

117TH CONGRESS
1ST SESSION

S. 64

To amend the Small Business Act to spur entrepreneurial ecosystems in underserved communities.

IN THE SENATE OF THE UNITED STATES

JANUARY 27, 2021

Mr. CARDIN (for himself and Ms. HIRONO) introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To amend the Small Business Act to spur entrepreneurial ecosystems in underserved communities.

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 “Ushering Progress by
5 Leveraging Innovation and Future Technology Act of
6 2021” or the “UPLIFT Act of 2021”.

7 **SEC. 2. FINDINGS.**

8 Congress finds the following:

9 (1) Studies have found that incubators, accel-
10 erators, and other similar models are effective at in-

1 creasing revenues, the number of employees, and the
2 likelihood that the business venture will be success-
3 ful for participants.

4 (2) According to the Kauffman Foundation—

5 (A) minority-owned and women-owned
6 businesses are half as likely to employ people
7 than nonminority-owned and men-owned busi-
8 nesses; and

9 (B) if minorities started businesses at the
10 same rate as nonminorities, approximately
11 9,500,000 jobs would be added to the economy
12 of the United States.

13 (3) The Kauffman Foundation also found that
14 the percentage of startups in rural communities has
15 dropped from 20 percent in the 1980s to 12.2 per-
16 cent.

17 (4) According to the Martin Prosperity Insti-
18 tute, less than 1 percent of all venture capital fund-
19 ing goes to businesses located in rural areas.

20 (5) According to PitchBook, around 2 percent
21 of all venture capital funding goes to businesses with
22 women founders.

23 (6) According to Crunchbase, less than 3 per-
24 cent of all venture capital funding goes to businesses
25 with Black and Hispanic founders.

1 (7) Historically Black colleges and universities,
2 minority-serving institutions, and community col-
3 leges are anchor institutions that serve populations
4 that tend to be underrepresented in entrepreneur-
5 ship, particularly in high-growth sectors.

6 **SEC. 3. PURPOSES.**

7 The purposes of the Innovation Centers Program es-
8 tablished under section 49 of the Small Business Act, as
9 added by this Act, are to—

10 (1) spur economic growth in underserved com-
11 munities by creating good paying jobs and pathways
12 to prosperity;

13 (2) increase prospects for success for small
14 business concerns in underserved communities,
15 which often suffer from higher business failure rates
16 than the national average;

17 (3) help create a pipeline for small business
18 concerns in underserved and rural markets into
19 high-growth sectors, where they are generally under-
20 represented;

21 (4) help address the multi-decade decline in the
22 rate of new business creation;

23 (5) close the gaps that underserved small busi-
24 ness concerns often have in terms of revenue and

1 number of employees, which represent lost oppor-
2 tunity for the economy of the United States; and

3 (6) encourage collaboration between the Small
4 Business Administration and institutions of higher
5 learning that serve low-income and minority commu-
6 nities.

7 **SEC. 4. INNOVATION CENTERS PROGRAM.**

8 (a) IN GENERAL.—The Small Business Act (15
9 U.S.C. 631 et seq.) is amended—

10 (1) by redesignating section 49 as section 50;

11 and

12 (2) by inserting after section 48 the following:

13 **“SEC. 49. INNOVATION CENTERS PROGRAM.**

14 **“(a) DEFINITIONS.—**In this section:

15 **“(1) ACCELERATOR.—**The term ‘accelerator’
16 means an organization—

17 **“(A) that—**

18 **“(i) works with a startup or growing**
19 **small business concern for a predetermined**
20 **period; and**

21 **“(ii) provides mentorship and instruc-**
22 **tion to scale businesses; and**

23 **“(B) that may—**

1 “(i) provide, but is not exclusively de-
 2 signed to provide, seed investment in ex-
 3 change for a small amount of equity; and

4 “(ii) offer startup capital or the op-
 5 portunity to raise capital from outside in-
 6 vestors.

