along with other members of the Idalou and Lorenzo Volunteer Fire Departments, arrived at the scene of a one-vehicle roll-over to find the driver trapped beneath a water truck. In an effort to free the driver, Assistant Chief Butler helped set up air bags to lift the truck off the pavement. Once the bags were inflated, he operated the controls to raise the truck, and the man was soon freed from the wreckage and transported to a local hospital. As firefighters were loading their equipment for the return home, David collapsed never to regain consciousness.

The fire department was an extension of David's family, and he acted as a father to his colleagues just as he did to his own three children. He was the epitome of a family man; an ever-dedicated servant to his family, friends and community. David is a true hero, and through his service, he has made Idalou and our society a better place to live. I would like to extend my most sincere condolences to his wife and children and to all who had the pleasure of working with and knowing him. You are all in my thoughts and prayers.

H.R. 2392

HON. JAMES M. TALENT

OF MISSOURI

HON. NYDIA M. VELAZQUEZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 5, 2000

Mr. TALENT. Mr. Speaker, on behalf of myself and Ms. Velazquez, I submit the following Joint Statement of Managers relating to The Small Business Innovation Research Program Reauthorization Act of 2000 (H.R. 2392).

JOINT STATEMENT OF MANAGERS FROM THE COMMITTEE ON SMALL BUSINESS REGARDING H.R. 2392, AS CONSIDERED PURSUANT TO H. RES. 590

TITLE I

The Small Business Innovation Research Program Reauthorization Act of 2000 (H.R. 2392) was introduced on June 30, 1999, and referred to the House Committees on Small Business and Science. Both Committees held hearings and the House Committee on Small Business reported H.R. 2392 on September 23, 1999 (H. Rept. 106–329). In the interest of moving the bill to the floor of the House of Representatives promptly, the Committee on Science agreed not to exercise its right to report the legislation, provided that the House Committee on Small Business agreed to add the selected portions of the Science Committee version of the legislation, as Sections 8 through 11 of the House floor text of H.R. 2392. H.R. 2392 passed the House without further amendment on September 27. The Science Committee provisions were explained in floor statements by Congressmen Sensenbrenner, Morella, and Mark Udall.

On March 21, 2000, the Senate Committee marked-up H.R. 2392 and on May 10, 2000, reported the bill (S. Rept. 106–289). The Senate Committee struck several of the sections originating from the House Committee on Science and added sections not in the House-passed legislation, including a requirement that Federal agencies with Small Business Innovation Research (SBIR) programs report their methodology for calculating their SBIR budgets to the Small Business Administration (SBA) and a program to assist states in the development of small high-technology businesses. Negotiations then began among the leadership of the Senate and House committees on Small Business and the House Committee on Science (hereinafter referred to as the three committees). The resultant compromise text contains all major House and Senate provisions, some of which have been amended to reflect a compromise position. A section-by-section explanation of the revised text follows. For purposes of this statement, the bill passed by the House of Representatives is referred to as the ''House version'' and the bill reported by the Senate Committee on Small Business is referred to as the ''Senate version.''

Section 101. Short Title; Table of Contents. The compromise text uses the Senate short title: ''Small Business Innovation Research Program Reauthorization Act of 2000.'' The table of contents lists the sections in the compromise text.

Section 102. Findings. The House and Senate versions of the findings are very similar. The compromise text uses the House version of the findings.

Section 103. Extension of the SBIR Program. The House version extend the SBIR program for seven years through September 30, 2007. The Senate version extend the program for ten years through September 30, 2010. The compromise text extends the program for eight years through September 30, 2008.

Section 104. Annual Report. The House version provides for the annual report on the SBIR program prepared by the SBA to be sent to the Committee on Science, as well as to the House and Senate Committees on Small Business that currently receive it. The Senate version did not include this section. The compromise text adopts the House language.

Section 105. Third Phase Assistance. The compromise text of this technical amendment is identical to both the House and Senate versions.

Section 106. Report on Programs for Annual Performance Plan. This section requires each agency that participates in the SBIR program to submit to Congress a performance plan consistent with the Government Performance and Results Act. The House and Senate versions have the same intent. The compromise text uses the House version.

Section 107. Output and Outcome Data. Both the House and Senate versions contain sections enabling the collection and maintenance of information from awardees as is necessary to assess the SBIR program. Both the House and Senate versions require the SBA to maintain a public database at SBA containing information on awardees from all SBIR agencies. The Senate version adds paragraphs to the public database section dealing with database identification of businesses or subsidiaries established for the commercial application of SBIR products or services and the inclusion of information regarding mentors and mentoring networks. The House version further requires the SBA to establish and maintain a government database, which is exempt from the Freedom of Information Act and is to be used solely for program evaluation. Outside individuals must sign a non-disclosure agreement before gaining access to the database. The compromise text contains each of these provisions, with certain modifications and clarifications, which are addressed below.

