

MICROLOAN TRANSPARENCY AND ACCOUNTABILITY ACT OF 2020

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6078) to amend the Small Business Act to increase transparency and to enhance the use of microloans in rural areas, and for other purposes, as amended.

The Clerk read the title of the bill.
The text of the bill is as follows:

H.R. 6078

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Microloan Transparency and Accountability Act of 2020”.

SEC. 2. ASSISTANCE FOR INTERMEDIARIES SERVING RURAL AREAS.

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) by amending paragraph (4)(C)(i) to read as follows:

“(i) Each intermediate shall be eligible to receive a grant equal to 5 percent of the total outstanding balance of loans made to the intermediary under this subsection, in addition to grants made under subparagraph (A), if the intermediary has either—

“(I) a portfolio of loans made under this subsection that averages not more than \$10,000 during the period of the intermediary’s participation in the program;

“(II) a portfolio of loans made under this subsection of which not less than 25 percent are made to small business concerns located in or owned by one or more residents of an economically distressed area; or

“(III) a portfolio of loans made under this subsection of which not less than 25 percent is serving rural areas during the period of the intermediary’s participation in the program.”; and

(2) in paragraph (11)—

(A) in subparagraph (C)(ii), by striking all after the semicolon and inserting “and”; and
(B) by striking all after subparagraph (C), and inserting the following:

“(D) the term ‘economically distressed area’, as used in paragraph (4), means a county or equivalent division of local government of a State in which the small business concern is located, in which, according to the most recent data available from the Bureau of the Census, Department of Commerce, not less than 40 percent of residents have an annual income that is at or below the poverty level.”.

SEC. 3. PORTFOLIO RISK ANALYSIS OF MICROLOANS.

Section 7(m)(10) of the Small Business Act (15 U.S.C. 636(m)(10)) is amended—

(1) by redesignating subparagraphs (A) through (F) as clauses (i) through (vi), respectively, and adjusting the margins accordingly;

(2) by amending clause (iv), as so redesignated, to read as follows:

“(vi) the number, amount, and percentage of microloans made by intermediaries to small business concerns—

“(I) that went into default in the previous year; and

“(II) that were charged off in the previous year by such intermediaries;”;

(3) in clause (vi), as so redesignated, by striking “and” at the end;

(4) by redesignating subparagraph (G) as clause (viii), and adjusting the margin accordingly;

(5) by striking “On November 1, 1995,” and all that follows through “the following:” and inserting the following:

“(A) IN GENERAL.—Beginning on February 1, 2021, and annually thereafter, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives, and make available to the public on the website of the Administration, a report on the effectiveness of the microloan program during the fiscal year preceding the date of the report. Such report shall include—”;

(6) in subparagraph (A), as so designated, by inserting after clause (vi) the following new clauses:

“(vii) the number and type of enforcement actions taken by the Administrator against noncompliant intermediaries;

“(viii) an analysis of compliance by intermediaries with the credit availability requirements of paragraph (3)(E) for loans in an amount greater than \$20,000;

“(ix) the extent to which microloans are provided to small business concerns in rural areas;

“(x) the number of underserved borrowers, as defined by the Administration, participating in the microloan program;

“(xi) the average rate of interest for each microloan;

“(xii) the average amount of fees charged for each microloan;

“(xiii) the average size of each microloan, including—

“(I) the number of loans made in an amount greater than \$20,000; and

“(II) the average size and charge-off rate of such loans;

“(xiv) the subsidy cost to the Administration;

“(xv) the number and percentage of microloans that were made to refinance other loans;

“(xvi) the number and percentage of microloans made to new program participants and the number and percentage of microloans made to previous program participants;

“(xvii) the average amount of technical assistance grant monies spent on each loan; and”;

(7) by adding at the end the following:

“(B) PRIVACY.—Each report submitted under subparagraph (A) shall not contain any personally identifiable information of any borrower.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New York (Ms. VELÁZQUEZ) and the gentleman from Ohio (Mr. CHABOT) each will control 20 minutes.

The Chair recognizes the gentlewoman from New York.

GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the measure under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the bill before us today, H.R. 6078, the Microloan Transparency and Accountability Act, which makes it easier for rural-serving microloan intermediaries to provide technical and management assistance to entrepreneurs.

