

116TH CONGRESS
1ST SESSION

S. 2150

To establish a regional high-growth collaborative pilot program in the Small Business Administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 17, 2019

Mr. KENNEDY introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To establish a regional high-growth collaborative pilot program in the Small Business Administration, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Spurring Small Busi-
5 ness Innovation Act”.

6 **SEC. 2. REGIONAL HIGH-GROWTH COLLABORATIVE PILOT**
7 **PROGRAM.**

8 (a) DEFINITIONS.—In this section—

9 (1) the term “Administration” means the Small
10 Business Administration;

1 (2) the term “Administrator” means the Ad-
2 ministrator of the Administration;

3 (3) the term “covered period” means the 5-fis-
4 cal year period beginning in the first fiscal year that
5 begins after the date of enactment of this Act;

6 (4) the term “eligible entity” includes—

7 (A) a nonprofit organization;

8 (B) a public or nonprofit private institu-
9 tion of higher education;

10 (C) a State government or any agency of
11 a State government;

12 (D) a regional entity, as described in sec-
13 tion 21(a)(1) of the Small Business Act (15
14 U.S.C. 648(a)(1));

15 (E) a State-chartered development, credit,
16 or finance corporation;

17 (F) a small business development center;

18 (G) a women’s business center;

19 (H) a veteran business outreach center;

20 (I) a small business growth accelerator;

21 (J) a small business incubator; and

22 (K) a combination of entities described in
23 subparagraphs (A) through (J);

1 (5) the term “institution of higher education”
2 has the meaning given the term in section 101 of the
3 Higher Education Act of 1965 (20 U.S.C. 1001);

4 (6) the term “Office” means the Office of Inno-
5 vation and Technology of the Administration;

6 (7) the term “pilot program” means the Re-
7 gional High-Growth Collaborative Pilot Program es-
8 tablished under subsection (b);

9 (8) the term “small business concern” has the
10 meaning given the term in section 3(a) of the Small
11 Business Act (15 U.S.C. 632(a));

12 (9) the term “small business development cen-
13 ter” has the meaning given the term in section 3(t)
14 of the Small Business Act (15 U.S.C. 632(t));

15 (10) the terms “Small Business Innovation Re-
16 search Program” and “Small Business Technology
17 Transfer Program” have the meanings given the
18 terms in section 9(e) of the Small Business Act (15
19 U.S.C. 638(e)); and

20 (11) the term “women’s business center” means
21 a women’s business center operating pursuant to
22 section 29 of the Small Business Act (15 U.S.C.
23 656).

24 (b) ESTABLISHMENT OF PILOT PROGRAM.—There is
25 established in the Administration, for the covered period,

1 a Regional High-Growth Collaborative Pilot Program, the
 2 purpose of which is to provide the specialized resources
 3 that are necessary in order to start and scale small busi-
 4 ness concerns in high-growth industries.

5 (c) PHASES OF PILOT PROGRAM.—

6 (1) PHASE I.—

7 (A) IN GENERAL.—The Office shall—

8 (i) carry out a competition to estab-
 9 lish a total of 10 entities that shall serve
 10 as regional high-growth collaboratives dur-
 11 ing the first 2 fiscal years of the covered
 12 period; and

13 (ii) in carrying out the competition re-
 14 quired under clause (i), ensure that there
 15 is established 1 regional high-growth col-
 16 laborative in each of the 10 regions of the
 17 Administration, as in existence on the day
 18 before the date of enactment of this Act.

19 (B) DUTIES.—Each collaborative estab-
 20 lished under subparagraph (A) shall, during the
 21 2-fiscal year period described in subparagraph
 22 (A)(i), establish connections between small busi-
 23 ness concerns in industries relating to tech-
 24 nology and other entities in order to—

1 (i) offer to those small business con-
2 cerns—

3 (I) access to appropriate tech-
4 nical and managerial resources; and

5 (II) connections to the programs
6 overseen by the Office of Entrepre-
7 neurial Development of the Adminis-
8 tration;

9 (ii) provide to those small business
10 concerns—

11 (I) market research relating to
12 potential customers for the products
13 and services offered by the small busi-
14 ness concerns; and

15 (II) other types of business train-
16 ing relating to technology and innova-
17 tion;

