H.R. 6330, bipartisan legislation introduced by Representative Steve Knight and Representative Yvette Clarke, sought to allow small businesses additional time to build their competitiveness and infrastructure against large prime contractors by modifying the formula employed by the Small Business Administration to calculate the size of a firm. The Committee met in open session on July 18, 2018 and ordered H.R. 6330 reported favorably, as amended, to the House by voice vote.

As part of its ongoing effort to identify waste, fraud, and abuse, the Subcommittee on Contracting and Workforce held a hearing on May 17, 2018 to review the United States Department of Defense (DOD) Inspector General’s (IG) Report on small business subcontracting. The audit found that the Army’s contracting activities did not always comply with the Small Business Act. Specifically, Army officials did not ensure that prime contractors provided small businesses with adequate subcontracting opportunities in almost half of the subcontracting opportunities that the IG reviewed. As a result, small businesses may have been denied subcontracting opportunities that prime contractors were required to provide. The Subcommittee and the Committee will continue to review contracting activities to ensure that the IG’s management recommendations for the Deputy Assistant Secretary of the Army for Procurement are implemented.

On June 13, 2018 the Committee on Small Business held a hearing examining the impact of category management on the small business industrial base. Category management is a federal spend-
ing management initiative currently being implemented by the Office of Management and Budget, which expands upon previous attempts at contract consolidation. The purpose of category management, as originally developed, was to track and analyze market research data to better capture what the federal government was buying and how it was spending in order to increase efficiencies and achieve cost savings. Used in this manner, category management can be a valuable tool to the federal government. However, category management has been taken a step further by mandating a targeted increase in spending through “best-in-class” contract vehicles and a decrease in individual contracts. This has the potential consequence of funneling contract dollars and awards towards specific, few contract vehicles which have only a handful of vendors, both large and small, operating on each vehicle. This federal spending approach may have deleterious impacts on small businesses who do not operate on these “best-in-class” vehicles, particularly for emerging small businesses, by reducing the number of available opportunities for small businesses and by making it increasingly difficult to compete for government contracts. H.R. 6382, bipartisan legislation introduced by Representative Alma Adams and Chairman Steve Chabot requested the Small Business Administration report on the total dollars awarded through “best-in-class” vehicles, specifically identifying the total dollars awarded through these designated vehicles to small business concerns, socially and economically disadvantaged small business concerns, women-owned small businesses, HUBZone small businesses, and service-disabled veteran-owned small businesses.

On July 17, 2018, the Subcommittee on Investigations, Oversight, and Regulations held a joint hearing with the House Veterans’ Affairs Committee’s Subcommittee on Oversight and Investigations to examine the progress of the Department of Veterans Affairs (VA) and the Small Business Administration (SBA) in harmonizing definitions related to service-disabled veteran-owned small businesses (SDVOSBs). The hearing also examined SBA’s readiness to assume the remaining verification functions from the VA’s Center for Verification and Evaluation and the benefits of extending verification of SDVOSBs government-wide. Tom Leney, Executive Director of the Office of Small and Disadvantaged Business Utilization with the United States Department of Veterans’ Affairs, Robb Wong, Associate Administrator of the Office of Government Contracting and Business Development with the United States Small Business Administration, and Davy Leghorn, Assistant Director of the National Veterans Employment and Education Division of The American Legion, testified on removing barriers to small business participation in federal contracting.

HEARINGS ON SBA FINANCIAL ASSISTANCE PROGRAMS

Because small business owners repeatedly tell the Committee that access to capital is a problem, the Committee continued its focus on SBA’s capital access programs. The Subcommittee on Economic Growth, Tax and Capital Access held the first in a series of hearings on March 9, 2017 on SBA’s 7(a) loan program and the state of small business lending. On April 5, 2017, the Committee held a hearing on overall SBA programs at which SBA Adminis-
tator Linda McMahon testified. The Administrator addressed the 7(a) loan program authorization cap, the default rate for the various loan programs, and metrics for program evaluation.

At a March 9, 2017 hearing on the SBA’s 7(a) Loan Program, Committee Members addressed SBA’s history of lax lender oversight. Tony Wilkinson, President and Chief Executive Office of the National Association of Government Guaranteed Lenders in Washington, DC, testified that it is important that the SBA’s Office of Credit Risk Management receive the appropriate amount of funding and the appropriate number of staff to properly perform vital lender oversight. The Committee held a hearing on January 17, 2018 on ways to strengthen SBA’s 7(a) Loan Program. At the hearing, Members heard testimony from stakeholder groups on H.R. 4743, the Small Business 7(a) Lending Oversight Reform Act, legislation that would bolster SBA’s lender oversight and improve the program’s integrity for small businesses and taxpayers.

On April 26, 2017, the full Committee held an oversight hearing on the operation of the SBA’s disaster loan program. Witnesses discussed the steps needed to better ensure the program is ready to respond to the next disaster, and said SBA has made a number of key improvements to help it respond more efficiently and effectively. However, strong internal controls, updated technology and training are needed. In addition, William Shear, Director, Financial Markets and Community Investment, Government Accountability Office, testified that he is concerned whether SBA’s reserve corps is sufficiently trained. Hannibal “Mike” Ware, Inspector General, Small Business Administration, said SBA may not be able to effectively process disaster loan applications quickly and without errors, increasing opportunities for dishonest applicants to commit fraud.

On May 3, 2017, the full Committee held a hearing on how business accelerators help entrepreneurs, startups, and small businesses grow and create jobs. The hearing gave Members of the Committee the opportunity to hear from organizations that are directly involved in providing private sector resources to small businesses. On May 17, 2017, the full Committee held a hearing to review the SBA’s 7(a) Loan Program and its ability to help creditworthy small businesses obtain capital. This hearing offered Members of the Committee the opportunity to hear about whether the 7(a) program adequately meets the needs of entrepreneurs and whether current lender oversight is sufficient to guard against abuse and fraud.

On June 29, 2017, the Subcommittee on Economic Growth, Tax and Capital Access held an oversight hearing on the SBA’s Certified Development Company/504 Loan Program. Members heard from key witnesses representing the National Association of Federally-Insured Credit Unions, the National Association of Development Companies and the Business Finance Group. The panel discussed their experiences with the program. Subcommittee Chairman Dave Brat said that as small businesses face an uncertain lending environment, SBA’s CDC/504 program helps to bridge a critical funding gap. Witnesses pointed out that the program helps financial institutions to attract and to serve small business borrowers who need financing for plant and major equipment expan-
sion, and its effect is felt across the economy. They also noted that the program requires no subsidy from taxpayers to operate.

The Consolidated Appropriations Act of 2017, Public Law No. 115–31, directed the Government Accountability Office (GAO) to conduct a study and report to the Senate and House Appropriations Committee and Senate Committee on Small Business and Entrepreneurship and House Committee on Small Business regarding the “credit elsewhere” requirements for the SBA’s 7(a) loan program. The law also requires GAO to include an analysis of the criteria currently used to identify whether businesses are unable to obtain credit elsewhere. GAO is now working on this directive.

The Government Accountability Office issued a report, requested by Chairman Chabot, on the effect of financial regulations on access to capital on February 27, 2018. The report was released in concert with a full Committee hearing on that date. At the hearing, Michael Clements, Acting Director of Financial Markets and Community Investment for the Government Accountability Office, testified about a number of financial regulations that are burdensome for community banks and credit unions, and discussed the tools that are available to regulators to reduce burdens on small financial regulations.

Continuing its oversight over SBA’s 7(a) loan program, on April 18, 2018, the Committee held a hearing on a report initiated and issued by the Small Business Administration on the SBA’s 7(a) program loans to the poultry industry. The report found that the 7(a) loans to poultry growers it analyzed did not meet regulatory and SBA requirements for eligibility. The large chicken companies, called integrators, exercised such control over the growers through contracts, operating procedures and other mandates that growers ceased to be independent businesses and ultimately became affiliates of the integrators. The Committee will continue its oversight of this loan program and the corrective action that SBA plans to take.

On July 24, 2018, the Subcommittee on Economic Growth, Tax, and Capital Access and the Subcommittee on Agriculture, Energy and Trade held a joint hearing to examine the role of venture capital in helping small businesses to access capital and identify organizations that provide resources to small businesses in rural America.

Committee Members held a hearing on September 5, 2018 to review SBA disaster response. The Committee heard testimony from James Rivera, Associate Administrator, Office of Disaster Assistance, on the agency’s actions during 2017 and the outlook for disaster response moving forward.

HEARINGS ON SBA ENTREPRENEURIAL DEVELOPMENT PROGRAMS

SBA entrepreneurial development programs were addressed in a hearing on the Committee’s budget views and estimates for Fiscal Year 2018 on February 1, 2017. They were also discussed in a full Committee hearing on SBA programs and management on April 5, 2017 at which SBA Administrator Linda McMahon testified. In that hearing, Chairman Chabot said that the training and technical assistance programs that reach small businesses through local Small Business Development Centers (SBDCs) need to keep
pace with our rapidly changing times and ensure that they are not duplicative or being abused.

On March 30, 2017, the Subcommittee on Contracting and Workforce held a comprehensive hearing on SBA’s entrepreneurial development programs. Witnesses from SCORE; Small Business Development Centers Association; the Association of Women’s Business Centers; and the National Veterans Employment and Education Division of the American Legion testified. At the hearing, Members probed topics such as how SBA resource partners can work together to coordinate entrepreneurial assistance, reduce duplication and eliminate waste; ways those partners can fill critical gaps in assistance; and how to improve training for small businesses to grow and create jobs.

In addition, on September 14, 2017, the Subcommittee on Health and Technology held a hearing on how SBA’s entrepreneurial development programs are evolving with technology. Witnesses with the SCORE Association; America’s SBDC; and Women’s Business Centers; and a Veteran’s Business Outreach Center testified that although entrepreneurs prefer in-person experiences to webinars or website videos, they agreed that it is important to offer clients opportunities to train and learn online. In addition, they noted that small businesses must adopt technology to remain competitive in the marketplace.
PART D

OVERSIGHT ACTIVITIES

OVERSIGHT PLAN FOR THE 115TH CONGRESS

Clause 2(d) of Rule X of the Rules of the House of Representatives for the 115th Congress requires each standing committee, in the first session of Congress, to adopt an oversight plan for the two-year period of the Congress and submit the plan to the Committee on Oversight and Reform, Committee on House Administration and Committee on Appropriations.