One of the key components of the microloan program, and what I believe

makes it so successful, is that intermediaries offer technology, management, and marketing assistance to business owners in conjunction with affordable financing. However, when our Committee held hearings on the program, we heard about the challenges that intermediaries in rural areas face in providing technical assistance.

These nonprofit, mission-based lenders must sometimes drive 2 or 3 hours, or even more, to a borrower’s place of business to conduct training. These expenses all come out of the intermediary’s bottom line.

The measure Mr. BURCHETT and Mr. KIM have put forward to make intermediaries with at least 25 percent of their loans in a rural area eligible for a bonus technical assistance grant is a necessary one that I support and would encourage all of my colleagues to support.

Mr. Speaker, I applaud our bipartisanship and, more importantly, our commitment to America’s small businesses. I urge all of my colleagues to vote “yes,” and I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to again thank the chair, Ms. VELÁZQUEZ, for working in a bipartisan manner on all four of these bills, and that is why both Republicans and Democrats support all four, because we really are working together, and that is good for the country.

Mr. Speaker, to enhance the dissemination of microloans in rural areas and to increase transparency, this bill, H.R. 6078, the Microloan Transparency and Accountability Act of 2020, was introduced by the gentleman from Tennessee (Mr. BURCHETT) and the gentleman from New Jersey (Mr. KIM).

In order to meet the needs of low-dollar borrowers, the SBA offers the microloan program. As with all the SBA financial assistance program, the SBA does not make a microloan directly to a small business. Rather, it makes direct loans to a nonprofit, called a microloan intermediary. The intermediary, in turn, makes loans of up to \$50,000 to borrowers and is required to provide technical assistance to its borrowers through a technical assistance grant.

The average loan within the microloan program is approximately \$14,500, and the program has grown from approving over 3,500 loans for a total of \$52 million in fiscal year 2015 to approving over 5,000 loans—5,532, to be exact—for over \$81 million in fiscal year 2019.

H.R. 6078, the Microloan Transparency Act of 2020, increases transparency for the growing microloan program and enhances microloan options for rural areas. Specifically, H.R. 6078 requires the SBA to perform an annual portfolio risk analysis to examine defaults and charge-off rates to ensure taxpayer money is safeguarded.

Additionally, to enhance the dissemination of rural loans, the bill introduces an opportunity for an intermediary that currently makes at least 25 percent of its loans to a small business serving rural areas the ability to receive a 5 percent bonus technical assistance grant.

Mr. Speaker, I would again like to thank Mr. BURCHETT and Mr. KIM for working together to protect American taxpayer dollars and to ensure our rural communities have the ability to utilize this program to its fullest.

Mr. Speaker, I fully support this bipartisan legislation. I urge my colleagues to vote “yes,” and I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee (Mr. BURCHETT). I thank him for his leadership in pushing this legislation.

Mr. BURCHETT. Mr. Speaker, I thank Chairwoman VELÁZQUEZ and Ranking Member CHABOT for this opportunity as a freshman. It doesn't escape me that you all have allowed me to move forward with a meaningful piece of legislation as a freshman, and I can assure you that the people I represent thank you all very much.

Mr. Speaker, small businesses, whether in urban centers or rural areas, deserve access to small business administration resources.

The Microloan Transparency and Accountability Act is strong, bipartisan legislation that improves rural access to the SBA microloan program and will help ensure that community-based businesses, and not just the heavy hitters, have access to needed resources.

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As a former local mayor, I know the difference that easy access to loans, even small ones, can make for our American mom-and-pop shops.

Unfortunately, Mr. Speaker, rural small businesses often don't get enough consideration from microloan providers. To incentivize interest in supporting our rural small businesses, this legislation would establish a 5 percent technical assistance grant for intermediaries who make 25 percent of their loans to these small businesses. Rural small businesses will have more opportunity to grow and innovate with the help of this legislation.

This bill also improves transparency within the SBA microloan program so American taxpayers know their dollars are being invested responsibly. Under this legislation, Mr. Speaker, the SBA would update Congress with a portfolio risk analysis of microloans on an annual basis.

