113TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
113–461

SMALL BUSINESS DEVELOPMENT CENTERS IMPROVEMENT ACT OF 2014

MAY 21, 2014.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GRAVES of Missouri, from the Committee on Small Business, submitted the following

R E P O R T

[To accompany H.R. 4121]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business, to whom was referred the bill (H.R. 4121) to amend the Small Business Act to provide for improvements to small business development centers, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

CONTENTS

39–006

I. AMENDMENT

The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Small Business Development Centers Improvement Act of 2014".

SEC. 2. USE OF AUTHORIZED ENTREPRENEURIAL DEVELOPMENT PROGRAMS.

The Small Business Act (15 U.S.C. 631 et seq.) is amended by adding at the end the following:

"SEC. 48. USE OF AUTHORIZED ENTREPRENEURIAL DEVELOPMENT PROGRAMS.

"(a) EXPANDED SUPPORT FOR ENTRERPRENEURS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, the Administrator shall only use the programs authorized in sections 7(j), 7(m), 8(a), 8(b)(1), 21, 22, 29, and 32 of this Act, and sections 358 and 389 of the Small Business Investment Act to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training.

"(2) EXCEPTION.—This section shall not apply to services provided to assist small business concerns owned by an Indian tribe.

"(b) ANNUAL REPORT.—Beginning on the first December 1 after the date of enactment of this subsection, the Administrator shall annually report to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate on all entrepreneurial development activities undertaken in the current fiscal year. This report shall include—

"(1) a description and operating details for each program and activity;

"(2) operating circulars, manuals, and standard operating procedures for each program and activity;

"(3) a description of the process used to award grants under each program and activity;

"(4) a list of all awardees, contractors, and vendors (including organization name and location) and the amount of awards for the current fiscal year for each program and activity;

"(5) the amount of funding obligated for the current fiscal year for each program and activity; and

"(6) the names and titles for those individuals responsible for each program and activity.".

SEC. 3. MARKETING OF SERVICES.

Section 21 of the Small Business Act (15 U.S.C. 648) is amended by adding at the end the following:

"(o) NO PROHIBITION OF MARKETING OF SERVICES.—The Administrator shall not prohibit applicants receiving grants under this section from marketing and advertising their services to individuals and small businesses.".

SEC. 4. CONFIDENTIALITY REQUIREMENTS.

Section 21(a)(7)(A) of the Small Business Act (15 U.S.C. 648(a)(7)(A)) is amended by inserting after "under this section" the following: "to any State, local or Federal agency or third party".

SEC. 5. DATA COLLECTION.

(a) IN GENERAL.—Section 21(a)(3)(A) of the Small Business Act (15 U.S.C. 648(a)(3)(A)) is amended—

(1) in clause (ii), by striking "as provided in this section and" and inserting "as provided in this section,"; and

(2) by inserting before the period at the end the following: ", and (iv) governing data collection activities related to applicants receiving grants under this section".

(b) ANNUAL REPORT ON DATA COLLECTION.—Section 21 of the Small Business Act (15 U.S.C. 648), as amended by section 3 of this Act, is further amended by adding at the end the following:

"(p) ANNUAL REPORT ON DATA COLLECTION.—The Administrator shall report annually to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate on data collection activities related to the Small Business Development Center program.".

SEC. 6. MATCHMAKING AND OTHER EVENTS.

Section 21(a)(3)(C) of the Small Business Act (15 U.S.C. 648(a)(3)(C)) is amended to read as follows:

"(C) Such participation in private partnerships and cosponsorships with the Administration shall not limit Small Business Development Centers from collecting fees or other income related to the operation of such partnerships and cosponsorships.".

SEC. 7. EQUITY FOR SBDCS.

Section 21(a)(4)(C)(v)(I) of the Small Business Act (15 U.S.C. 648(a)(4)(C)(v)(I)) is amended—

(1) in item (aa), by striking "; and" and inserting a period; and

(2) by striking item (bb).

SEC. 8. AWARD OF GRANTS TO SBDCS.

Section 21 of the Small Business Act (15 U.S.C. 648), as amended by sections 3 and 5 of this Act, is further amended by adding at the end the following:

"(q) LIMITATION ON AWARD OF GRANTS.—Except for not-for-profit institutions of higher education, notwithstanding any provision of law, the Administrator shall not award grants (including contracts and cooperative agreements) under this section to any entity other than those that received grants (including contracts and cooperative agreements) under this section prior to September 30, 2014, and that seek to renew such grants (including contracts and cooperative agreements) after such date.".

SEC. 9. DISASTER REFORMS.

Section 21(b)(3) of the Small Business Act (15 U.S.C. 648(b)(3)) is amended—

(1) by striking "(3) At the discretion" and inserting the following:

"(3) ASSISTANCE TO OUT-OF-STATE SMALL BUSINESSES.—

"(A) IN GENERAL.—At the discretion"; and

(2) by adding at the end the following:

"(B) DISASTER RECOVERY ASSISTANCE.—

"(i) IN GENERAL.—At the discretion of the Administrator, the Administrator may authorize a small business development center to provide assistance, as described in subsection (c), to a small business concern located outside of the State, without regard to geographic proximity, if the small business concern is located in an area for which the President has declared a major disaster under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), during the period of the declaration.

"(ii) CONTINUITY OF SERVICES.—A small business development center that provides counselors to an area described in clause (i) shall, to the maximum extent practicable, ensure continuity of services in any State in which the small business development center otherwise provides services.