7 “(2) FEDERALLY RECOGNIZED AREA OF ECO-
 8 NOMIC DISTRESS.—The term ‘federally recognized
 9 area of economic distress’ means—

10 “(A) a HUBZone, as that term is defined
 11 in section 31(b); or

12 “(B) an area that has been designated
 13 as—

14 “(i) an empowerment zone under sec-
 15 tion 1391 of the Internal Revenue Code of
 16 1986;

17 “(ii) a Promise Zone by the Secretary
 18 of Housing and Urban Development; or

19 “(iii) a low-income neighborhood or
 20 moderate-income neighborhood for pur-
 21 poses of the Community Reinvestment Act
 22 of 1977 (12 U.S.C. 2901 et seq.).

23 “(3) GROWING; NEWLY ESTABLISHED; START-
 24 UP.—The terms ‘growing’, ‘newly established’, and
 25 ‘startup’, with respect to a small business concern,

1 mean growing, newly established, and startup, re-
2 spectively, within the meaning given those terms
3 under section 7(m).

4 “(4) INCUBATOR.—The term ‘incubator’ means
5 an organization—

6 “(A) that—

7 “(i) tends to work with startup and
8 newly established small business concerns;
9 and

10 “(ii) provides mentorship to startup
11 and newly established small business con-
12 cerns; and

13 “(B) that may—

14 “(i) provide a co-working environment
15 or a month-to-month lease program; and

16 “(ii) work with a startup or newly es-
17 tablished small business concern for a pre-
18 determined period or an open-ended pe-
19 riod.

20 “(5) INDIVIDUALS WITH A DISABILITY.—The
21 term ‘individuals with a disability’ means more than
22 1 individual with a disability, as defined in section
23 3 of the Americans with Disabilities Act of 1990 (42
24 U.S.C. 12102).

1 “(6) ELIGIBLE ENTITY.—The term ‘eligible en-
2 tity’ means—

3 “(A) an institution described in any of
4 paragraphs (1) through (7) of section 371(a) of
5 the Higher Education Act of 1965 (20 U.S.C.
6 1067q(a)); or

7 “(B) a junior or community college, as de-
8 fined in section 312 of the Higher Education
9 Act of 1965 (20 U.S.C. 1058).

10 “(7) RURAL AREA.—The term ‘rural area’ has
11 the meaning given the term in section 7(m)(11).

12 “(8) SOCIALLY AND ECONOMICALLY DISADVAN-
13 TAGED INDIVIDUALS.—The term ‘socially and eco-
14 nomically disadvantaged individual’ means a socially
15 and economically disadvantaged individual within the
16 meaning given that term in section 8(d)(3)(C).

17 “(b) ESTABLISHMENT.—Not later than 1 year after
18 the date of enactment of the Ushering Progress by
19 Leveraging Innovation and Future Technology Act of
20 2021, the Administrator shall develop and begin imple-
21 menting a program (to be known as the ‘Innovation Cen-
22 ters Program’) to enter into cooperative agreements with
23 eligible entities under this section.

24 “(c) AUTHORITY.—

25 “(1) IN GENERAL.—The Administrator may—

1 “(A) enter into cooperative agreements to
2 provide financial assistance to eligible entities
3 to conduct 5-year projects for the benefit of
4 startup, newly established, or growing small
5 business concerns; and

6 “(B) renew a cooperative agreement en-
7 tered into under this section for additional 3-
8 year periods, in accordance with paragraph (3).

9 “(2) PROJECT REQUIREMENTS.—A project con-
10 ducted under a cooperative agreement under this
11 section shall—

12 “(A) include operating as an accelerator,
13 an incubator, or any other small business inno-
14 vation-focused project as the Administrator ap-
15 proves;

16 “(B) be carried out in such locations as to
17 provide maximum accessibility and benefits to
18 the small business concerns that the project is
19 intended to serve;

20 “(C) have a full-time staff, including a
21 full-time director who shall—

22 “(i) have the authority to make ex-
23 penditures under the budget of the project;
24 and

1 “(ii) manage the activities carried out
2 under the project;

3 “(D) include the joint provision of pro-
4 grams and services by the eligible entity and
5 the Administration, which—