With respect to the public database, the compromise text makes clear that proprietary information, so identified by a small business concern, will not be included in the public database. With respect to the government database, the compromise text clarifies that the inclusion of information in the government database is not to be considered publication for purposes of patent law. The compromise text further permits the SBA to include in the government database any information received in connection with an SBIR award the SBA Administrator, in conjunction with the SBIR agency program managers, consider to be relevant and appropriate or that the Federal agency considers to be useful to SBIR program evaluation.

With respect to small business reporting for the government database, the compromise text directs that when a small business applies for a second phase award it is required to update information in the government database. If an applicant for a second phase award receives the award, it shall update information in the database concerning the award at the termination of the award period and will be requested to voluntarily update the information annually for an additional period of five years. This reporting procedure is similar to current Department of Defense requirements for the reporting of such information. When sales or additional investment information is related to more than one second phase award is involved, the compromise text permits a small business to apportion the information among the awards in any way it chooses, provided the apportionment is noted on all awards so apportioned.

The three committees understand that receiving complete commercialization data on the SBIR program is difficult, regardless of any reasonable time frame that could be established for the reporting of such data. Commercialization may occur many years following the receipt of a research grant and research from an award, while not directly resulting in a marketable product, may set the groundwork for additional research that leads to such a product. Nevertheless, the three committees believe that the government database will provide useful information for program evaluation.

Section 108. National Research Council Reports. The House version requires the four largest SBIR program agencies to enter into an agreement with the National Research Council (NRC) to conduct a comprehensive study of how the SBIR program has stimulated technological innovation and used small businesses to meet Federal research and development needs and to make recommendations on potential improvements to the program. The Senate version contains no similar provision. The study was designed to answer questions remaining from the House Committees' reviews of these programs and to make sure that a current evaluation of the program is available when the program next comes up for reauthorization.

The compromise text makes several changes to the House text. The compromise text adds the National Science Foundation to the agencies entering the agreement with the NRC and requires the agencies to consult with the SBA in entering such agreement. It also expands on the House version, which requires a review of the quality of SBIR research, to require a comparison of the value of projects conducted under SBIR with those funded by other Federal research and development expenditures. The compromise text further broadens the House version's review of the economic rate of return of the SBIR program to require an evaluation of the economic benefits of the SBIR program, including economic rate of return, and a comparison of the economic benefits of the SBIR program with that of other Federal research and development expenditures. The compromise text allows the NRC to chose an appropriate time-frame for such analysis that results in a fair comparison.

The three committees believe that a comprehensive report on the SBIR program and its relation to other Federal research expenditures will be useful in program oversight and will provide Congress with an understanding of the effects of extramural Federal research and development funding provided to large and small businesses and universities. The three committees understand, however, that measuring the direct benefits to the nation's economy from the SBIR program and other Federal research expenditures may be difficult to calculate and may not provide a complete portrayal of the benefits achieved by the SBIR program. Accordingly, the legislation requires the NRC also to review the non-economic benefits of the SBIR program, which may include, among other matters, the increase in scientific knowledge that has resulted from the program. The paragraph in the compromise text calling for recommendations remains the same as the House version, except that the bill now asks the NRC to make recommendations, should there be any.

While the study is to be carried out within National Research Council study guidelines and procedures, the compromise text requires the NRC to take the steps necessary to ensure that individuals from the small business community with expertise in the SBIR program are well-represented in the panel established for performing the study and among the peer reviewers of the study. The NRC is to consult with and consider the views of the SBA's Office of Technology and the SBA's Office of Advocacy and to conduct the study in an open manner that makes sure that the views and experiences of small businesses involved in the program are carefully considered in the design and execution of the study. Extension of the SBIR program for eight years rather than the five being contemplated when the House study provision was initially written has necessitated some adjustments in the study. The report is now required three years rather than four years after the date of enactment of the Act and the NRC is to update the report within six years of enactment. The update is intended to bring current, any information from the study relevant to the reauthorization of the SBIR program. It is not intended to be a second full-fledged study. In addition, semiannual progress reports by NRC to the three committees are required.

Section 109. Federal Agency Expenditures for the SBIR Program. The Senate version requires each Federal agency with an SBIR program to provide the SBA with a report describing its methodology for calculating its extramural budget for purposes of SBIR program set-aside and requires the Administrator of the SBA to include an analysis of the methodology from each agency in its annual report to the Congress. The House version has no similar provision. The compromise text follows the Senate text except that it specifies that each agency, rather than the agency's comptroller, shall submit the agency's report to the Administrator. The three committees intend that each agency's methodology include an itemization of each research program that is excluded from the calculation of its extramural budget for SBIR purposes as well as a brief explanation of why the agency feels each excluded program meets a particular exemption.