Subpart A contains the Oversight Plan of the Committee on Small Business for the One Hundred and Fifteenth Congress, which the Committee considered and adopted on February 1, 2017. Subpart B contains a summary of actions taken to implement that plan.

SUBPART A

AUTHORIZATION AND OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED FIFTEENTH CONGRESS

Mr. Chabot, from the Committee on Small Business, submitted to the Committee on Oversight and Government Reform, the Committee on House Administration and the Committee on Appropriations the following.

REPORT

Rule X, cl. 2(d)(1) of the Rules of the House requires each standing Committee to adopt an authorization and oversight plan for the two-year period of the Congress and to submit the plan to the Committees on Government Reform and House Administration not later than February 15 of the first session of the Congress. Under Rule X, the Committee has oversight authority to investigate and examine any matter affecting small business. This Report reflects that broad oversight jurisdiction.

Pursuant to Rule X, cl. 2(d)(1)(F), this Plan also includes proposals to cut or eliminate programs that are inefficient, duplicative, outdated, or more appropriately administered by State or local governments.

House Rule X, cl. 2(d)(2) requires that committee oversight plans include a list of programs or agencies within each committee’s jurisdiction with lapsed authorizations that received funding in the prior fiscal year, or a program or agency with a permanent authorization which has not been subject to review by the Committee in the prior three Congresses. The Committee has found no Small Business Administration (SBA) programs that fit these parameters.
Rule X, cl. 2(d)(2) also requires a description of the programs or agencies to be authorized in the current Congress or the next Congress, and any oversight to support the authorization of those programs or agencies, and recommendations for moving such programs or agencies from mandatory funding to discretionary appropriations where appropriate. The Committee may consider reforms and improvements to various SBA programs as noted throughout this Authorization and Oversight Plan, including the need for SBA to create appropriate metrics to measure efficacy.

Oversight of Federal Capital Access Programs

The Committee will conduct hearings and investigations of SBA and other federal agencies that provide capital to America’s entrepreneurs that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

• Effectiveness of the capital access programs to generate jobs in the fastest growing small businesses.
• Whether lenders are meeting their goals to lend to small businesses and create jobs.
• Risk to the taxpayers of the capital access programs.
• Adequacy of SBA oversight of its lending partners to ensure that federal taxpayers are properly protected.
• Capabilities of the SBA information technology to manage the loan portfolio.
• Whether SBA rules, regulations and guidance result in transparent and reasoned decision making with respect to capital access programs.
• Assessment of credit-scoring algorithms as a replacement for individual credit assessment by SBA and its lending partners.
• The exercise of discretion by SBA to create pilot programs and the risk they pose to the taxpayer and whether such authority should be curtailed or eliminated.
• Whether SBA disaster loan program and its oversight ensures that small businesses are able to revive and rebuild communities without unduly placing the federal taxpayer at risk.
• Efficacy and duplication of federal capital access programs offered by the Department of Agriculture to small businesses in rural areas.
• Utilization by small businesses of export capital programs at the Export-Import Bank and the Overseas Private Investment Corporation.
• Impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111–203, on small business access to capital.
In performing oversight, the Committee will focus on risky aspects of financial assistance programs including, but not limited to, commercial real estate refinancing, premier certified lenders, participating security small business investment companies, small business lending companies, express lenders, and loan programs utilizing simplified lending applications.

Oversight of SBA and Other Federal Entrepreneurial Development Programs

The Committee will conduct hearings and investigations into the SBA programs that provide training and advice to small businesses that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Examining effectiveness of SBA entrepreneurial development programs, including programs for veterans, in creating jobs at startups and traditional firms.
- Determining whether certain programs should be eliminated as a result of their ineffectiveness or duplication of programs provided by other agencies or the private sector.
- Suggesting methods for enhancing coordination among federal agencies in providing assistance to entrepreneurs, including, but not limited to, businesses located in rural areas and those seeking to provide goods and services in the federal procurement marketplace.
- Enhancing the efficacy and utilization of the Manufacturing Extension Partnership at the Department of Commerce, including developments in renewable energy.
- Recommending improvements in assistance to small businesses in rural areas, including those involved in agriculture, forestry, and energy production.

Oversight of Federal Government Contracting Matters

The Committee will conduct hearings and investigations into the federal procurement system that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Whether fraud or other problems exist in the federal government contracting programs overseen by the SBA including the 8(a), HUBZone, service-disabled veteran, women owned contracting, and Small Business Innovation Research programs.
- Effectiveness of SBA contracting programs to increase participation by small businesses in federal procurement.
- Effectiveness of federal agency protections against contract bundling and consolidation.
- The accuracy and utility of SBA size standards and federal procurement databases.
- Operation and effectiveness of federal agency assistance provided to small businesses interested in federal procurement, including that provided by the SBA, Offices of Small and Disadvantaged Business Utilization and Procurement Technical Assistance Centers.
• Development of federal acquisition policies and whether small businesses have sufficiently effective voice in development of such policies.
• Cost-effectiveness of outsourcing government work to private enterprise rather than expanding the government to provide the good or service internally (i.e., government insourcing).
• Examination of the Small Business Innovation Research Program as modified by the National Defense Authorization Act for FY 2012, Pub. L. No. 112–81, including, but not limited to, increased efforts at commercializing federally-funded technology.

In performing oversight, the Committee will focus its efforts on uncovering abuse and misuse of the small business designation to obtain federal government contracts.

Oversight of SBA Management

The Committee will conduct the hearings and investigations into the management of the SBA that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:
• The appropriate mission of the SBA.
• Whether agency employees in the field are empowered to assist small businesses.
• Duplication of offices and missions at SBA headquarters.
• Effectiveness of personnel management to ensure that employees are rewarded for assisting small businesses.
• Capabilities of SBA employees to provide proper assistance to small business owners.
• Agency personnel capabilities to properly manage loan defaults to maximize recovery of collateral.
• Whether SBA improperly utilizes statutory authority to create untested initiatives and the procedures by which the agency develops such programs.

In carrying out this oversight, the Committee will focus particularly on streamlining and reorganizing of the agency's operations to provide maximum assistance to small business owners. Offices that primarily provide assistance or advice to headquarters staff that do not promote the interests of small businesses or protect the federal government as a guarantor of loans will be recommended for cuts or elimination. For some potential offices that the Committee will examine, refer to the section titled “Reductions in Programs and Spending.”

Oversight of Federal Regulatory and Paperwork Burdens

The Committee will conduct hearings and investigations into unnecessary, burdensome, and duplicative federal rules, reporting and recordkeeping requirements affecting small businesses that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:
• Consumer Financial Protection Bureau.
• Consumer Safety Products Commission.—
• Department of Agriculture.
• Department of Commerce.
• Department of Energy, particularly the Office of Energy Efficiency and Renewable Energy.
• Department of Health and Human Services, particularly the Centers for Medicare and Medicaid Services and Food and Drug Administration.
• Department of Interior, particularly the Bureau of Land Management and Fish and Wildlife Service.
• Department of Homeland Security, particularly the Transportation Security Administration.
• Department of Labor, particularly the Occupational Safety and Health Administration and the Wage and Hour Division.
• Department of Transportation, particularly the Federal Aviation Administration and Federal Motor Carrier Safety Administration.
• Department of the Treasury, particularly the Internal Revenue Service.
• Environmental Protection Agency.
• Federal Communications Commission.
• Federal Financial Institutions Examination Council and its constituent agencies.
• Office of Management and Budget, particularly the Office of Federal Procurement Policy.
• Securities and Exchange Commission.

The Committee will identify specific rules and regulations already issued or at the proposed rule stage to assess the impact on small businesses. In addition, the Committee will examine agency compliance with the Regulatory Flexibility Act and Paperwork Reduction Act. The Committee will pay close attention to the effect that regulations have on startups. Oversight of the regulatory process also will, to the extent relevant, examine the work of the Office of Information and Regulatory Affairs at the Office of Management and Budget. Special attention will be paid to the work performed by the Chief Counsel for Advocacy at the Small Business Administration to ensure that Office is fulfilling its mission to advocate vigorously on behalf of America’s small business owners in regulatory matters at federal agencies. Finally, this oversight will entail an examination of compliance by federal agencies with amendments to Executive Order 12,866 and memoranda on regulatory flexibility and regulatory compliance issued by the President on January 18, 2011 and still in effect as of the approval of this Oversight Plan.

Oversight of Federal Tax Policy

The Committee will conduct hearings and investigations into the federal tax code, its impact on small business, and Internal Revenue Service’s (IRS) collection of taxes that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

• Identification of tax code provisions and proposed rules that hinder the ability of small businesses to create jobs and
recommendations for modifying those provisions to boost small business job growth.

- Examination of the structure of the tax code in order to simplify compliance for small businesses.
- Assessment of the recordkeeping and reporting requirements associated with tax compliance and suggestions for reducing such burdens on small businesses.
- Evaluation of the estate tax provisions to determine whether they inhibit the ability of successive generations to maintain successful job creating enterprises.
- Efficiencies at the IRS that improve the interaction between the government and small business owners.
- Inefficiencies at the IRS that force small businesses to divert capital from job growth to tax compliance.

Oversight of Health Care Policy

The Committee will conduct hearings and investigations into federal health care policy (such as Medicare and Medicaid) and the continued implementation of the Patient Protection and Affordable Care Act that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- The cost of the Patient Protection and Affordable Care Act to small businesses, including the self-employed.
- The availability of health insurance in the federal marketplaces established by the Patient Protection and Affordable Care Act.
- The impact of the Patient Protection and Affordable Care Act, Medicare and Medicaid on the ability of physicians, pharmacists, and allied health care providers to offer the best care possible to patients.
- The impact of state tort and insurance laws on the cost of medical care.
- Examination of increases in efficiencies that will improve the provision of health care while reducing costs to small businesses that offer their workers health insurance.