6 “(i) shall be jointly developed, nego-
7 tiated, and agreed upon, with full partici-
8 pation of both parties, pursuant to an exe-
9 cuted cooperative agreement between the
10 eligible entity and the Administration; and

11 “(ii) shall include—

12 “(I) one-to-one individual coun-
13 seling, as described in section
14 21(c)(3)(A); and

15 “(II) a formal, structured
16 mentorship program;

17 “(E) incorporate continuous upgrades and
18 modifications to the services and programs of-
19 fered under the project, as needed to meet the
20 changing and evolving needs of the business
21 community;

22 “(F) involve working with underserved
23 groups, which include—

24 “(i) women;

1 “(ii) socially and economically dis-
2 advantaged individuals;

3 “(iii) veterans;

4 “(iv) individuals with disabilities; or

5 “(v) startup, newly established, or
6 growing small business concerns located in
7 rural areas;

8 “(G) not impose or otherwise collect a fee
9 or other compensation in connection with par-
10 ticipation in the programs and services de-
11 scribed in subparagraph (D)(ii); and

12 “(H) ensure that small business concerns
13 participating in the project have access, includ-
14 ing through resource partners, to information
15 concerning Federal, State, and local regulations
16 that affect small business concerns.

17 “(3) CONTINUED FUNDING.—

18 “(A) IN GENERAL.—An eligible entity that
19 enters into an initial cooperative agreement or
20 a renewal of a cooperative under paragraph (1)
21 may submit an application for a 3-year renewal
22 of the cooperative agreement at such time, in
23 such manner, and accompanied by such infor-
24 mation as the Administrator may establish.

1 “(B) APPLICATION AND APPROVAL CRI-
2 TERIA.—

3 “(i) CRITERIA.—The Administrator
4 shall develop and publish criteria for the
5 consideration and approval of applications
6 for renewals by eligible entities under this
7 paragraph, which shall take into account
8 the structure and the stated goals of the
9 project.

10 “(ii) NOTIFICATION.—Not later than
11 60 days after the date of the deadline to
12 submit applications for each fiscal year,
13 the Administrator shall approve or deny
14 any application under this paragraph and
15 notify the applicant for each such applica-
16 tion.

17 “(C) PRIORITY.—In allocating funds made
18 available for cooperative agreements under this
19 section, the Administrator shall give applica-
20 tions under this paragraph priority over first-
21 time applications for cooperative agreements
22 under paragraph (1)(A).

23 “(4) LIMIT ON USE OF FUNDS.—Amounts re-
24 ceived by an eligible entity under a cooperative
25 agreement under this section may not be used to

1 provide capital to a participant in the project carried
2 out under the cooperative agreement.

3 “(5) SCOPE OF AUTHORITY.—

4 “(A) SUBJECT TO APPROPRIATIONS.—The
5 authority of the Administrator to enter into co-
6 operative agreements under this section shall be
7 in effect for each fiscal year only to the extent
8 and in the amounts as are provided in advance
9 in appropriations Acts.

10 “(B) SUSPENSION, TERMINATION, AND
11 FAILURE TO RENEW OR EXTEND.—After the
12 Administrator has entered into a cooperative
13 agreement with an eligible entity under this sec-
14 tion, the Administrator may not suspend, termi-
15 nate, or fail to renew or extend the cooperative
16 agreement unless the Administrator provides
17 the eligible entity with written notification set-
18 ting forth the reasons therefore and affords the
19 eligible entity an opportunity for a hearing, ap-
20 peal, or other administrative proceeding under
21 chapter 5 of title 5, United States Code.