Section 110. Policy Directive Modifications. The House version includes policy directive modifications in Section 9 and the requirement of a second phase commercial plan in Section 10. The Senate version includes policy directive modifications in Section 6. The Senate version and now the compromise text require the Administrator to make modifications to SBA's policy directives 120 days after the date of enactment rather than the 30 days contained in the House version. The compromise text drops the House policy directive dealing with awards exceeding statutory dollar amounts and time limits because this flexibility is already being provided administratively. Addressed below is a description of the policy directive modifications contained in the compromise text that were not included in both the Senate version and the House version.

Section 10 of the House version requires the SBA to modify its policy directives to require the small businesses provide a commercial plan with each application for a second-phase award. The Senate version does not contain a similar provision. The compromise text requires the SBA to modify its policy directives to require that a small businesses provide a ''succinct commercialization plan for each second phase award moving towards commercialization.'' The three committees acknowledge that commercialization is a current element of the SBIR program. The statutory definition of SBIR, which is not amended by H.R. 2392, includes ''a second phase, to further develop proposals which meet particular program needs, in which awards shall be made based on the scientific and technical merit and feasibility of the proposals, as evidenced by the first phase, considering among other things the proposal's commercial potential * * *'', and lists evidence of commercial potential as the small business's commercialization record, private sector funding commitments, SBIR Phase III commitments, and the presence of other indicators of the commercial potential. The three committees do not intend that the addition of a commercialization plan either increase or decrease the emphasis an agency places on the commercialization when reviewing second-phase proposals. Rather, the commercialization plan will give SBIR agencies a means of determining the seriousness with which individual applicants approach commercialization.

The commercialization plan, while concise, should show that the business has thought through both the steps it must take to prepare for the fruits of the SBIR award to enter the commercial marketplace or government procurement and the steps to build business expertise as needed during the SBIR second phase time period. The three committees intend that agencies take into consideration the stage of development of the product or process in deciding whether an appropriate commercialization plan has been submitted. In those instances when at the time of the SBIR Phase II proposal, the grantee cannot identify either a product or process with the potential eventually to enter either the commercial or the government marketplace, no commercialization plan is required.

The compromise text also adds new provisions that were not contained in either the Senate version or the House version. Current law (Section 9(j)(3)(C) of the Small Business Act) requires that the Administrator put in place procedures to ensure, to the extent practicable, that an agency which intends to pursue research, development or production of a technology developed by a small business concern under an SBIR

The three committees are concerned that agencies sometimes provide these follow-on activities to large companies who are in incumbent positions or through contract bundling without written justification or without the statutory required documentation of the impracticability of using the small business for the work. So that the SBA and the Congress can track the extent of this problem, the compromise text requires agencies to record and report each such occurrence and to describe in writing why it is impractical to provide the research project to the original SBIR company. Additionally, the compromise text directs the SBA to develop policy directives to implement the new subsection (v), Simplified Reporting Requirements. This subsection requires that the directives regarding collection of data be designated to minimize the burden on small businesses; to permit the updating the database by electronic means; and to use standardized procedures for the collection and reporting of data.

Section 103(a)(2) of P.L. 102–564, which reauthorized the SBIR program in 1992, added language to the description of a third phase award which made it clear that the third phase is intended to be a logical conclusion of research projects selected through competitive procedures in phases one and two. The Report of the House Committee on Small Business (H. Rpt. 102–554, Pt. I) provides that the purpose of that clarification was to indicate the Committee's intent that an agency which wishes to fund an SBIR project in phase three (with non-SBIR monies) or enter into a follow-on procurement contract with an SBIR company, need not conduct another competition in order to satisfy the Federal Competition in Contracting Act (CICA). Rather by phase three the project has survived two competitions and thus has already satisfied the requirements of CICA, set forth in section 2302(2)(E) of that Act, as they apply to the SBIR program. As there has been confusion among SBIR agencies regarding the intent of this change, the three committees reemphasized the intent initially set forth in H. Rpt. 102–554, Pt. 1, including the clarification that follow-on phase III procurement contracts with an SBIR company may include procurement of products, services, research, or any combination intended for use by the Federal government.

Section 111. Federal and State Technology Partnership Program. This section establishes the FAST program from the Senate version, which is a competitive matching grant program to encourage states to assist in the development of high-technology businesses. The House version does not contain a similar provision. The most significant changes from the Senate version is the compromise text that are an extension of the maximum duration of awards from three years to five years and the lowering of the matching requirement for funds assisting businesses in low income areas to 50 cents per federal dollar, as advocated by Ranking Member Velazquez of the House Small Business Committee. The compromise text combines the definitions found in the Senate version of this section and the mentoring networks section.

Section 112. Mentoring Networks. The Senate version sets forth criteria for mentoring networks that organizations are encouraged to establish with matching funds from the FAST program and creates a database of small businesses willing to act as mentors. The compromise text, except for relocating the program definitions to Section 111, is the same as the Senate text. The House version did not contain a similar provision.