Mr. Speaker, I encourage my colleagues to support this bill and the steps it takes to promote fair access to financial resources for every American small business. I am proud to work with my friend Representative KIM on this bill, and I thank him for his efforts

to get it across the finish line. I also thank the chairwoman and the ranking member.

Ms. VELÁZQUEZ. Mr. Speaker, I have no further speakers. I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield myself the balance of my time.

The recent growth of the SBA's microloan program has shown how beneficial it can be to small-dollar borrowers. Not only does this bill make the program more valuable to small firms located in rural areas, it also increases transparency and allows future Congresses with important information to help guide policy decisions.

This is a bipartisan, good government piece of legislation that deserves each Member's support.

I thank Mr. BURCHETT and Mr. KIM for their leadership. I once again thank Representative VELÁZQUEZ for, as always, working together with us in a bipartisan fashion. I very much appreciate that.

Mr. Speaker, I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself the balance of my time.

Oftentimes, the biggest barrier to entrepreneurship is accessing affordable capital. But for many entrepreneurs, access to expert advice can give them an added boost and the skills needed to grow a sustainable business.

To that end, the microloan program leverages the network of nonprofit intermediary lenders, many of them CDFIs, who have deep roots in the local community, are committed to economic development, and offer technical business and marketing assistance for these small businesses.

This bill will go a long way in helping these microlenders reach more small businesses in rural areas, which, in turn, will stimulate the local economies. It also mandates reporting on the program's effectiveness so our committee can continue to oversee the program and make necessary modifications to further improve the program.

Again, thank you to Representative BURCHETT and Representative KIM for collaborating on the bill before us today. I also thank the ranking member, Mr. CHABOT, and his staff for working with us in a bipartisan manner, not just on this piece of legislation, but on all the bills we have brought to the floor today.

Mr. Speaker, I urge my colleagues to vote “yes,” and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 4894, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CONGRESSIONAL BUDGET JUSTIFICATION TRANSPARENCY ACT OF 2020

Mrs. CAROLYN B. MALONEY of New York. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4894) to amend the Federal Funding Accountability and Transparency Act of 2006, to require the budget justifications and appropriation requests of agencies be made publicly available, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4894

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Congressional Budget Justification Transparency Act of 2020”.

SEC. 2. PUBLIC AVAILABILITY OF BUDGET JUSTIFICATIONS AND APPROPRIATION REQUESTS.

(a) IN GENERAL.—Section 3 of the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282; 31 U.S.C. 6101 note) is amended to read as follows:

“SEC. 3. FULL DISCLOSURE OF FEDERAL FUNDS.

“(a) IN GENERAL.—Not less frequently than monthly when practicable, and in any event not less frequently than quarterly, the Secretary (in consultation with the Director and, with respect to information described in subsection (b)(2), the head of the applicable agency) shall ensure that updated information with respect to the information described in subsection (b) is posted on the website established under section 2.

“(b) INFORMATION TO BE POSTED.—

“(1) FUNDS.—For any funds made available to or expended by a Federal agency or component of a Federal agency, the information to be posted shall include—

“(A) for each appropriations account, including an expired or unexpired appropriations account, the amount—

“(i) of budget authority appropriated;

“(ii) that is obligated;

“(iii) of unobligated balances; and

“(iv) of any other budgetary resources;

“(B) from which accounts and in what amount—

“(i) appropriations are obligated for each program activity; and

“(ii) outlays are made for each program activity;

“(C) from which accounts and in what amount—

“(i) appropriations are obligated for each object class; and

“(ii) outlays are made for each object class; and

“(D) for each program activity, the amount—

“(i) obligated for each object class; and

“(ii) of outlays made for each object class.

“(2) BUDGET JUSTIFICATIONS.—

“(A) DEFINITION.—In this paragraph, the term ‘budget justification materials’ means the annual budget justification materials of an agency that are submitted, in conjunction with the budget of the United States Government submitted under section 1105(a) of title 31, United States Code, but does not include budget justification materials that are classified.

“(B) INFORMATION.—The information to be posted shall include any budget justification materials—

“(i) for the second fiscal year beginning after the date of enactment of this paragraph, and each fiscal year thereafter; and

“(ii) to the extent practicable, that were released for any fiscal year before the date of enactment of this paragraph.