22 “(d) CRITERIA.—

23 “(1) IN GENERAL.—The Administrator shall—

24 “(A) establish and rank in terms of rel-
25 ative importance the criteria the Administrator

1 shall use in awarding cooperative agreements
2 under this section, which shall include—

3 “(i) whether the proposed project will
4 be located in—

5 “(I) a federally recognized area
6 of economic distress;

7 “(II) a rural area; or

8 “(III) an area lacking sufficient
9 entrepreneurial development re-
10 sources, as determined by the Admin-
11 istrator; and

12 “(ii) whether the proposed project
13 demonstrates a commitment to partner
14 with core stakeholders working with small
15 business concerns in the relevant area, in-
16 cluding—

17 “(I) investment and lending orga-
18 nizations;

19 “(II) nongovernmental organiza-
20 tions;

21 “(III) programs of State and
22 local governments that are concerned
23 with aiding small business concerns;

24 “(IV) Federal agencies; and

1 “(V) for-profit organizations with
2 an expertise in small business innova-
3 tion;

4 “(B) make publicly available, including on
5 the website of the Administration, and state in
6 each solicitation for applications for cooperative
7 agreements under this section, the selection cri-
8 teria and ranking established under subpara-
9 graph (A); and

10 “(C) evaluate and rank applicants for co-
11 operative agreements under this section in ac-
12 cordance with the selection criteria and ranking
13 established under subparagraph (A).

14 “(2) CONTENTS.—The criteria established
15 under paragraph (1)(A)—

16 “(A) for eligible entities that have in oper-
17 ation an accelerator, incubator, or other small
18 business innovation-focused project shall include
19 the record of the eligible entity in assisting
20 growing, newly established, and startup small
21 business concerns, including, for each of the 3
22 full years before the date on which the eligible
23 entity applies for a cooperative agreement
24 under this section, or if the accelerator, incu-
25 bator, or other small business innovation-fo-

1 cused project has been in operation for less
2 than 3 years, for the most recent full year the
3 accelerator, incubator, or other small business
4 innovation-focused project was in operation—

5 “(i) the number and retention rate of
6 growing, newly established, and startup
7 business concerns in the program of the el-
8 igible entity;

9 “(ii) the average period of participa-
10 tion by growing, newly established, and
11 startup small business concerns in the pro-
12 gram of the eligible entity;

13 “(iii) the total and median capital
14 raised by growing, newly established, and
15 startup small business concerns partici-
16 pating in the program of the eligible entity;

17 “(iv) the number of investments or
18 loans received by growing, newly estab-
19 lished, and startup small business concerns
20 participating in the program of the eligible
21 entity; and

22 “(v) the total and median number of
23 employees of growing, newly established,
24 and startup small business concerns par-

1 participating in the program of the eligible en-
2 tity; and
3 “(B) for all eligible entities—
4 “(i) shall include whether the eligible
5 entity—
6 “(I) indicates the structure and
7 goals of the project;
8 “(II) demonstrates ties to the
9 business community;
10 “(III) identifies the resources
11 available for the project;
12 “(IV) describes the capabilities of
13 the project, including coordination
14 with local resource partners and local
15 or national lending partners of the
16 Administration;
17 “(V) addresses the unique busi-
18 ness and economic challenges faced by
19 the community in which the eligible
20 entity is located and businesses in
21 that community; or
22 “(VI) provides a proposed budget
23 and plan for use of funds; and

1 “(ii) may include any other criteria
2 determined appropriate by the Adminis-
3 trator.

4 “(e) PROGRAM EXAMINATION.—

5 “(1) IN GENERAL.—The Administrator shall—

6 “(A) develop and implement an annual
7 programmatic and financial examination of
8 each project conducted under this section,
9 under which each eligible entity entering into a
10 cooperative agreement under this section shall
11 provide to the Administrator—

12 “(i) an itemized cost breakdown of ac-
13 tual expenditures for costs incurred during
14 the preceding year; and

15 “(ii) documentation regarding—

16 “(I) the amount of matching as-
17 sistance from non-Federal sources ob-
18 tained and expended by the eligible
19 entity during the preceding year in
20 order to meet the matching require-
21 ment; and

22 “(II) with respect to any in-kind
23 contributions that were used to satisfy
24 the matching requirement, verification

1 of the existence and valuation of those
2 contributions; and

3 “(B) analyze the results of each examina-
4 tion conducted under subparagraph (A) and,
5 based on that analysis, make a determination
6 regarding the programmatic and financial via-
7 bility of each eligible entity.