Oversight of Energy Policy

The Committee will conduct hearings and investigations into energy policy to reduce the cost of energy and increase energy independence that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Innovations developed by small businesses that create greater energy independence.
- Federal regulatory policies that increase dependence on foreign sources of energy.
- Policies needed to incentivize production of energy in the United States.
- Examination of commercialization of research in renewable energy.
- Federal regulations or policies that increase energy costs for small businesses.
The primary thrust of the Committee’s efforts will focus on efforts to use the innovation of America’s entrepreneurs to fuel the drive for greater energy independence, including the development of renewable energy products.

**Oversight of Trade and Intellectual Property Policy**

The Committee will conduct hearings and investigations into international trade and intellectual property policies of America and its trading partners that may include any or all of the following, as well as matters brought to the attention of the Committee subsequent to the filing of this Report:

- Impact of free trade agreements to increase exports by American small businesses.
- Oversight of SBA’s Office of International Trade and the agency’s efforts to promote small business exports.
- Examination of the impact of illicit actions by foreign entities on small businesses and whether the federal government is doing enough to protect their interests.
- Whether the federal government is doing enough to protect the intellectual property rights of small businesses by foreign competitors.
- The impact of federal intellectual property policies, particularly patents and copyrights, to protect the innovations of American entrepreneurs.
- Efforts to increase exports by small businesses.
- Whether the United States Trade Representative and Department of Commerce sufficiently protect the interests of small businesses in the negotiation of free trade agreements.
- Whether the United States Trade Representative takes positions at the World Trade Organization that sufficiently promote the interests of American small businesses.

The focus of oversight will emphasize the best mechanisms to promote and protect advanced technology innovations of small businesses.

**Reductions in Programs and Spending**

In addition to the programs and policies already cited, the Committee will examine any and all offices and programs that fall within the Committee’s legislative jurisdiction to find areas that could lead to reduction in the federal deficit. Some programs and offices may include:

- State Small Business Credit Initiative operated by Department of Treasury.
- Express Loan Program overseen by SBA.
- Emerging Leaders Initiative started by SBA.
- Clusters Program initiated by the SBA.
- Innovation and Impact Fund Pilot Programs operated by the SBA.
- SBA Office of Policy.
- SBA Regional Administrators.
- Office of Advocacy Regional Advocates.
- SBA Deputy District Directors.
- SBA Office of International Trade.
- SBA Office of Native American Affairs.
In particular, the Committee will assess whether reorganization and reassignment of employees to more critical functions at the SBA, such as positions in the Office of Government Contracting and Business Development will provide a more effective agency at helping small businesses to generate growth.

Programmatic Duplication

The Committee notes that §18 of the Small Business Act prohibits duplication of any effort by the Small Business Administration if a program is already offered by another federal agency unless the Small Business Administration expressly authorizes the duplication. The Committee will continue to monitor the Small Business Administration for programs that duplicate the efforts of other federal agencies.

SUBPART B

IMPLEMENTATION OF THE OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED AND FIFTEENTH CONGRESS

The Committee began 2017 with oversight hearings on a number of Small Business Administration (SBA) programs. The Committee focused on small business access to capital; opportunities for federal government contracting; assistance with trade and exporting; entrepreneurial development; and investment and innovation programs. In addition, the Committee held a wide ranging hearing on SBA programs and management on April 5, 2017 at which SBA Administrator Linda McMahon testified.

On November 7, 2017, the Subcommittee on Agriculture, Energy and Trade held a hearing to further study the SBA's Small Business Investment Company (SBIC) Program. Members of the Subcommittee heard from a representative of the Small Business Investor Alliance, two SBIC program participants, and a former SBA official who headed the Office of Investment and Innovation. To follow up on that hearing, on December 17, 2017, Subcommittee Chairman Blum sent a letter to Joseph Shepard, Associate Administrator, Office of Investment and Innovation, SBA, requesting information on the SBIC licensing process.

On October 30, 2017, SBA released its FY 2018–2022 Strategic Plan. The plan was described by SBA as the principal document within the agency’s performance management framework, designed to be followed through to all levels of the organization. According to the plan, the agency’s four priority goals are to: 1) increase the number of loans by 5% to small businesses in socially and economically disadvantaged urban and rural areas; 2) maximize the percent of federal contracts set aside for small businesses by exceeding the 23% goal; 3) increase by 10% the number of unique 8(a) small business contracts awarded; 4) increase the average number of disaster loan applications processed from three to six applications per
loan specialist. The Committee will closely follow SBA’s progress on these goals.

Sec. A. Oversight of SBA Management

The Committee continues to oversee the management of the Small Business Administration through hearings and meetings with agency officials and industry representatives. The hearings held by the Committee and its subcommittees are detailed in Parts A, B, and C, supra, and will not be repeated here.

In the Committee’s views and estimates on the Budget for Fiscal Year 2018, the Committee expressed concern about the ongoing management challenges within the agency, and urged SBA to implement the open management recommendations made in the GAO’s 2015–2016 report requested by the Committee. GAO found extensive deficiencies in SBA’s management, including problems with operating procedures, staff management, information technology and cyber security. The Committee will continue its close monitoring of SBA’s operation and management.

During the May 5, 2017 hearing, at which SBA Administrator Linda McMahon testified, Chairman Chabot noted that Members had a lot of unanswered questions from the 114th Congress about how the agency will address longstanding deficiencies in management, information technology and program oversight. Administrator McMahon pledged that SBA would work with the Committee to make the agency more effective and efficient in assisting small businesses by improving capital access, counseling, and government contracting programs. She also said the SBA will ensure that it provides the services that small businesses actually need to grow and create jobs.

Over the years, the SBA has struggled with the implementation of information technology. In fact, a comprehensive GAO report released in September 2015 noted that senior SBA leaders had not prioritized long-term organizational transformation in information technology, and that this deficit posed a risk to the agency. On July 12, 2017, the Committee held an oversight hearing on the Small Business Administration’s Office of the Chief Information Officer (OCIO). At the hearing, the Committee examined whether the OCIO is operating efficiently and effectively. In particular, Committee Members expressed concern that the high turnover rate in the CIO position (eight CIOs since 2005) has undermined the SBA’s ability to make lasting improvements. The Committee also discussed the need for continued oversight of SBA’s technology investments and improved information security controls, which recent SBA Inspector General reports have highlighted.

For example, on November 28, 2017, the SBA’s Office of Inspector General released its report on the implementation of the Federal Information Technology Acquisition Reform Act (FITARA). The IG concluded that although SBA has made progress in implementing the objectives of FITARA, it needs to consistently establish
baseline performance baselines for its IT investments and update system development guidance to reflect current project implementation methodologies. In addition, SBA should fully deploy a strategy for implementing enterprise architecture and implement an IT workforce planning process. The IG's report recommended six steps that SBA should take to improve implementation of FITARA. They are: (1) ensure that SBA's IT oversight body tracks baselines; (2) regularly measure and report IT project performance against baselines; (3) update system development policies and procedures; (4) incorporate IT architecture review into the acquisition process; (5) implement IT architecture guides; and (6) develop IT workforce competencies. SBA management agreed with the findings and recommendations and complied with recommendations 1 and 2. Although the IG considers its recommendations closed, SBA must routinely ensure that the steps recommended are accomplished.

On June 14, 2017, the Committee held a hearing on the SBA's failed FY 2014 Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) program, which resulted in the SBA misspending $2.1 million. Although these failures occurred under a previous Administration, the Committee wants to ensure that the past is not repeated. To follow up, on June 26, 2017, Chairman Chabot sent a letter to SBA Administrator Linda McMahon requesting a copy of the SBA's final Agency Reform Plan and a briefing on the plan.

For some time, the Committee has been concerned that SBA imposes binding rules on its regulated entities through Standard Operating Procedures (SOP). SOPs are not promulgated according to the Administrative Procedure Act, which sets forth basic steps an agency must take when proposing and finalizing agency regulations. The SOP process is not transparent, and SBA does not seek input from Congress, stakeholders or regulated entities during the process. Because rulemaking through SOPs can lead to arbitrary and biased decisionmaking, on November 2, 2017, the Committee held a hearing on this topic and heard testimony from Joseph Loddo, Chief Operating Officer of the Small Business Administration. Mr. Loddo pledged to brief Committee Members regarding SBA's SOP process and to increase the transparency of the agency's SOPs.

Sec. B. Oversight of Federal Capital Access Programs

Although the economy is improving, small businesses are still struggling to obtain needed capital to expand and create jobs. In its Budget Views and Estimates for Fiscal Year 2018, the Committee outlined its concerns with, and proposals for, improving the SBA programs devoted to small business financing, including the 7(a) Loan Program; the Certified Development Company Loan Program; the Microloan Program; the Small Business Investment Company Program; and the Disaster Loan Program.

The Committee and its subcommittees held numerous hearings on capital access programs, described in Parts B and C supra, on capital access issues. Those descriptions will not be repeated here.
The Committee has worked with the House and Senate Committees on Appropriations to ensure that the SBA has sufficient funds available to meet the demand for 7(a) loans. House Small Business Committee Members will continue to closely monitor the operation of the 7(a) loan program to ensure that it is working effectively and has adequate resources to assist small businesses.

After the disclosures in 2016 that Wells Fargo, a leading 7(a) loan program and 504 loan program participant, had engaged in "improper sales practices," the Committee sent letters to Wells Fargo and the SBA requesting information on whether small businesses were affected. The Committee requested briefings from Wells Fargo and is continuing to investigate the extent to which small businesses may have been affected.

The Committee has continued its close examination of the Disaster Loan Program to ensure that SBA is prepared for the next major disaster. Committee Members will continue to monitor the program and SBA's dissemination of disaster loan information to ensure it has the capability to process disaster aid in a timely and efficient manner. Following Hurricane Harvey in August 2017, Chairman Chabot sent a letter to SBA Administrator Linda McMahon emphasizing that the SBA must continue improving its loan process times while guarding against program fraud and abuse. Chairman Chabot reiterated that he stands with SBA to ensure that it has the tools needed to aid small businesses and homeowners in Texas and Louisiana affected by the disaster.

Building on the Committee's interest in the effect of financial regulations on small businesses, Chairman Chabot requested a GAO study of the impact of financial regulations on community banks and credit unions. Many small banks and credit unions serve small businesses, and the Committee is interested in the effect of these regulations on their ability to serve entrepreneurs. In addition, Chairman Chabot asked GAO to study the burden of regulations on community banks and credit unions. GAO's report was issued in February 2018.