Section 113. Simplified Reporting Requirements. This section is not in either the House or the Senate versions. It requires the SBA Administrator to work with SBIR program agencies on standardizing SBIR reporting requirements with the ultimate goal of making the SBA;s SBIR database more user friendly. This provision requires the SBA to consider the needs of each agency when establishing and maintaining the database. Additionally, it requires the SBA to take measures to reduce the administrative burden on SBIR program participants whenever possible including, for example, permitting updating by electronic means.

Section 114. Rural Outreach Program Extension. This provision, which was not in either House or Senate versions, extends the life and authorization for appropriations for the Rural Outreach Program of the Small Business Administration for four additional years through fiscal year 2005. It is the intent of the three committees that this program be evaluated on the same schedule and in the same manner as the FAST program. Among other things, the evaluation should examine the extent to which the programs complement or duplicate each other. The evaluation should also include recommendations for improvement to the program, if any.

TITLE II

The purpose of Title II is to amend the general business loan program at the Small Business Administration, commonly known as the 7(a) loan program. Title II of H.R. 2392 contains a variety of technical and substantive changes to improve the program and correct problems brought to the Committee's attention through the oversight process and originally passed by the House as H.R. 2616.

Title II will increase the maximum guarantee amount of a 7(a) loan to $1 million from the current limit of $750,000 in order to keep pace with inflation. The guarantee amount was last increased in 1988. It also maintains a cap prohibiting loans with a gross amount in excess of $2 million.

The bill will also remove a provision which reduced SBA's liability for accrued interest on defaulted loans since the provision's intended savings failed to materialize.

Title II also includes three changes designed to encourage the making of smaller loans. The guarantee rate will be expanded to 85 percent from loans under $100,000 to loans under $150,000. Likewise, the two percent guarantee fee will now apply to loans up to $150,000, which represent a significant savings for these small borrowers.

Finally, for small loans, Title II of H.R. 2392 includes a provision allowing lenders to retain one quarter of the guarantee fee on loans under $150,000 as an incentive to make these loans.

The last part of Title II modifies an SBA regulatory restriction which prohibit loans for passive investment. Title II will permit the financing of projects where no more than 20 percent of a business location will be rented out provided the small business borrower in question occupies at least 60 percent of the business space.

Section 201. Short Title.

Section 202. Levels of Participation. Increases the guarantee percentage on loans of $150,000 or less to 85 percent. The current guarantee level of 80 percent extends only to loans of $100,000 or less. This guarantee increase is one of the changes proposed to encourage the availability of smaller loans.

Section 203. Loan Amounts. This provision will increase the maximum guarantee amount of $1 million. The maximum gross loan amount will be capped at $2 million. The language would prohibit SBA from placing a guarantee on any loan over $2 million regardless of the guaranteed amount. Consequently, the largest loan available would be a $2 million loan with a 50 percent guarantee.

The largest loan available at the maximum guarantee rate of 75 percent would be $1,333,333. The cap on loans over $2 million will effectively remove a number of large loans that have been made with only a minimal guarantee, loans which use up loan authority at a disproportionate rate. In 1998, roughly thirty loans over $2 million were made.

Section 204. Interest on defaulteld loans. This will remove the provision that reduced SBA's liability for accrued interest on defaulted loans. This provision was added to the program in 1996 as a method of reducing the subsidy cost of the program. It has come to the Committee's attention that the expected savings have not materialized.

Section 205. Prepayment of loans. This provision will reduce the incentive for early prepayment of 7(a) loans. It will assess a fee to the borrower for early prepayment of any loan with a term in excess of 15 years. Early prepayment will be defined as any prepayment within the first three years after disbursement. The prepayment fee will be determined by the date of the prepayment—5 percent in the first year, 3 percent in the second year, 1 percent in the third year. The fee will be based on ''excess prepayment'' which is defined as prepayment of more than 25 percent of the outstanding loan amount. In the event of an excess prepayment the fee would be assessed on the entire outstanding loan amount.

Section 206. Guarantee fees. This section changes the guarantee fee for loans of $150,000 or less to 2 percent. Currently, the guarantee fee of 2 percent is only for loans under $100,000. Loans over $100,000 currently have a guarantee fee of 3 percent. The section also provides for an incentive for lenders to make smaller loans (under $150,000) by allowing them to retain ¼ of the guarantee fee.

Section 207. Lease Terms. Under existing 7(a) rules, loan proceeds may not be used for investment purposes. This includes purchase or construction of property to be leased to others. Currently, 7(a) loans may be used to construct property which will be used solely by the borrower.

In 1997, Congress modified this rule for the 504 program to allow for projects where a small portion of a property might be rented out permanently, but the borrower's main focus was the construction of a permanent location. This provision would allow the same authority for 7(a) loans. Borrowers would be allowed to lease up to 20 percent of a property in which they will occupy at least 60 percent of the business space.