8 “(2) CONDITIONS FOR CONTINUED FUNDING.—
9 In determining whether to continue or renew a coop-
10 erative agreement under this section, the Adminis-
11 trator—

12 “(A) shall consider the results of the most
13 recent examination of the project under para-
14 graph (1); and

15 “(B) may terminate or not renew a cooper-
16 ative agreement, if the Administrator deter-
17 mines that the eligible entity has failed to pro-
18 vide any information required to be provided
19 (including information provide for purpose of
20 the annual report by the Administrator under
21 subsection (m)) or the information provided by
22 the eligible entity is inadequate.

23 “(f) TRAINING AND TECHNICAL ASSISTANCE.—The
24 Administrator—

1 “(1) shall provide in person or online training
2 and technical assistance to each eligible entity enter-
3 ing into a cooperative agreement under this section
4 at the beginning of the participation of the eligible
5 entity in the Innovation Centers Program in order to
6 build the capacity of the eligible entity and ensure
7 compliance with procedures established by the Ad-
8 ministrator;

9 “(2) shall ensure that the training and tech-
10 nical assistance described in paragraph (1) is pro-
11 vided at no cost or at a low cost; and

12 “(3) may enter into a contract to provide the
13 training or technical assistance described in para-
14 graph (1) with 1 or more organizations with exper-
15 tise in the entrepreneurial development programs of
16 the Administration, innovation, and entrepreneurial
17 development.

18 “(g) COORDINATION.—In carrying out a project
19 under this section, an eligible entity may coordinate
20 with—

21 “(1) resource and lending partners of the Ad-
22 ministration;

23 “(2) programs of State and local governments
24 that are concerned with aiding small business con-
25 cerns; and

1 “(3) other Federal agencies, including to pro-
2 vide services to and assist small business concerns in
3 participating in the SBIR and STTR programs, as
4 defined in section 9(e).

5 “(h) FUNDING LIMIT.—The amount of financial as-
6 sistance provided to an eligible entity under a cooperative
7 agreement entered into under this section shall be not
8 more than \$400,000 during each year.

9 “(i) MATCHING REQUIREMENT.—

10 “(1) IN GENERAL.—An eligible entity shall con-
11 tribute toward the cost of the project carried out
12 under the cooperative agreement under this section
13 an amount equal to 50 percent of the amount re-
14 ceived under the cooperative agreement.

15 “(2) IN-KIND CONTRIBUTIONS.—Not more than
16 50 percent of the contribution of an eligible entity
17 under paragraph (1) may be in the form of in-kind
18 contributions.

19 “(3) WAIVER.—

20 “(A) IN GENERAL.—If the Administrator
21 determines that an eligible entity is unable to
22 meet the contribution requirement under para-
23 graph (1), the Administrator may reduce the
24 required contribution.

1 “(B) PRESUMPTION.—An eligible entity
2 shall be presumed to be unable to meet the con-
3 tribution requirement under paragraph (1) if
4 the eligible entity has—

5 “(i) long-term debt in an amount that
6 is less than \$10,000,000;

7 “(ii) an invested market endowment
8 in an amount that is less than
9 \$15,000,000; or

10 “(iii) total net liquid assets in an
11 amount that is less than \$15,000,000.

12 “(4) FAILURE TO OBTAIN NON-FEDERAL FUND-
13 ING.—If an eligible entity fails to obtain the re-
14 quired non-Federal contribution during any project,
15 or the reduced non-Federal contribution as deter-
16 mined by the Administrator—

17 “(A) the eligible entity shall not be eligible
18 thereafter for any other project for which it is
19 or may be funded by the Administration; and

20 “(B) before approving assistance for the
21 eligible entity for any other projects, the Ad-
22 ministrator shall specifically determine whether
23 the Administrator believes that the eligible enti-
24 ty will be able to obtain the requisite non-Fed-
25 eral funding and enter a written finding setting

1 the forth the reasons for making that deter-
2 mination.

3 “(5) RULE OF CONSTRUCTION.—The dem-
4 onstrated inability of an eligible entity to meet the
5 contribution requirement under paragraph (1) shall
6 not disqualify the eligible entity from entering into
7 a cooperative agreement under this section.