On July 10, 2017, Chairman Chabot sent a letter to Richard Cordray, Director of the Consumer Financial Protection Bureau (CFPB), expressing concern about two ongoing CFPB rulemaking matters which may significantly affect small businesses: (1) CFPB’s request for information on the implementation of Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111–203; and (2) the manner in which CFPB conducted the Small Business Regulatory Enforcement Fairness Act (SBREFA) panels on CFPB’s rule on Payday, Vehicle Title and Certain High Cost Installment Loans. Chairman Chabot also requested that CFPB provide a briefing to Committee staff on these matters.

In an effort to explore ideas that would unlock vital capital for small businesses, Chairman Chabot and Ranking Member Velázquez held a bipartisan roundtable on September 28, 2017. The purpose of the roundtable was to learn more about Goldman Sachs' 10,000 Small Businesses Initiative, which helps entrepreneurs create jobs and economic opportunity by providing greater access to education, capital and business support services.
The Committee continued its oversight of the Small Business Administration’s Microloan Program. On October 12, 2017, the Small Business Subcommittees on Oversight, Investigations, and Regulations and Economic Growth, Tax, and Capital Access held a joint hearing to probe whether the SBA has made progress on the recommendations that the SBA Office of the Inspector General (OIG) issued for the SBA Office of Capital Access (OCA) in its 2009 audit of the Program. On September 28, 2017, the SBA OIG released a new audit of SBA’s Microloan Program. At the hearing, the Committee heard testimony from the SBA OIG that although SBA agreed with the six recommendations in the OIG’s 2009 audit, SBA has not adequately implemented all of them. According to the 2017 IG audit, SBA used site visits to verify the data reported by program intermediaries. However, SBA did not have a site visit plan or summary data from its visits. Committee Members queried the witnesses to ensure that going forward, SBA will have a site visit plan, conduct site visits and compile data summarizing the visits. After the IG’s most recent audit in 2017, SBA again said it agreed with all of the IG’s recommendations, and SBA pledged to implement them. The Committee will continue its rigorous oversight of this program and of SBA’s OCA.

January 9, 2018, Chairman Chabot introduced H.R. 4743, the Small Business 7(a) Lending Oversight Reform Act, which was co-sponsored by Ranking Member Velázquez. H.R. 4743 is bipartisan, bicameral legislation that would improve the oversight of SBA’s 7(a) Loan Program by: (1) codifying the Office of Credit Risk Management and its duties; (2) requiring SBA to detail its oversight budget in a transparent manner; and (3) requiring SBA to perform a full risk analysis of the 7(a) program annually. The bill would also strengthen SBA’s Credit Elsewhere Test by clarifying the factors that SBA must consider in determining whether the test has been met. On January 14, 2018, the Committee held a hearing on H.R. 4743 to obtain testimony from key stakeholders on the proposed changes to the 7(a) Program. Representatives of stakeholder groups testified that the changes in H.R. 4743 would clarify and bolster the test, bolster the 7(a) program and ensure its integrity and protect taxpayer dollars.

At the request of Chairman Chabot, the Government Accountability Office (GAO) studied how regulations affect the community banks and credit unions that deliver needed capital to small businesses. GAO’s report, which was released in connection with a hearing by the full Committee on February 28, 2018, found that regulations for reporting mortgage statistics, reviewing transactions for potentially illicit activity, and disclosing mortgage terms were most burdensome.10 Institutions said these regulations were time consuming and costly to comply with because they are complex and require individual reports or mandated actions within specific time frames. GAO said that Congress intended that regulators consider the cumulative effect of all federal financial regulations when reviewing and assessing regulations. The Consumer Financial Protection Bureau (CPFB) has formed an internal group to re-

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view regulations it administers, but the agency has not announced the scope of regulations included, the timing and frequency of reviews, and the extent it will coordinate with other regulators.\textsuperscript{11} The Committee plans to continue its oversight of these important issues.

In March 2018, the Office of the Small Business Administration’s (SBA) Inspector General (OIG) released a report revealing that SBA has made an increasing number of 7(a) program loans to large poultry operators. On April 18, 2018, Chairman Chabot called the SBA’s Inspector General before the Committee to testify on the report. The IG explained in his testimony that the restrictive contracts under which the poultry growers operate mean that they are considered affiliates of the large poultry operators, rather than independent small businesses. Committee Members heard how SBA intends to implement the OIG’s recommendations to ensure that future 7(a) loans meet the statutory, regulatory, and SBA requirements for eligibility.

Sec. C. Oversight of SBA and Other Entrepreneurial Development Programs

Almost one quarter of the SBA’s budget is devoted to providing outreach and technical assistance to small businesses, which is accomplished through SBA entrepreneurial development programs. In the Committee’s budget views and estimates for Fiscal Year 2018, the Committee assessed the effectiveness of these programs, and recommended that SBA eliminate the programs that are duplicative or mirror those that are provided by other federal agencies or the private sector. In 2017 and 2018, the Committee and its subcommittees continued this oversight, conducting numerous hearings on SBA’s entrepreneurial development programs.

On April 5, 2017, SBA Administrator Linda McMahon testified before the full Committee on her vision and plan for the agency. Chairman Chabot noted that the Committee takes its oversight role seriously and works in a bipartisan manner on oversight. Ranking Member Velázquez spoke about the importance of SBA management being efficient and effective. Administrator McMahon said that she has been meeting with SBA officials and learning more about each component of the agency. She said she is not satisfied that SBA has the proper metrics in place and may be measuring output rather than outcomes.

The Committee believes that SBA’s entrepreneurial development programs should be available to more entrepreneurs and that technology can help to propel their growth. On September 14, 2017, the Subcommittee on Health and Technology held a hearing to examine how the counseling and training programs have evolved. Because of the market’s increasing reliance on technology, the Committee wants to ensure that the programs not only incorporate technology training in their programs, but also employ technology to increase services to more clients. Today, small businesses must adopt technology to stay competitive in the global marketplace.

On October 12, 2017, the Subcommittee on Health and Technology held a hearing on promoting women’s entrepreneurial suc-\textsuperscript{11}Id.
cess. More women entrepreneurs are starting businesses, and some data shows that women are starting businesses twice as fast as men. Gaps still exist in access to capital, however. More women have difficulty accessing financing that is adequate to start and grow their companies. The Subcommittees highlighted the resources that are available to assist women entrepreneurs, including Women's Business Centers, Small Business Development Centers, SCORE and the Women's Enterprise Development Center. Witnesses urged SBA to improve the marketing of services that are available to women.

Sec. D. Oversight of Federal Government Contracting Matters

One of SBA’s primary missions is to ensure that small businesses receive a “fair proportion of the total purchases and contracts for property and services for the Government in each category . . .” 15 U.S.C. § 644(a). Congress has established a number of programs designed to increase federal government contracting opportunities for small firms. In addition, taxpayers benefit from a competitive market, because greater competition generally results in lower prices for goods and services. The Committee held a number of hearings on issues related to federal government contracting. Those hearings are described in Parts B and C, supra, and will not be repeated here.

On March 7, 2017, Chairman Chabot sent a letter to GAO Comptroller General Gene Dodaro requesting a GAO review of the effect of change orders in federal procurement contracts. Because the increasing frequency of federal agencies changing contracts after they are executed, small businesses have been forced to absorb the extra costs, sometimes driving them out of business. Chairman Chabot, Chairman Mac Thornberry, Chairman of the House Committee on Armed Services, and Representative Steve Knight asked GAO to investigate the timeframe for Department of Defense Weapon Systems Awards. GAO will examine whether the timeframe has increased in recent years, and the factors affecting the length of time needed to award contracts.

The Committee is also interested in the extent to which federal agencies with procurement powers have complied with requirements relating to the duties and qualifications of directors of the Offices of Small and Disadvantaged Business Utilization. Chairman Chabot and Ranking Member Velázquez requested that GAO determine compliance with these requirements and the extent that staffing levels had on that compliance. The study was published in August of 2017 and the Committee held a hearing on October 25, 2017 examining the results of the report. Additionally, the Committee sent a total of 14 letters to agencies the GAO found to be noncompliant, requesting additional information from these agencies explaining their noncompliance.

Committee Members continue to closely follow the process that federal agencies use to assign North American Industrial Classification System (NAICS) codes to federal procurement contracts. In 2017, Chairman Chabot and Ranking Member Velázquez asked GAO to report on agency policies for assigning NAICS codes and whether those policies comply with laws, regulations and internal control standards. In addition, GAO will report on SBA’s policies
for hearing appeals of contracting officer designation of NAICS codes. The study published on December 5, 2017, did not indicate wrongdoing with the assignment of NAICS codes and found that the SBA’s Office of Hearings and Appeals dismissed or denied the majority of appeals.

Chairman Chabot and Chairman Lamar Smith, Chairman of the House Committee on Science, Space, and Technology, requested in 2017 that GAO review and issue a report on the Small Business Innovation Research (SBIR) Program. That work is currently underway. On August 22, 2017, Chairman Chabot, House Energy and Commerce Committee Chairman Greg Walden, and Energy and Commerce Subcommittee on Oversight and Investigations Chairman Tim Murphy sent a letter to The Honorable Scott Pruitt, Administrator of the Environmental Protection Agency, and requested information on EPA’s reporting of SBIR program data to the SBA.

Committee Members expressed concern about federal government-initiated, unilateral contract modifications, or contracting change orders, and their negative effect on small construction contractors. On March 3, 2017, Chairman Chabot, Ranking Member Velázquez, Rep. Steve Knight and Rep. Stephanie Murphy wrote a letter to the Comptroller General of the United States, Gene Dodaro, to request a GAO study on the use of change orders in federal construction contracts and their effect on small businesses. In particular, GAO was asked to address the statutory and regulatory framework that applies to change orders; time frames that apply to the issuance and settlement of change orders; agency guidelines for issuing and paying for change orders; and evidence of change order “bundling.” In addition, on August 2, 2017, Chairman Chabot sent a letter to Comptroller General Dodaro asking to become a co-requestor for the GAO study on the effects of the United States Supreme Court’s decision in Kingdomware Technologies v. United States. That study was requested by House Veterans’ Affairs Committee Subcommittee on Oversight and Investigations Chairman David Roe, M.D.