18 (iii) facilitate access to capital for
19 those small business concerns;

20 (iv) refer those small business con-
21 cerns to other assistance programs, as ap-
22 propriate; and

23 (v) provide those small business con-
24 cerns with assistance in preparing applica-
25 tions with respect to the Small Business

1 Innovation Research Program and other
2 similar programs.

3 (C) EVALUATIONS.—

4 (i) IN GENERAL.—The Office shall
5 evaluate the success of each collaborative
6 established under subparagraph (A) by
7 analyzing, for the 2-fiscal year period de-
8 scribed in subparagraph (A)(i)—

9 (I) the number of small business
10 concerns assisted by the collaborative;

11 (II) the number of small business
12 concerns assisted by the collaborative
13 that submitted proposals under the
14 Small Business Innovation Research
15 Program, the Small Business Tech-
16 nology Transfer Program, and other
17 similar programs;

18 (III) the rates of hiring by small
19 business concerns assisted by the col-
20 laborative;

21 (IV) the amount of capital pro-
22 vided to small business concerns as-
23 sisted by the collaborative;

1 (V) the percentage of small busi-
2 ness concerns assisted by the collabo-
3 rative that operate in rural areas;

4 (VI) the degree to which the
5 services provided by the collaborative
6 are geographically dispersed;

7 (VII) the number of small busi-
8 ness concerns created as a result of
9 the activities carried out by the col-
10 laborative; and

11 (VIII) any additional metric that
12 the Office determines to be appro-
13 priate.

14 (ii) FACTOR WEIGHTING.—The Office
15 shall—

16 (I) in performing evaluations
17 under clause (i), determine how much
18 weight should be given to each metric
19 described in subclauses (I) through
20 (VIII) of that clause; and

21 (II) make the determination of
22 the Office under subclause (I) publicly
23 available.

24 (D) AWARD OF FUNDS THROUGH COOPER-
25 ATIVE AGREEMENT.—

1 (i) IN GENERAL.—The Administrator
 2 shall enter into a cooperative agreement
 3 with each collaborative established under
 4 subparagraph (A), under which the Admin-
 5 istrator shall award to the collaborative
 6 \$300,000—

7 (I) for each fiscal year in which
 8 the collaborative carries out the duties
 9 described in subparagraph (B); and

10 (II) to carry out the duties de-
 11 scribed in subparagraph (B).

12 (ii) ADMINISTRATOR DISCRETION.—
 13 With respect to an award under clause (i),
 14 the Administrator may distribute the
 15 award as determined appropriate by the
 16 Administrator, including by distributing
 17 the award in installments.

18 (E) RELATIONSHIP TO PHASE II.—

19 (i) HIGHEST SCORING COLLABO-
 20 RATIVE.—The collaborative that scores the
 21 highest with respect to the evaluations per-
 22 formed under subparagraph (C) (referred
 23 to in this subparagraph as the “highest
 24 scoring collaborative”) shall—

1 (I) subject to clause (ii), serve as
2 the model with respect to how to
3 structure the high-growth collabora-
4 tives established under phase II of the
5 pilot program under paragraph (2);
6 and

7 (II) be guaranteed to receive an
8 award under paragraph (2) for the
9 first fiscal year in which phase II of
10 the pilot program is in effect under
11 that paragraph.

12 (ii) OTHER COLLABORATIVES.—The
13 Administrator—

14 (I) may incorporate elements
15 from collaboratives other than the
16 highest scoring collaborative when de-
17 termining how to structure the high-
18 growth collaboratives established
19 under phase II of the pilot program
20 under paragraph (2); and

21 (II) if the Administrator makes
22 an incorporation described in sub-
23 clause (I), shall make the methodology
24 regarding that incorporation publicly
25 available.

1 (2) PHASE II.—

2 (A) IN GENERAL.—The Office shall enter
3 into a total of 10 cooperative agreements, under
4 which the Office shall make awards to eligible
5 entities to establish, for the third, fourth, and
6 fifth fiscal years of the covered period, 1 re-
7 gional high-growth collaborative in each of the
8 10 regions of the Administration, as in exist-
9 ence on the day before the date of enactment of
10 this Act.