8 “(j) CONTRACT AUTHORITY.—

9 “(1) IN GENERAL.—An eligible entity may
10 enter into a contract with a Federal department or
11 agency to provide specific assistance to startup,
12 newly established, or growing small business con-
13 cerns.

14 “(2) PERFORMANCE.—Performance of a con-
15 tract entered into under paragraph (1) may not
16 hinder the eligible entity in carrying out the terms
17 of the cooperative agreement under this section.

18 “(3) EXEMPTION FROM MATCHING REQUIRE-
19 MENT.—A contract entered into under paragraph
20 (1) shall not be subject to the matching requirement
21 under subsection (i).

22 “(4) ADDITIONAL PROVISION.—Notwith-
23 standing any other provision of law, a contract for
24 assistance under paragraph (1) shall not be applied
25 to any Federal department or agency’s small busi-

1 ness, woman-owned business, or socially and eco-
 2 nomicallly disadvantaged business contracting goal
 3 under section 15(g).

4 “(k) PRIVACY REQUIREMENTS.—

5 “(1) IN GENERAL.—An eligible entity may not
 6 disclose the name, address, or telephone number of
 7 any individual or small business concern receiving
 8 assistance under this section without the consent of
 9 such individual or small business concern, unless—

10 “(A) the Administrator is ordered to make
 11 such a disclosure by a court in any civil or
 12 criminal enforcement action initiated by a Fed-
 13 eral or State agency; or

14 “(B) the Administrator considers such a
 15 disclosure to be necessary for the purpose of
 16 conducting a financial audit of an eligible enti-
 17 ty, but a disclosure under this subparagraph
 18 shall be limited to the information necessary for
 19 such audit.

20 “(2) ADMINISTRATION USE OF INFORMATION.—

21 This subsection shall not—

22 “(A) restrict Administration access to pro-
 23 gram activity data; or

24 “(B) prevent the Administration from
 25 using client information (other than the infor-

1 mation described in subparagraph (A)) to con-
2 duct client surveys.

3 “(3) REGULATIONS.—The Administrator shall
4 issue regulations to establish standards for requiring
5 disclosures during a financial audit under paragraph
6 (1)(B).

7 “(1) PUBLICATION OF INFORMATION.—The Adminis-
8 trator shall—

9 “(1) publish information about the program
10 under this section online, including—

11 “(A) on the website of the Administration;
12 and

13 “(B) on the social media of the Adminis-
14 tration; and

15 “(2) request that the resource and lending part-
16 ners of the Administration and the district offices of
17 the Administration publicize the program.

18 “(m) ANNUAL REPORTING.—Not later than 1 year
19 after the date on which the Administrator establishes the
20 program under this section, and annually thereafter, the
21 Administrator shall submit to Congress a report on the
22 activities under the program, including—

23 “(1) the number of startup, newly established,
24 and growing small business concerns participating in
25 the project carried out by each eligible entity under

1 a cooperative agreement under this section (in this
2 paragraph referred to as ‘participants’), including a
3 breakdown of the owners of the participants by race,
4 gender, veteran status, and urban versus rural loca-
5 tion;

6 “(2) the retention rate for participants;

7 “(3) the total and median amount of capital
8 accessed by participants, including the type of cap-
9 ital accessed;

10 “(4) the total and median number of employees
11 of participants;

12 “(5) the number and median wage of jobs cre-
13 ated by participants;

14 “(6) the number of jobs sustained by partici-
15 pants; and

16 “(7) information regarding such other metrics
17 as the Administrator determines appropriate.

18 “(n) FUNDING.—

19 “(1) AUTHORIZATION OF APPROPRIATIONS.—
20 There are authorized to be appropriated such sums
21 as may be necessary to carry out this section.

22 “(2) ADMINISTRATIVE EXPENSES.—Of the
23 amount made available to carry out this section for
24 any fiscal year, not more than 10 percent may be

1 used by the Administrator for administrative ex-
2 penses.”.

3 (b) REGULATIONS.—The Administrator of the Small
4 Business Administration shall promulgate regulations to
5 carry out section 49 of the Small Business Act, as added
6 by subsection (a).

○