Following up on the GAO’s work in 2013 and 2017 on federal contracting with the Department of Veterans Affairs, on May 25, 2017, the Small Business Subcommittees on Contracting and Workforce and Investigations, Oversight, and Regulations held a hearing to broadly examine this issue. The Subcommittees heard testimony from witnesses who explained the delays and increased financial burden caused by change orders, and discussed potential legislative changes that could offset some of the associated financial risk.

Members of the Committee continue to be concerned about the health of the industrial base, the low number of small business suppliers to the federal government, and other issues related to small businesses who wish to compete for federal procurement contracts. Chairman Chabot and Ranking Member Velázquez testified in support of the Committee’s small business procurement legislation before the House Committee on Armed Services on April 27, 2017, and expressed appreciation to House Armed Services Com-
mittee Chairman Mac Thornberry for the Armed Services Committee's longstanding collaboration with the Small Business Committee. Chairman Chabot requested that the Committee's bipartisan small business provisions be included in H.R. 2810, the National Defense Authorization Act (NDAA) for Fiscal Year 2018. Chairman Chabot also stressed the importance of the Committee's small business government contracting reforms and economic development provisions to keeping procurement costs competitive.

The Armed Services Committee included the Committee's small business provisions in H.R. 2810. The bill passed the Committee on Armed Services on June 29, 2017, the House as amended on July 14, 2017 by a vote of 344–81 (Roll Call No. 378) and the Senate as amended on September 18, 2017 by a vote of 89–8 (Roll No. 199). The House passed the FY 2018 NDAA conference report on November 14, 2017 by a vote of 356–70 (Roll Call No. 631). The Senate passed the conference report on November 16, 2017 by voice vote. The conference report was signed by the President on December 12, 2017 and became Public Law No. 115–91.

In 2018, Chairman Chabot and Ranking Member Velázquez again expressed appreciation to House Armed Services Committee Chairman Mac Thornberry for his committee's longstanding collaboration with the Small Business Committee, and asked the Armed Services Committee to include 13 bipartisan Committee small business bills in H.R. 5515, the National Defense Authorization Act (NDAA) for Fiscal Year 2019. On April 11, 2018, Chairman Chabot and Ranking Member Velázquez testified before the House Armed Services Committee in support of the Small Business Committee's provisions. Chairman Chabot asked Armed Services Committee to include the bills on the SBIR/STTR programs, small business federal contracting, cybersecurity, and access to capital, as they are critical to ensuring a robust industrial base.

On June 28, 2017, Committee Members held a bipartisan roundtable with service-disabled veteran-owned small business owners, government contracting experts and stakeholder groups to examine how to better assist veteran-owned small businesses obtain federal contracts. The participants exchanged ideas on how veteran-owned small businesses can succeed following the United States Supreme Court decision in Kingdomware Technologies, Inc. v. United States, which requires the U.S. Department of Veterans Affairs to put veterans first in all procurement actions, upholding the “rule of two.”

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The Committee continued its oversight of SBA programs in Puerto Rico. The Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) required the Government Accountability Office to study the application and utilization of the Small Business Administration's federal contracting preference programs in Puerto Rico. GAO's report was released on June 29, 2017 (GAO–17–550). On July 13, 2017, the Subcommittees on Contracting and Workforce and Economic Growth, Tax, and Capital Access held a joint hearing to discuss the report's findings, which found that for 2006 through 2016, a higher percentage of federal contracting obligations were awarded to small businesses within Puerto Rico compared to the percentage of small businesses nationwide. Stakeholders indicated that some contracting challenges may be exacerbated by Puerto Rico's geography and economic conditions.
Over the years, government watchdogs, including GAO and SBA’s Inspector General, have found numerous problems with SBA’s HUBZone Program. The Committee is committed to addressing them. The Subcommittee on Contracting and Workforce held a hearing on March 2, 2017 on ways to strengthen and modernize the program. On August 19, 2017, Ranking Member Velázquez and Chairman Chabot introduced H.R. 3294, the HUBZone Unification and Stability Act, comprehensive and bipartisan legislation mandating that SBA institute HUBZone program performance metrics; verify certification; and increase program oversight. At a September 13, 2017 hearing, the full Committee and a panel of expert witnesses considered these and other changes to the HUBZone program. H.R. 3294 was included in H.R. 2810, the FY 2018 National Defense Authorization Act, which passed the House as amended on July 14, 2017, by a vote of 344–81 (Roll Call No. 378) and the Senate as amended on September 18, 2017 by a vote of 89–8 (Roll No. 199). On November 14, 2017, the House passed the FY 2018 NDAA conference report by a vote of 356–70 (Roll No. 631) and the Senate on November 16, 2017 by voice vote.

The Committee heard from advanced and mid-tier small businesses that have grown out of their size standards and are no longer considered small, but are not large enough to compete with larger businesses. Some studies have shown that these companies may have limited opportunities. On November 14, 2017, the Committee held a bipartisan roundtable for Members to learn more about the unique challenges that these businesses face.

On January 18, 2018, the Subcommittee on Agriculture, Energy, and Trade held a hearing titled “Engaging Energy: Small Business Resources at the Department of Energy.” Subcommittee Members queried Charles Smith, Director of the Department of Energy’s (DOE) Office of Small and Disadvantaged Business Utilization (OSDBU) on meeting small business contracting goals and the programs that DOE offers to small businesses. Mr. Smith said he will focus on DOE’s underperformance in subcategory contracting goals, and improving small business participation in its programs.

Committee Members requested a briefing from the Office of Management and Budget on its views about H.R. 5337, the Accelerated Payments for Small Businesses Act of 2018. Chairman Chabot, Ranking Member Velázquez, Subcommittee Chairman Steve Knight and Subcommittee Ranking Member Stephanie Murphy wrote to OMB Director Mick Mulvaney in December 2017 expressing concerns about OMB Memorandums M–11–32 and M–12–16, which directed federal agencies to accelerate payments to small prime contracts and other-than-small businesses with a goal of payment within 15 days.

The Small Business Subcommittee on Investigations, Oversight, and Regulations and the Veterans’ Affairs Subcommittee on Oversight and Investigations held a joint hearing on July 17, 2018 to examine the progress of the Department of Veterans Affairs (VA) and the Small Business Administration (SBA) in harmonizing definitions related to service-disabled veteran-owned small businesses (SDVOSBs). The hearing also examined SBA’s readiness to assume the remaining verification functions from the VA’s Center for
Verification and Evaluation and the benefits of extending verification of SDVOSBs government-wide.

Continuing the Committee’s oversight activities regarding protection of subcontracting opportunities for small businesses, Committee members on August 16, 2018, joined by the Chairman and Ranking Member of the Senate Committee on Small Business and Entrepreneurship, requested the GAO study what agency oversight activities and protocols are undertaken to ensure prime contractor compliance with subcontracting plan requirements in section 8(d) of the Small Business Act and examine how effectively agencies are utilizing statutory penalties that may be levied against noncompliant prime contractors.

Additionally, members of the Committee joined by members of the House Armed Services Committee sent a letter to the Office of Federal Procurement Policy on September 13, 2018, requesting information regarding a severe delay in enacting critical small business provisions of Public Law 112–239, specifically, section 1651—revisions to the limitations on subcontracting.

Sec. E. Oversight of Federal Regulatory and Paperwork Burdens

Under Cl.1(q) of the Rules of House of Representatives, the Committee has jurisdiction over the protection of small businesses and regulatory flexibility. The Committee’s past work on the Regulatory Flexibility Act, Pub. L. No. 96–354, and its subsequent legislation to amend the Act, H.R. 33, the Small Business Regulatory Flexibility Improvements Act of 2017, which was included in H.R. 5, the Regulatory Accountability Act, which passed the House on January 11, 2017, underscore the importance that the Committee places on strengthening requirements that federal agencies tailor their regulations to reduce economic burdens on small businesses.

The Committee continues to take an active role in overseeing how federal government agencies develop their regulations to ensure that these rules do not impose undue burdens on small firms. The Committee remains concerned about the effect on small businesses of proposed and final rules issued by federal agencies. The Committee’s interactive web tool, Reg Watch, regularly lists the details of proposed federal rules that may affect small businesses so small business owners can review and comment on them.

The Committee and its subcommittees held several hearings on the burdens of federal regulations and paperwork requirements on small businesses. These hearings are detailed in Parts A and B, supra, and will not be repeated here. In addition, Chairman Chabot was an original cosponsor of H.J. Res. 37, the Congressional Review Act resolution that nullified the rule finalized by the Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration on August 25, 2016. That rule revised the Federal Acquisition Regulation to implement Executive Order 13673 concerning contractor compliance with labor laws (also known as the “Blacklisting Rule”). H.J. Res. 37 passed the House on February 2, 2017, the Senate on March 6, 2017, and was signed into law on March 27, 2017 (Pub. L. No. 115–11).

The confusing and costly federal permitting process was the subject of a full Committee hearing on September 6, 2017. Committee Members heard testimony from small business owners about the
challenges of navigating through a complex system of federal laws and regulations, which requires a significant time and expense. Members also examined how the process of federal permitting requirements could be streamlined.

On November 27, 2017, the Committee held a hearing on federal regulations that burden the small trucking industry. This hearing followed a hearing the Committee held during the 112th Congress titled, “Do Not Enter: How Proposed Hours of Service Are a Dead End for Small Businesses.” At the hearing, Committee Members heard from small trucking company representatives about how the proposed regulations will adversely affect them, restricting drivers, increasing time off the road, and resulting in lost earnings and lost efficiencies.

During the Second Session of the 115th Congress, the Committee continued its hearings on burdensome federal regulations. For example, on February 27, 2018, the Subcommittee on Economic Growth, Tax, and Capital Access convened a hearing to explore occupational licensing requirements that impede small businesses from opening or expanding.

On March 7, 2018, the Committee held a hearing on the effects of Congress and the President’s regulatory reform and rollback efforts on small businesses. At the hearing, Committee Members heard from small business representatives detailing how federal regulations continue to be a problem for small businesses and highlighted regulatory reform actions that Congress can take to continue to reduce the burden.