TITLE III

The purpose of Title III of H.R. 2392 is to amend the Small Business Investment Act to make changes in the Certified Development Company (CDC) loan program at the Small Business Administration (SBA), commonly known as the 504 loan program. Title III is the substance of H.R. 2614 which passed the House earlier this Congress and contains a variety of technical and substantive changes to improve the program and correct problems brought to the Committee's attention through the oversight process.

Title III will increase the maximum amount of a 504 loan, and its underlying debenture, to $1 million from the current limit of $750,000 in order to keep pace with inflation. The maximum amount for loans with specific public policy purposes (low-income, rural, and minority owned businesses) is increased to $1,300,000. The loan amount was last increased in 1988. Title III will also reauthorize the fees which support the 504 program.

Title III will also add women-owned businesses as a specific public policy goal for the 504 program. Title III will make permanent two pilot programs begun by SBA in 1997 in response to a Congressional mandate. The first pilot program, the Liquidation Pilot Program, enables certain qualified Certified Development Companies to liquidate their own loans rather enduring the usual process of SBA controlled liquidation. The second, the Premier Certified Lenders Program, enables experienced CDCs to use streamlined procedures for loan making and liquidation.

Sec. 302. Women-Owned Businesses. Women-owned businesses are added to the list of concerns eligible for the higher debentures available for public policy purposes. Current policy goals include lending to low-income and rural areas, and loans to businesses owned by minorities.

Sec. 303. Maximum Debenture Size. Maximum loan/debenture size is increased from $750,000 to $1,000,000 for regular debentures. Public policy loan/debentures are increased from $1,000,000 to $1,300,000 for public policy debentures. This increase is commensurate with inflation since the current debenture levels were established.

Sec. 304. Fees. Currently, the 504 program levies fees on the borrower, CDC, and the participating bank. The bank pays a one-time fee whereas the borrower and CDC pay a percentage of the outstanding balance annually in order to provide operational funding for the 504 program. Currently these fees sunset on October 1, 2000. This legislation would continue the fees through October 1, 2003.

Sec. 305. Premier Certified Lenders Program. The Premier Certified Lenders Program (PCLP) is granted permanent status. The current demonstration program terminates at the end of FY 2000.

Sec. 306. Sale of Certain Defaulted Loans. SBA is required to give any certified lender with contingent liability 90 days notice prior to including a defaulted loan in a bulk sale of loans. No loan may be sold without permitting prospective purchasers to examine SBA records on the loan.

Sec. 307. Loan Liquidation. Section 510 is added to the Small Business Investment Act of 1958 in order to create a program permitting CDCs to handle the liquidation of defaulted loans. This program replaces the pilot program authorized by PL 105–135, the Small Business Reauthorization Act of 1997. A permanent program would permit OMB to score savings achieved by the program when computing the subsidy rate for the 504 program.

In order to participate in the liquidation program, a CDC must have made at least 10 loans per year for the past three years and have at least one employee with 2 years of liquidation experience or be a member of the Accredited Lenders Program with at least one employee with 2 years of liquidation experience. Both groups are required to receive training. PCLP participants and current participants in the pilot program automatically qualify.

CDCs have the authority to litigate as necessary to foreclose and liquidate, but SBA could assume control of the litigation if the outcome might adversely affect SBA's management of the program or if SBA has additional legal remedies not available to the CDC.

All Section 510 participants are required to submit a liquidation plan to SBA for approval, and SBA has 15 days to approve, deny, or express concern with the plan. Further SBA approval of routine liquidation activities is not required.

CDCs are able to purchase indebtedness with SBA approval, and SBA is required to respond to such a request within 15 days. Likewise, CDCs are required to seek SBA approval of any workout plan, and SBA must respond to that request within 15 days. With SBA approval, a CDC may compromise indebtedness. Such approval must be granted, denied, or explained within 15 days of receipt of SBA.

TITLE IV

The purpose of Title IV is to amend the Small Business Investment Act (the Act) to make changes in the Small Business Investment Company (SBIC) program at the SBA.

Title IV contains the language from H.R. 3845 which passed the House earlier this Congress and contains four technical changes to improve the program and correct problems brought to the Committee's attention through the oversight process.

H.R. 3845 modifies the definition of control for SBIC investment in small businesses, eliminating a cumbersome five prong test and setting a clear statutory standard. H.R. 3845 will also modify the definition of long term investment under the Act, changing it from five years to one year, in order to harmonize that definition with accepted business practice and the tax and banking laws. Third, the bill allows the Administration to adjust the subsidy fee for the SBIC program to maintain the subsidy rate of the program at zero. Finally, the bill makes a change to the distribution language in the Act, allowing SBICs more flexibility in making distributions to their investors and will simplify the accounting and tax procedures at SBICs.

Sec. 401. Short Title.