11 (B) APPLICATION.—An eligible entity that
12 wishes to enter into a cooperative agreement
13 under subparagraph (A) shall submit to the Of-
14 fice an application—

15 (i) in such form and manner as the
16 Office may require; and

17 (ii) that contains—

18 (I) a plan describing—

19 (aa) how the eligible entity
20 will provide the services described
21 in clauses (i) through (v) of para-
22 graph (1)(B) (referred to in this
23 subparagraph as “covered serv-
24 ices”);

1 (bb) the means by which the
2 eligible entity will provide covered
3 services;

4 (cc) the partnerships into
5 which the eligible entity will enter
6 in order to provide covered serv-
7 ices;

8 (dd) how the eligible entity
9 will encourage participation by
10 small business concerns that op-
11 erate in rural areas;

12 (ee) the method used by the
13 eligible entity to tailor covered
14 services to account for the var-
15 ious geographic areas and eco-
16 nomic conditions in the region in
17 which the eligible entity will serve
18 as a collaborative; and

19 (ff) the geographic area that
20 the eligible entity will serve;

21 (II) a budget for the provision of
22 covered services by the eligible entity;

23 (III) the name of the individual
24 who will serve as executive director of

1 the collaborative or a plan to appoint
2 such an individual; and

3 (IV) any other information that
4 the Office determines to be necessary.

5 (C) AMOUNT OF AWARD.—

6 (i) IN GENERAL.—Each award to an
7 eligible entity under this paragraph shall
8 be—

9 (I) in an amount that is
10 \$500,000; and

11 (II) obligated during the fiscal
12 year in which the eligible entity re-
13 ceives the award.

14 (ii) MATCHING FUNDS.—An eligible
15 entity to which the Office makes an award
16 under clause (i) shall be required to match
17 50 percent of that award, which may be
18 satisfied through the use of an in-kind
19 match.

20 (D) EVALUATIONS.—The Office shall, with
21 respect to each award made under this para-
22 graph, evaluate the eligible entity to which the
23 award is made using the same metrics used
24 under paragraph (1)(C).

1 (E) RENEWAL.—The Office may, for each
2 of the fourth and fifth fiscal years of the cov-
3 ered period, renew an award made to an eligible
4 entity under this paragraph in the third or
5 fourth fiscal year of the covered period, as ap-
6 plicable, if, with respect to that third or fourth
7 fiscal year, the eligible entity scores highly on
8 the evaluation conducted under subparagraph
9 (D) with respect to the eligible entity.

10 (d) ADMINISTRATOR RESPONSIBILITIES.—The Ad-
11 ministrators shall—

12 (1) provide oversight of the Office with respect
13 to the carrying out of the pilot program; and

14 (2) ensure that—

15 (A) the pilot program is consistent with
16 statutory requirements, including the require-
17 ments of this Act; and

18 (B) the district and regional offices of the
19 Administration work closely to ensure the suc-
20 cess of the pilot program.

21 (e) REPORTS.—

22 (1) SBA.—For each fiscal year in which the
23 pilot program is in effect, the Administrator shall
24 submit to Congress a report that contains, with re-
25 spect to the year covered by the report—

1 (A) the information collected by the Office
2 in order to carry out the evaluations required
3 under paragraphs (1)(C) and (2)(D) of sub-
4 section (c);

5 (B) a description of the services provided
6 by collaboratives under the pilot program;

7 (C) a list of—

8 (i) with respect to phase I of the pilot
9 program under subsection (c)(1), each en-
10 tity established as a collaborative under
11 such subsection (c)(1); and

12 (ii) with respect to phase II of the
13 pilot program under subsection (c)(2), each
14 eligible entity with which the Office en-
15 tered into a cooperative agreement under
16 such subsection (c)(2); and

17 (D) with respect to phase II of the pilot
18 program under subsection (c)(2), an analysis of
19 how the Office determined whether to renew an
20 award under subsection (c)(2)(E).

21 (2) GAO.—Not later than 1 year after the date
22 on which the pilot program expires, the Comptroller
23 General of the United States shall submit to Con-
24 gress a report that analyzes—

25 (A) the impact of the pilot program; and

- 1 (B) the effectiveness of the oversight re-
- 2 quired under subsection (d)(1).