On June 21, 2018, the Subcommittee on Agriculture, Energy, and Trade convened a hearing to explore how federal regulations affect small farmers and ways to provide regulatory relief to the industry. Committee Members heard from small farmers specific regulations that are problematic for their industry and proposed steps Congress could take to address these regulatory burdens.

During the 115th Congress, the Committee held several hearings on the burden of paperwork on small business owners. With some limited exceptions, the Paperwork Reduction Act requires all executive departments and independent regulatory agencies to obtain approval from the Office of Management and Budget in advance of collecting information from or imposing a reporting or record-keeping requirement on 10 or more persons. On March 27, 2017, the Committee examined the Paperwork Reduction Act’s effectiveness in reducing the paperwork burden on small businesses and issues that may warrant further scrutiny or legislative action. Building on its first hearing, on October 11, 2017, the Committee held the second in a series of oversight hearings on the Paperwork Reduction Act. At the hearing, the Committee heard testimony from federal agency chief information officers on whether the current law has reduced the paperwork burden on small firms. The witnesses said that although the paperwork burden continues to increase, agencies are striving to find ways to reduce burdens on small businesses. They proposed several reforms, including stronger enforcement for monetizing costs and setting reduction targets, and greater use of online reporting.

The Committee has explored the financial regulatory burdens on small community banks and credit unions. The Government Ac-
countability Office (GAO) released a report at the Committee's hearing on February 28, 2018 that examined the challenge of compliance with financial regulations for the nation's small community banks and credit unions. In particular, GAO found that regulations for reporting mortgage characteristics were the most burdensome because these regulations were complex, require individual reports, added significant time to loan closings, and resulted in the charging of fees. In addition, some compliance burdens arose from misunderstanding disclosure regulations, which led to institutions taking action that were not required.

As part of its ongoing oversight efforts, Chairman Chabot and Ranking Member Velázquez wrote letters to federal agencies that have failed to fully comply with the Small Business Regulatory Enforcement Fairness Act of 199613 (SBRFEA), which requires agencies to report to Congress annually on small entity compliance guides that are required for every final rule that has a significant impact on a substantial number of small entities under the Regulatory Flexibility Act. Very few federal agencies have complied with this requirement, and the Committee plans to ensure agencies comply with this section of the law.

Sec. F. Oversight of Federal Tax Policy

The Committee and its subcommittees held several hearings on federal tax policy. These hearings are described in Part A, supra, and will not be repeated here. In addition, numerous meetings were held with industry representatives to gauge the impact of tax policies on small businesses.

On February 15, 2017, the Committee heard testimony from small business owners who stated that provisions in the current tax code which penalize saving and risk-taking present the biggest barrier to American entrepreneurship. Data provided by the National Small Business Association reported that the majority of small businesses, 68 percent, spend more than $1,000 per year on federal tax compliance.

Following a March 30, 2017 report by the Department of the Treasury’s Tax Inspector General for Tax Administration (TIGTA) on the Internal Revenue Service’s seizures of small business assets related to presumed structuring under the Bank Secrecy Act, the Subcommittee on Investigations, Oversight, and Regulations held a bipartisan roundtable for Committee Members. The roundtable featured the TIGTA Inspector General and his staff, as well as small businesses that have been investigated and targeted by the IRS and had their legally-obtained income seized and forfeited.

On July 24, 2017, Chairman Chabot sent a letter to Rep. Peter Roskam, Chairman of the Ways and Means Subcommittee on Tax Policy, outlining the tax reform priorities of small business owners. The Chairman’s letter followed a hearing by the Ways and Means subcommittee exploring the ways that tax reform can help small businesses to grow and create jobs. In the letter, Chairman Chabot asked that the Ways and Means Committee consider how tax re-

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form will benefit small businesses when the Committee is deliberating tax reform.

The Committee has been interested in ideas to help simplify the tax code, which burdens small businesses with its size and complexity. On October 4, 2017, the Committee held a hearing to explore possible solutions for small businesses in H.R. 3717, the Small Business Owners’ Tax Simplification Act. H.R. 3717 is bipartisan legislation that was introduced by Chairman Chabot and co-sponsored by Ranking Member Velázquez. It would address many of the tax problems that small business owners face, including allowing small business owners as well as employees to participate in pre-tax cafeteria benefit plans; establishing uniform standards and procedures for electronic signatures; realigning tax filing thresholds; and clarifying that voluntary worker training does not affect employer worker classification. On January 30, 2018, Chairman Chabot testified at the Ways and Means’ Oversight Subcommittee Member Day hearing on Legislation to Improve Tax Administration on the simplification proposals contained in H.R. 3717.

In addition, the Committee has raised awareness of the importance of retirement plans for small businesses, and the Internal Revenue Service’s recent employee retirement plan fee changes. On April 17, 2018, the Subcommittee on Economic Growth, Tax, and Capital Access held a hearing to hear directly from the IRS about these fee changes and provide feedback from small businesses on their impact.

On July 25, 2018, the Committee heard testimony from witnesses whose businesses have benefited from the Tax Cuts and Jobs Act. Members heard testimony directly from small business owners about the impact the law has had on their operations and their outlook going forward. Witnesses emphasized the 20 percent deduction, Section 170 expensing, bonus depreciation and the estate tax amended threshold as provisions that have helped their businesses.

Sec. G. Oversight of Health Policy

The Committee continued its interest in rural health issues. On July 20, 2017, the Subcommittees on Health and Technology and Agriculture, Energy, and Trade held a joint hearing on telemedicine in rural areas and efforts to increase health care options for rural patients, providers and insurers. Committee Members will continue to monitor developments on these issues.

On December 14, 2017, Chairman Chabot sent a letter to IRS Acting Commissioner David Kautter requesting information about the IRS’ application of Affordable Care Act employer mandate penalty payments to small businesses.

Sec. H. Oversight of International Trade Policy and Intellectual Property

The Committee and its subcommittees held a number of hearings on international trade policy during the 115th Congress. The topics and descriptions of these hearings are detailed in Parts A and B, supra, and will not be repeated here.

On March 2, 2017, Chairman Chabot sent a letter to Patrick Kirwan, Director of the U.S. Department of Commerce’s Trade Pro-
motion Coordinating Committee, requesting an overdue Federal-State Export Strategy report required by the Trade Facilitation and Enforcement Act.\textsuperscript{14} Chairman Chabot also sent a letter to Acting SBA Inspector General Hannibal “Mike” Ware, requesting an overdue STEP Grant Program report required by the Trade Facilitation and Enforcement Act.\textsuperscript{15}

As part of its continuing oversight over SBA trade programs, on May 23, 2017, the Committee held a hearing to examine the efforts of the SBA’s Office of International Trade. The witness at the hearing was Peter Cazamias, Associate Administrator, Office of International Trade, SBA. Mr. Cazamias testified that although there are over 28 million small businesses in the United States, fewer than 5 percent are exporters. He acknowledged that there is room for improvement, which he stated could be addressed in three ways: the need for information, the need for capital, and the need among small businesses for overseas promotional services and market access. Mr. Cazamias assured the Committee that he would be committed to ensuring that our small business exporters find all the support they need to expand into international markets.

Many small businesses face significant challenges in exporting to foreign markets. On April 11, 2018, the Committee held a hearing on the current state of trade for small businesses. The Committee heard testimony from small businesses and experts on the State Trade and Export Grant Program (STEP) and the federal government’s overall efforts to increase small business exports. The Committee also explored recent trade policy developments and their impact on small businesses.

The Committee held several hearings on intellectual property policy. On May 16, 2018, the Committee held a hearing titled “Intellectual Property 101: How Small Businesses Can Utilize Intellectual Property Protections” to give Committee Members a basic understanding of the protections a small business owner might require. A second hearing was held on July 11, 2018 titled “Innovation Nation: How Small Businesses in the Digital Technology Industry Use Intellectual Property,” where Members heard testimony from small businesses in the digital technology industry that use intellectual property. Small business owners and experts provided testimony about the challenges small firms face in protecting their ideas.

\textit{Sec. I. Oversight of Workforce Development Policy}

One of the problems most frequently mentioned by small businesses is a lack of available workers. During the 115th Congress, the Committee held a number of hearings on this topic, including the Subcommittee on Growth, Tax, and Capital Access hearing titled “Examining the Small Business Labor Market” on September 7, 2017; the Subcommittee on Agriculture, Energy, and Trade hearing “Bridging the Entrepreneurial Gap” on December 11, 2017; the full Committee hearing “Job Creation, Competition, and Small Businesses in the United States Economy” on February 14, 2018; and the full Committee field hearing “Workforce Development:

\textsuperscript{15}Id.
Closing the Skills Gap” on February 26, 2018. Members learned more about the education and training programs that are helping to increase workforce development and address the skills gap.

The Committee has also heard the concerns of small business owners that there is a lack of qualified workers for vacant positions, and that occupational licensing can impede small business growth and job creation. On March 29, 2018, Chairman Chabot wrote to Major Clark, III, Acting Chief Counsel for Advocacy with the Small Business Administration, and asked the Office of Advocacy to conduct a study of occupational licensing and its economic effects for small firms.

A persistent complaint among small business owners is the lack of qualified workers. On May 8, 2018, the Committee held a hearing titled “Ready, Willing and Able to Work: How Small Businesses Empower People with Developmental Disabilities.” Small business owners and advocates for the developmentally disabled testified about the role that small businesses play as employers, and how small business owners can learn more about opportunities to employ those with developmental disabilities.

The Committee’s hearing on June 6, 2018 explored the “gig economy” and the entrepreneurs who are part of it. Members heard testimony from millennials who explained the role of co-working, the reality of being a small business owner in the gig economy, and the impact of the gig economy on small firms. Workers in the gig economy are another resource for small businesses that are growing and expanding in today’s improving economy.

On June 14, 2018, the Subcommittee on Economic Growth, Tax, and Capital Access held a hearing on solutions to the “skills gap,” which has resulted in the inability of many small firms to expand due to lack of qualified employees. Experts provided testimony that innovative training programs, partnering with community colleges, and programs that match job seekers with available positions have all yielded positive results.