Sec. 402. Definitions. (a) Small Business Concern. Inserts the following language in section 103(5)(A)(i) of the Small Business Investment Act—''regardless of the allocation of control during the investment period under any investment agreement between the business concern and the entity making the investment''. This phrase clarifies that a venture capital investment agreement from an SBIC may cause a change in control of a small business, but that such a change with not affect the eligibility of the small business concern. The Committee does not intend that SBICs become holding companies hence the language references the period of the investment agreement. Further, the Committee retains the authority for SBA examinations to inquire into ''illegal control'' by SBICs, though the committee expects such control to be that exercised outside an investment agreement.

(b) Long term. Inserts the following paragraph in section 103 of the Small Business Investment Act,

''(17) the term long term, when used in connection with equity capital or loan funds invested in any small business concern or smaller enterprise, means any period of time not less than 1 year.'' The language changes the definition of a long term investment to harmonize it with the tax and banking laws.

Sec. 403. Investment in SBICs. This provision allows federal savings associations to invest in SBICs.

Sec. 404. Subsidy Fees. This provision amends sections 303(b) and 303(g)(2) of the Small Business Investment Act to allow the Administration to adjust the fee assessed on debentures and participating securities up to a maximum of one percent. The fee will be adjusted to keep the subsidy cost of the programs at zero or as close as possible to zero.

Sec. 405. Distributions. This section amends section 303(g)(8) of the Small Business Investment Act in order to allow SBICs to make distributions at any time during a calendar quarter based on the maximum estimated tax liability.

Sec. 406. Conforming Amendment.

TITLE V

The purpose of Title V is to reauthorize the programs and operations of the SBA. Title V contains the language from H.R. 3843 which contained the authorization levels for SBA for fiscal years 2001, 2002, and 2003. It contains no technical or substantive changes to any of the programs. The SBA provides a variety of services for small businesses—financial assistance, technical assistance, and disaster assistance.

Financial Assistance. The SBA provides approximately $11 billion in financing to small businesses annually. This financing is made available through a variety of programs.

SBA's largest financial program is the Section 7(a) general business loan program. The 7(a) program offers loans to small businesses through local lending institutions. These loans are provided with an SBA guarantee of up to 80 percent and are limited to a maximum of $750,000. The 7(a) program has a subsidy rate of 1.16 percent for fiscal year 2000 and an appropriation of $107 million, permitting $9.8 billion in lending.

The Section 504 loan program provides construction, renovation and capital investment financing to small businesses through CDCs. These CDCs are SBA licensed, local business development organizations which provide loans of up to $750,000 for small businesses, in cooperation with local banks. CDCs provide 40 percent of the financing package, while the bank provides 50 percent, and the small business provides a 10 percent down payment. CDC funding is obtained through issuance of an SBA guaranteed debenture. The 504 program currently operates at no cost to the taxpayer but does require authorization.

The microloan program provides small loans of up to $25,000 to borrowers in low-income areas. In fiscal year 1999 the program provided $29 million in loans. In addition, the program has a technical assistance aspect that provides managerial and business expertise to microloan borrowers. Microloans are made by intermediary organizations that specialize in local business development. The program has a subsidy rate of 8.54 percent.

The Small Business Investment Company (SBIC) program provides over $1.5 billion in long term and venture capital financing for small businesses annually. SBICs are venture capital firms that leverage private investment dollars with SBA guaranteed debentures or participating securities. The SBIC debenture program currently operates at a zero subsidy rate and requires no taxpayer subsidy. The participating securities program has a 1.8 percent subsidy rate.

Technical Assistance. The SBA provides technical and managerial assistance to small businesses through four primary programs—Small Business Development Centers (SBDCs), the Service Corps of Retired Executives (SCORE), the 7(j) technical assistance program, and the Women's Business Center program.

SBDCs are located primarily at colleges and universities and provide assistance through 51 center sites and approximately 970 satellite offices. Through a formula of matching grants and donations SBDCs offer small businesses guidance on marketing, financing, start-up, and other areas. The program currently receives $84 million in appropriations.

SCORE provides small business assistance on-site through the volunteer efforts of its members. SCORE volunteers are retired business men and women who offer their expertise to small businesses. SCORE volunteers are reimbursed for their travel expenses and SCORE receives funding as well for a website and offices in Washington, DC.

The 7(j) program provides financing for technical assistance to the minority contracting community primarily through courses and direct assistance from management consultants. In addition, the program provides assistance participants to attend business administration classes offered through several colleges and universities.

The Women's Business Center program provides five year grants matched by non-federal funds to private sector organizations to establish business training centers for women. Depending on the needs of the community, centers teach women the principles of finance, management and marketing as well as specialized topics such as government contracting or starting home-based businesses. There are currently 81 centers in 47 states in rural, urban and suburban locations.

Disaster Assistance. The Small Business Administration also provides disaster loan assistance to homeowners and small businesses nationwide. This program is a key component of the overall Federal recovery effort for communities struck by natural disasters. This assistance is authorized by section 7(b) of the Small Business Act which provides authority for reduced interest rate loans. Currently the interest rates fluctuate according to the statutory formula—a lower rate, not to exceed four percent is offered to applicants with no credit available elsewhere, while a rate of a maximum of eight percent is available for other borrowers.

SECTION-BY-SECTION ANALYSIS

Section 501. Short Title.

Section 502. Reauthorization of Small Business Programs. This section provides the authorized appropriation levels for the following programs: Section 7(a) general business loans, Section 504 Certified Development Company loans, direct microloans, guaranteed microloans, microloan technical assistance, Defense Transition (DELTA) loans, Small Business Investment Company debentures, Small Business Investment Company participating securities, Surety Bonds guarantees, SCORE, disaster loans, and salaries and expenses.

The following are the authorizations levels for the financial programs:

(in millions)	2001	2002	2003
7(a)	$14,500	$15,000	$16,000
504	4,000	4,500	5,000
Microloan	60	80	100
Microloan TA	45	60	70
Microloan gty	50	50	50
SBIC debentures	1,500	2,500	3,000
SBIC part. Securities	2,500	3,500	4,000
Surety bonds	4,000	5,000	6,000

This Title also authorizes the Service Corps of Retired Executives (SCORE). SCORE will be authorized at 5, 6, and 7 million dollars for fiscal years 2001, 2002, and 2003, respectively.

Title V also contains provisions authorizing funding for salaries and expenses at the Small Business Administration. These authorizations are established as ''such sums as may be necessary''.

Section 503. Additional Reauthorizations.

This section reauthorizes five programs:

(a) SBDC funding—Increases the authorization from $95,000,000 to $125,000,000.

(b) Drug Free Workplace—Extends authorization through fiscal year 2003 at $5,000,000 per year.

(c) HUBZones—Authorizes appropriations of $10,000,000 per year through fiscal year 2003.

(d) National Women's Business Council—Increases authorization to $1,000,000 per year and extends authorization through fiscal year 2003.

(e) Very Small Business Concerns—Extends authorization through September 30, 2003.

(f) SDB Certification—Extends authorization through September 30, 2003.

TITLE VI

Title VI contains several miscellaneous authorizations and programs.

Section 601. Loan Application Processing. This section requires a study of the time required for SBA to process loan applications.

Section 602. Application of eligibility requirements. This section clarifies that women-owned business, socially and economically disadvantaged business, and veteran owned business status is to be determined without regard for the possible application of state community property laws.

Certain SBA offices have been denying loan applications based upon the possibility that qualified individuals may divorce resulting in joint ownership of the small business.

Section 603. HUBZone Eligibility. This section includes a provision extending eligibility for HUBZone Small Business Concerns for an additional year if they are located in areas that recently were removed from HUBZone status.

Section 604. Subcontracting Preference for Veterans. This clarifies that the language included in subcontracting plans for small business concerns owned and controlled by veterans and used for the purpose of data collection also includes small business concerns owned and controlled by service disabled veterans. Apparently, there is confusion over the fact that the group of veteran owned businesses also includes service disabled veteran owned businesses.

Section 605. Small Business Development Center funding. This section reforms the formula for funding Small Business Development Centers.

Section 606. Surety Bond program. Reauthorizes the Surety Bond financing program.

SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY IRRIGATION WORKS OWNERSHIP

SPEECH OF

HON. J.D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 3, 2000

Mr. HAYWORTH. Mr. Speaker, during House floor consideration and passage of H.R. 2820, a draft resolution was inserted into the RECORD that was to have been a signed version of the resolution from the Salt River Pima-Maricopa Indian Community approving certain amendments to the Community's water code, as contemplated, and, indeed, as required by the bill. To correct this admission, I ask unanimous consent that the attached signed copy of the Community's resolution approving the requisite amendments to its water code be inserted into the RECORD and be included in the RECORD of the proceedings of the House with regard to H.R. 2820.

SALT RIVER PIMA-MARICOPA INDIAN COMMUNITY,
Scottsdale, AZ.

RESOLUTION NO. SR–2031–2000

Whereas, the Salt River Pima-Maricopa Indian Community (''SRP–MIC'') Council has the authority pursuant to Article VII, Section 1(d)(5) of the Constitution of the SRP–MIC to provide for the proper use and development and prevent the misuse of the lands, natural resources and other public property of the SRP–MIC; and

Whereas, the Congress of the United States has under consideration the passage of H.R. 2820 to convey to the SRP–MIC the irrigation works formerly owned and operated by the Bureau of Indian Affairs and located on SRP–MIC tribal and allottee land; and

Whereas, as a result of negotiations that led to the development of H.R. 2820, and amendments thereto, the legislation's language contemplates that the Community will adopt certain amendments to its Surface Water Management Code prior to enactment of the legislation: Now, therefore, be it

Resolved, That the SRP–MIC hereby adopts the attached amendments to its Surface Water Management Code, attached hereto as Exhibits ''A'' and ''B'' respectively; and be it further

Resolved, That, if substitute legislation for H.R. 2820 (1) is not passed by the Congress prior to the adjournment sine die of the 106th Congress, or (2) if so passed by Congress, but it is not signed into law during the 106th Congress, the approval by the Community of these amendments shall become null and void.