Many Members have expressed concern about the nation’s opioid epidemic and its effect on the small business workforce. On September 11, 2018, the Committee held a hearing to explore the epidemic and its related issues. Experts provided testimony on the extent of the crisis and possible solutions for small business owners.

On September 26, 2018, the Subcommittee on Contracting and Workforce held a hearing examining the pilot and mechanic shortage in the aviation industry in the context of small businesses. Experts provided testimony that the impact of this shortage will not only impact small businesses operating within the aviation sector, such as small flight schools, mechanic and repair shops, and regional airlines, but will also negatively affect the U.S. and global economy broadly. Testimony was provided indicating that reversing this decline is key to ensuring the air transportation industry can continue to succeed and meet the growing demands of the modern world.

Sec. J. Reductions in Programs and Spending

On March 1, 2017 and February 14, 2018, the Committee reported its annual Budget Views and Estimates letters. In those letters, the Committee expressed its ongoing concerns that the cur-
rent federal regulatory framework makes it difficult for small businesses to comply with regulations. Rather than promoting economic progress, the federal government imposes a regulatory regime that makes it difficult for small firms to compete globally. It can be said that today the biggest problem facing entrepreneurs is overly burdensome regulations.

Small businesses are an integral part of local communities, and their owners, like their neighbors, want clean air and water, and safe workplaces, products, and foods. Small businesses want to comply with regulations, but they cannot do so if the regulations are crafted in a way that makes it impossible for entrepreneurs to comply. Recognition that small businesses were disproportionately burdened by one-size-fits-all regulations and underrepresented in the federal rulemaking process spurred Congress to enact the Regulatory Flexibility Act (RFA)\(^\text{16}\) in 1980. The RFA requires agencies to assess the economic impacts on small businesses when they are designing new rules and to evaluate alternative approaches that reduce significant compliance burdens. The law also requires agencies to review existing rules that affect small businesses to determine whether they should be continued, changed, or rescinded. The RFA has been amended twice, in 1996 and 2010, to increase agency compliance with the law.

Even with the amendments Congress has enacted, agency compliance has remained inconsistent. Too often, agencies are exploiting gaps in the law’s current requirements or ignoring their obligations under the law. The Committee has closely examined agency compliance with the RFA over many Congresses and concluded that further strengthening of the law is needed to ensure that federal agencies comply with its requirements and truly consider the effects of regulations on small businesses. The Chairman introduced H.R. 33, the Small Business Regulatory Flexibility Improvements Act, to remedy the weaknesses in the existing law and strengthen its provisions. That legislation was included as Title III in H.R. 5, the Regulatory Accountability Act, which the House passed on January 11, 2017 by a vote of 238–183. The Committee expects that no additional funds will be required to implement the requirements of the Small Business Regulatory Flexibility Improvements Act because agencies already engage in the kind of outreach and analysis that is required by the legislation.

The legislation simply clarifies the RFA’s existing requirements and codifies certain agency practices, such as conduct outreaching to affected small businesses before proposing a rule and memorializing the input those parties provide in a report that is published with the proposed rule. It also requires federal agencies to examine the reasonably foreseeable indirect effects of significant rules, conduct more detailed analyses of the possible economic consequences of significant rules, and evaluate the cumulative economic impact of rules on small businesses. However, the Committee believes there is significant overlap between the regulatory analysis and outreach already done by agencies under executive orders such as Executive Order (E.O.) 12,866, E.O. 13,563, and E.O. 13,610, and

statutes such as the National Environmental Policy Act which requires agencies estimate the indirect effects of some regulations.

The Committee's 2017 and 2018 Views and Estimates letter expressed continuing concern about SBA-created initiatives that often duplicate SBA's longstanding small business outreach efforts. Under 7(a)(25) of the Small Business Act, SBA was granted authority to create pilot programs to ensure flexibility and meet unexpected needs in a diverse economy. However, SBA has abused the authority by creating programs that continue longer than one would expect a pilot program to last.

Often these SBA-created initiatives are not adequately assessed by SBA prior to or after their implementation. In the Committee's view, funding for these programs could be eliminated without hindering outreach to small businesses, and the funds saved could be reallocated to technology improvements, hiring appropriate SBA employees to ensure small businesses gain their fair share of government contracts or implementing the priorities that Congress has mandated for the SBA.
REGULATORY REVIEW

LEGISLATIVE AND OVERSIGHT ACTIVITY RELATED TO REGULATIONS, ORDERS, ADMINISTRATIVE ACTIONS AND PROCEDURES BY FEDERAL AGENCIES WITHIN THE JURISDICTION OF THE COMMITTEE ON SMALL BUSINESS 17

The Committee continues to closely monitor federal agency regulations that affect small businesses and their implementation. A comprehensive review of the Committee’s regulatory oversight is detailed below. The Committee continues to maintain and regularly update Reg Watch, an online regulatory tool that explains federal regulations that may significantly impact small entities, and provides a means by which small businesses can comment on proposed regulations directly to the appropriate federal agency.

115th Congress, First Session

1/3/17. Chairman Chabot introduced H.R. 33, the Small Business Regulatory Flexibility Improvements Act, legislation to force federal regulators to promulgate less burdensome regulations that consider their direct and indirect effects on small businesses. The House passed H. R. 33 on January 11, 2017 as part of Title III of H.R. 5, the Regulatory Accountability Act by a vote of 238–183.

1/3/17. Chairman Chabot introduced H.R. 79, Helping Angels Lead Our Startups (HALOs) Act, legislation to clarify the definition of “general solicitation” under federal securities law and allow angel investor groups to host events to allow entrepreneurs to demonstrate their work and connect with potential backers. H.R. 79 passed the House on January 10, 2017 by a vote of 344–73, and was included in H.R. 10, the Financial CHOICE Act, which passed the House on June 8, 2017 by a vote of 233–186. H.R. 79 was later included in S. 488, the JOBS and Investor Confidence Act, which passed the Senate on September 11, 2017 by unanimous consent, the House on July 17, 2018 under suspension of the rules by a vote of 406–4 (Roll Call No. 333).

3/2/17. Chairman Chabot sent a letter to Patrick Kirwan, Director of the U.S. Department of Commerce Trade Promotion Coordinating Committee, requesting a report on the Trade Promotion Coordinating Committee’s Federal-State Export Strategy required by the Trade Facilitation and Enforcement Act.18

3/2/17. Chairman Chabot sent a letter to SBA Acting Inspector General Hannibal “Mike” Ware, requesting a report on the State

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17 Under House Rule X, the Committee on Small Business has jurisdiction over the protection of small business, including “financial aid, regulatory flexibility, and paperwork reduction” as well as jurisdiction over the participation of small businesses in government contracts. In addition, under Rule X, cl. 3(1), the Committee has continuing oversight of “the problems of all types of small businesses.”

Trade and Export Promotion (STEP) Grant Program required by the Trade Facilitation and Enforcement Act of 2015. This report should review the STEP grant recipients and measure the performance, management, and overall effectiveness of the program.


3/27/17. Chairman Chabot and Ranking Member Velázquez sent a letter to SBA Administrator Linda McMahon requesting information regarding SBA’s administrative decision to lift the cap on HUBZone program participation.

3/29/17. The Committee held a hearing to examine federal agency compliance with the Paperwork Reduction Act.

3/29/17. Chairman Chabot and Ranking Member Velázquez introduced H.R. 1773, the Clarity for America’s Small Contractors Act, which would require additional agency reporting on small business goals, uniformity in procurement technology and clarification of the role of small business advocates.

4/16/17. Chairman Chabot sent a letter to Gene Dodaro, Comptroller General, Government Accountability Office, requesting that GAO review and report on the State Trade and Export Promotion (STEP) Grant Program.

5/23/17. The Committee held a hearing to obtain an update from Peter Cazamias, Associate Administrator for the SBA Office of International Trade, on SBA’s efforts to administer the State Trade and Export (STEP) grant program and to better coordinate federal and state resources for small exporters.


6/22/17. Chairman Chabot introduced H.R. 3002, which would require cyber security training for Small Business Development Center counselors.

7/10/17. Chairman Chabot sent a letter to The Honorable Richard Cordray, Director of the United States Consumer Financial Protection Bureau (CFPB), requesting a staff briefing on two ongoing CFPB rulemaking matters that may significantly affect small businesses.

7/24/17. Chairman Chabot sent a letter to The Honorable Peter Roskam, Chairman, Ways and Means Subcommittee on Tax Policy, expressing appreciation for the Ways and Means Committee’s recent hearing entitled “How Tax Reform Will Help America’s Small Businesses.” Chairman Chabot also urged the Ways and Means Committee to keep small businesses at the forefront of tax reform deliberations.

8/22/17. Chairman Chabot, Chairman Greg Walden, House Energy and Commerce Committee, and Chairman Tim Murphy, Energy and Commerce Subcommittee on Oversight and Investigat-
tions, sent a letter to The Honorable Scott Pruitt, Administrator of the United States Environmental Protection Agency (EPA), requesting information on the EPA’s reporting of data on Small Business Innovation Research (SBIR) program to SBA.

8/31/17. After Hurricane Harvey, Chairman Chabot sent a letter to SBA Administrator Linda McMahon pledging to work with SBA to reduce its disaster loan processing times and ensure it has the tools needed to aid small businesses and homeowners in Texas and Louisiana affected by Hurricane Harvey and Hurricane Irma.

9/6/17. The full Committee held a hearing on how streamlining the federal permitting process could cut red tape for small businesses and expedite economic growth.

9/8/17. Chairman Chabot introduced H.R. 3717, the bipartisan Small Business Owners’ Tax Simplification Act, to simplify income tax compliance for small businesses.


9/12/17. Chairman Chabot sent a letter to Richard F. Smith, Chairman and CEO, Equifax, requesting information on small businesses affected by the Equifax data breach.


9/8/17. Chairman Chabot sent a letter to The Honorable Christopher Wray, Director, Federal Bureau of Investigation, requesting a briefing on the threats that small business owners face from state actors in cyber attacks.

10/2/17. Following a Committee hearing on May 30, 2017 on the SBA Office of the Inspector General (OIG) audit of SBA’s Fiscal Year 2014 Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Payment (VSIP) programs, Chairman Chabot co-signed a letter by Vice Chairman Blaine Luetkemeyer to Kathleen McGettigan, Acting Director, United States Office of Personnel Management (OPM), requesting OPM’s oversight plan for the VERA and VSIP programs.

10/26/17. Chairman Chabot and Ranking Member Velázquez sent a letter to Rep. Kevin Brady, Chairman, Committee on Ways and Means, and Rep. Richard Neal, Ranking Member, Committee on Ways and Means, requesting that the Committee consider H.R. 3717, Chairman Chabot and Ranking Member Velázquez’s legislation to update the tax code for small businesses, startups and entrepreneurs.

11/30/17. A recent report by the Government Accountability Office (GAO) found that many federal agencies have not complied with the requirements of Sections 15(k)(8) and 15(k)(11) of the Small Business Act, including that the head of each agency’s Office of Small and Disadvantaged Business Utilization (OSBDU) be a member of the federal government’s Senior Executive Service. Chairman Chabot sent letters to fourteen agency heads requesting
information on their plans to comply with these provisions: the Department of Commerce, Department of Labor, Department of Education, Department of Housing and Urban Development, Department of State, Department of the Treasury, Department of Energy, Department of the Interior, Office of Personnel Management, National Aeronautics and Space Administration, Social Security Administration, and Environmental Protection Agency.

11/21/17. Chairman Chabot and Greg Walden, Chairman, House Energy and Commerce Committee, sent a letter to Scott Pruitt, Administrator, United States Environmental Protection Agency (EPA), expressing concern that EPA had not met its full level of Research and Development funding for the Small Business Innovation and Research (SBIR) Program as required by the Small Business Act, and requesting information on how EPA plans to comply with the Act.

12/6/17. Chairman Chabot and Ranking Member Velázquez sent a letter to GAO requesting a report on procurement challenges of small and mid-tier businesses that are growing out of small business set asides but not yet able to compete in the open procurement market.

12/11/17. Chairman Chabot and Members of the Ohio Congressional delegation sent a letter to James Risch, Chairman, Senate Committee on Small Business and Entrepreneurship, and Jeanne Shaheen, Ranking Member, Senate Committee on Small Business and Entrepreneurship, supporting the confirmation of David C. Tryon, nominee for the position of Small Business Administration Chief Counsel for Advocacy.

12/14/17. Subcommittee on Agriculture, Energy, and Trade Chairman Rod Blum sent a letter to Joseph Shepard, Associate Administrator, Office of Investment and Innovation, SBA, requesting information on the SBIC Program’s licensing process.

12/14/17. Chairman Chabot sent a letter to Internal Revenue Service (IRS) Acting Commissioner David Kautter requesting information about the IRS’ application of Affordable Care Act employer mandate penalty payments to small businesses.

12/15/17. Chairman Chabot, Ranking Member Velázquez, Chairman Knight and Ranking Member Murphy sent a letter to Mick Mulvaney, Director, Office of Management and Budget, requesting the extension of accelerated contract payments to small contractors and subcontractors.

1/8/18. Chairman Chabot introduced H.R. 4743, the Small Business 7(a) Lending Oversight Reform Act, which would strengthen oversight and bolster the integrity of the SBA’s 7(a) Loan Program for small businesses and taxpayers.

2/28/2018. Chairman Chabot and Ranking Member Velázquez sent a letter to William Manger, Associate Administrator, Office of Capital Access, Small Business Administration, regarding the delay in processing SBA 504 Loan Program Concentrated Animal Feeding Operation loans due to the National Environmental Policy Act (NEPA).

2/28/18. The Government Accountability Office (GAO) released a report, requested by Chairman Chabot, at the Committee’s hearing on February 28, 2018. The report examined the challenge of compliance with financial regulations for the nation’s small community
banks and credit unions. GAO found that regulations for reporting mortgage characteristics were the most burdensome because these regulations were complex, require individual reports, added significant time to loan closings, and resulted in the charging of fees. In addition, some compliance burdens arose from misunderstanding disclosure regulations, which led to institutions taking action that were not required.

3/5/18. Chairman Chabot sent a letter to Marvin Kramer, Chairman, National Labor Relations Board, expressing concern about the Board's action to vacate its decision in the Hy-Brand Industrial Contractors, Ltd. and Brandt Construction Co. joint employer standard case.

3/16/18. Chairman Chabot sent a letter to Major L. Clark III, Acting Chief Counsel, Office of Advocacy, Small Business Administration, requesting a study of occupational licensing as a barrier to starting and growing small businesses.


4/11/18. Chairman Chabot and Subcommittee on Economic Growth, Tax and Capital Access Subcommittee Chairman Dave Brat sent a letter to R. Alexander Acosta, United States Secretary of Labor, recapping the Committee’s hearings on occupational licensing as a barrier to small business growth and job creation.


4/12/18. Chairman Chabot, Ranking Member Velázquez, Contracting and Workforce Subcommittee Chairman Knight and Contracting and Workforce Subcommittee Ranking Member Stephanie Murphy sent a letter to The Honorable Mick Mulvaney, Director, Office of Management and Budget, requesting a briefing on OMB's Memorandums M–11–32 and M–12–16 regarding accelerated payments for small federal contractors and the need for H.R. 5337, the Accelerated Payments for Small Businesses Act of 2018.

5/1/18. Chairman Chabot and Ranking Member Velázquez sent letters to 54 federal agencies requesting compliance with the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. No. 104–12) as amended by the Fair Minimum Wage Act of 2007 (Pub. L. No. 110–28), which requires agencies to report to Congress on its compliance with the statute, including the publication of small entity compliance guides, which explain the actions a small entity must take to comply with agency rules.

6/5/18. Representative Brat and Representative Evans sent a letter to Sunita B. Lough, Project Director, Tax Reform Implementation Office, Internal Revenue Service, requesting information on the IRS’ Employee Plans Compliance Resolution System, the Self Correction Program and the Voluntary Compliance Program, following the Subcommittee on Investigations, Oversight and Regula-
tions’ April 17, 2018 hearing on small business retirement plans and Revenue Procedure 2018–14.

6/15/18. Chairman Chabot and Ranking Member Velázquez sent a letter to Gene Dodaro, Comptroller General, Government Accountability Office, requesting that GAO report on the state of the Small Business Administration’s disaster program and its performance during Hurricanes Harvey, Irma and Maria.


7/27/18. Chairman Chabot and Ranking Member Velázquez sent a letter to Russell Golden, Chairman, Financial Accounting Standards Board (FASB), requesting a staff briefing on FASB’s Accounting Standards Codification 606, Revenue from Contracts with Customers.

8/2/18. Chairman Chabot, Ranking Member Velázquez, Chairman Risch, and Ranking Member Cardin sent a letter to SBA Administrator McMahon requesting the status of the report required by the Fiscal Year 2018 National Defense Authorization Act on the utilization of small businesses in multiple award federal contracts.

8/16/18. Chairman Chabot, Ranking Member Velázquez, Chairman Risch and Ranking Member Cardin sent a letter to Gene Dodaro, Comptroller General, Government Accountability Office, requesting a study of the actions federal agencies are taking to determine prime contractors’ compliance with subcontracting plans.

8/10/18. Chairman Chabot sent letters to Gene Dodaro, Comptroller General, Government Accountability Office, asking to become a co-requestor on two GAO studies: (1) a study of the SEA’s implementation of the reforms to the Women Owned Small Business Program in the National Defense Authorization Act of 2015; and (2) a study of the role of Procurement Center Representatives in the implementation of the Small Business Administration’s federal contracting program.

8/14/18. Chairman Chabot, Representative Rod Blum, and Representative Trent Kelly sent a letter to R. Alexander Acosta, Secretary of Labor, and Ms. Loren Sweatt, Deputy Assistant Secretary of Labor, requesting that the Department review the scope of its Cranes and Derricks in Construction regulation.

8/23/18. Chairman Chabot, Representative Blum, and Representative Brat sent a letter to The Honorable Sonny Perdue, Secretary, United States Department of Agriculture, asking the Secretary and his Agriculture and Rural Prosperity Task Force to work with the Committee to increase rural small businesses’ access to capital.

9/6/18. Chairman Chabot and Ranking Member Velázquez sent letters to The Honorable Alex Azar II, Secretary, Department of Health and Human Services; The Honorable Rick Perry, Secretary, Department of Energy; and The Honorable Ryan Zinke, Secretary, Department of Interior, requesting agency compliance with the

9/13/18. Chairman Chabot, Ranking Member Velázquez and Representative Mo Brooks sent a letter to Lesley Field, Acting Administrator, Office of Federal Procurement Policy, Office of Management and Budget, expressing concern that the changes to the limits on federal contracting for full or partial small business set-aside contracts made by the United States Small Business Administration and Section 1651 of Public Law 112–239, the National Defense Authorization Act for Fiscal Year 2013, have not been made.

9/25/18. Chairman Chabot, Chairman Risch, Ranking Member Velázquez and Ranking Member Cardin sent a letter to SBA Administrator Linda McMahon requesting that SBA work closely with the Interagency Working Group on Cooperative Development to advocate for employee ownership of small businesses.

9/14/18. Chairman Chabot and Ranking Member Velázquez sent a letter to Gene Dodaro, Comptroller General of the United States, Government Accountability Office, requesting to join Senator Claire McCaskill, Ranking Member, Senate Committee on Homeland Security and Government Affairs, and Senator Tom Carper’s, Ranking Member, Senate Permanent Committee on Investigations, request that GAO investigate and report on the Administration’s category management initiative.

9/27/18. Chairman Chabot, Chairman Risch, and Ranking Member Velázquez sent a letter to SBA Administrator Linda McMahon encouraging SBA to delay the implementation of the new State Trade Export Program (STEP) policy due to inadequate notice and the need for clearly delineated guidelines on the implementation of the policy so small businesses have more time to review the changes.

10/12/18. Chairman Chabot and Ranking Member Velázquez sent a letter to The Honorable Joseph Simons, Chairman of the Federal Trade Commission (FTC), expressing alarm that small business concerns in the hearings around Competition and Consumer Protection in America’s 21st Century were not being heard. The Chairman and Ranking Member urged the FTC to invite more small firms as witnesses to future hearings.