CERTIFICATION

Pursuant to the authority contained in Article VII, Section 1(d)(5) of the Constitution of the Salt River Pima-Maricopa Indian Community, ratified by the Tribe, February 28, 1990, and approved by the Secretary of the Interior, March 19, 1990, the foregoing resolution was adopted this 19th day of September 2000, at a duly called meeting held by the Community Council in Salt River, Arizona at which a quorum of 5 members were present by a vote of 5 for, 0 against, and 4 excused.

Salt River Pima-Maricopa Indian Community Council.

MERMA LEWIS,
Vice President.

MEDICARE COMPREHENSIVE QUALITY OF CARE AND SAFETY ACT OF 2000

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 5, 2000

Mr. STARK. Mr. Speaker, in March of 1998, the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry (Quality Commission) issued its final report, raising concerns about medical errors and recommending steps to reduce the incidence of medical errors. The Quality Commission urged that measuring and improving quality of care be made a national priority.

In June of 1998, the Congressional Medicare Payment Advisory Commission (MedPAC) reported on quality of care in Medicare, and in June of 1999, MedPAC made specific recommendations for improving quality of care in Medicare. MedPAC recommended:

That quality of care goals for Medicare, including minimizing preventable errors and increasing participation by patients in their care should be established, reviewed and revised through a public process; that systems be established in Medicare for monitoring, improving and safeguarding quality of care; that the Secretary work with the private sector to develop and use common, core sets of quality measures for monitoring quality; and that to the extent possible, quality of care systems in the traditional Medicare fee-for-service program and Medicare+Choice be comparable.

In July of last year, the Inspector General issued four reports citing major deficiencies in the accreditation of hospitals to ensure that quality of care provided in hospitals for Medicare by the Joint Commission on the Accreditation of Health Care Organizations (JCAHO). The Inspector General made a series of recommendations for improving the accreditation of hospitals to ensure that quality of care provided in hospitals met Medicare standards. Also last year, the General Accounting Office issued reports citing major deficiencies in the accreditation of nursing facilities.

Then, in November of last year, the Institute of Medicine issued a report, ''To Err is Human'', which reported that almost 100,000 people may be killed each year by medical errors. The IOM recommended that improving health care safety be made a national priority and that a nationwide mandatory reporting system of medical errors by providers should be established. The IOM also called for a ''culture of safety'' in health care organizations. On February 10, 2000, the Ways and Means Health Subcommittee held hearings on the IOM report.

And yesterday, October 4, 2000, the Journal of the American Medical Association (JAMA) published an article reporting on the findings of a study on quality of care furnished to Medicare fee-for-service (FFS) beneficiaries. The study examined Medicare hospital claims by State for 24 quality of care performance indicators. The study found wide variation in quality of care both among States and among performance indicators.

The authors state: ''Available data suggest that providing the services measured here could each save hundreds to thousands of lives a year.'' The authors report that ''there has been no systematic program for monitoring the quality of medical care provided to FFS

Today, I along with Mr. NEAL and Mr. JEFFERSON, am introducing legislation that would address the recommendations made by these distinguished organizations. For the first time since the Medicare program was enacted, my bill would establish quality of care as a major emphasis in Medicare.

The ''Medicare Comprehensive Quality of Care and Safety Act of 2000'' would for the first time in the history of Medicare establish a comprehensive quality of care and safety system in Medicare for setting quality of care goals and priorities, conducting research and setting standards for quality of care, monitoring quality, safeguarding quality, and establishing systems to improve information and education of patients and providers concerning quality of care issues.

Perhaps most important of all, my legislation will create a ''culture of safety and quality'' in health care by requiring every provider to establish a ''Medicare Quality of Care and Safety Program'' (MQCSP). Based on model fraud and abuse compliance plans developed and implemented by the HHS Inspector General, every Medicare provider would be required to implement a quality monitoring and error reduction program—''Medicare Quality of Care and Safety Program''—and to report serious failures to meet quality standards and medical errors. The Secretary would be required to establish a national database of medical errors, as called for by the Institute of Medicine.

This legislation would establish a Medicare Quality and Safety Advisory Committee, which would be charged with recommending annual goals and priorities on quality of care. In the Medicare comprehensive quality of care system, the Secretary would be required to establish quality standards, including performance measures. The Secretary would be required to coordinate Medicare quality of care activities with those in other Agencies of the Department. As an example, the Centers for Disease Control and Prevention have for many years established and implemented performance standards for certain aspects of care; the CDC