"(iii) ACCESS TO DISASTER RECOVERY FACILITIES.—For purposes of this subparagraph, the Administrator shall, to the maximum extent practicable, permit the personnel of a small business development center to use any site or facility designated by the Administrator for use to provide disaster recovery assistance.".

SEC. 10. INCLUSIONS OF ENTREPRENEURSHIP TRAINING FOR UNEMPLOYED INDIVIDUALS.

Section 21(c)(3)(A) of the Small Business Act (15 U.S.C. 648(c)(3)(A)) is amended—

(1) in clause (iii), by striking "and" at the end;

(2) in clause (iv), by inserting "and" at the end; and

(3) by adding at the end the following:

"(v) educating unemployed individuals on entrepreneurship and working with such individuals to start new businesses;".

II. PURPOSE AND BILL SUMMARY

The purpose of H.R. 4121, the "Small Business Development Centers Improvement Act of 2014," is to amend the Small Business Act (the Act)[1] to improve the small business development centers

[1] Originally, title II of the Act of July 30, 1953, c. 282, 67 Stat. 232 was designated as the Small Business Act of 1953. A plethora of amendments in subsequent Congresses led to a rewrite in 1958. Pub. L. No. 85–536, § 1, 72 Stat. 384 (1958). The Act is codified at 15 U.S.C. §§ 631–657s.

(SBDCs) program and ensure SBDCs continue successful delivery of entrepreneurial development services to small businesses. SBDCs represent a key component of the Small Business Administration's (SBA) counseling and training programs for small businesses. In order to continue these services, H.R. 4121 makes a variety of improvements, such as allowing SBDCs to market their private programs; strengthening confidentiality provisions; allowing SBDCs to maintain services in disaster stricken areas; and ensuring limited funds are not diverted to SBA administrative expenses.

Further, the legislation creates a new section of the Act to strengthen delivery and implementation of small business entrepreneurial development programs. It does this by requiring that the Administrator of the SBA (Administrator) utilize pre-existing resource partners[2] to deliver agency-sponsored initiatives. Additionally, this section strengthens congressional oversight of entrepreneurial development (ED) programs by requiring better data collection as well as an annual report by SBA to the committees of jurisdiction on the ED activities occurring during the year.

III. Need for Legislation

The United States has consistently recognized the need to encourage entrepreneurship as a means to combat unemployment and promote economic development. Therefore, the SBA's mission, as evinced in the Small Business Act, 15 U.S.C. §§ 631–57p, is to "aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns. . ." Id. at 631(a). In carrying out its mission to provide small businesses with assistance, the SBA oversees a number of programs that offer counseling to potential entrepreneurs and extant small business owners. The SBA itself, does not generally carry out this training; in most circumstances, the agency enters into a cooperative agreement with another organization to offer such services. The cooperators are termed as resource partners by the SBA and are required to obtain a significant portion of their operating budgets from non-federal sources (be they private donors or state funds).

The largest such program is that set out in § 21 of the Act, 15 U.S.C. § 648. The program is denominated as the SBDC Program because the resource partners, SBDC grantees, operate service centers where small business owners and potential entrepreneurs can receive free counseling. Typically, the grantee is an institution of higher education (but not always) and the grantee agrees to offer these services throughout a state or through a portion of the state.[3] Since its inception, the SBDC program has been extremely successful in training and counseling small firms. For example, in fiscal year (FY) 2013, SBDCs trained over 330,000 clients and counseled over 201,000 clients. Further, in FY 2013 SBDCs assisted small business clients in obtaining $4.5 billion in financing.

While the SBDC program clearly has been successful, the program has not received a comprehensive modernization in several years. The Committee also has learned of certain operational dif-

[2] In this case, resource partners refers to the non-federal partners that provide training authorized by the Small Business Act and funded, in part, by federal appropriations. These include SBDCs, Women's Business Centers, Veteran's Business Outreach Centers, and SCORE.

[3] The grantee agrees to provide services throughout a state. For reasons not relevant to H.R. 4121, two states—California and Texas—do not have statewide grantees.

ficulties imposed on SBDC grantees by SBA that hinder their ability to offer their services to small business owners. The Committee determined that these operational issues need legislative rectification. The majority of these are minor corrections, such as statutorily prescribing that SBDCs may market their services, collect fees at partnership events, and eliminating the Administrator's ability to reimburse the SBA for administrative expenses associated with the SBDC program. In this case, as federal funding becomes scarcer, updating the Act to ensure SBDCs receive all funding allocated in the budget and are able obtain matching funds through self-promotion of the benefits of their program and fostering a fruitful relationship with local community partners is necessary.

The SBA has three other resource partners focused on entrepreneurial training. Although their missions and scope of service territories also vary, the Women's Business Centers (WBCs) and Veteran Business Outreach Centers (VBOCs) operate in a fashion akin to that of the SBDCs. The other major entrepreneurial outreach program, SCORE, operates somewhat differently. Although SCORE also offers free advice (from volunteer active and retired business executives), SCORE is provided almost all of its funds from those appropriated by Congress. The SBA also is required to provide offices and other ancillary services to SCORE at no charge to SCORE or their clients.

A number of problems have come to the Committee's attention concerning the operation of these ED programs.[4] Most significantly, SBA, rather than fully funding their resource partners, diverts available funds to the creation of their own initiatives. For example, in SBA's most recent budget request, while the overall agency budget request for specifically authorized ED programs remains static, SBA requested a total of $39 million for SBA-created initiatives an—increase of $12 million from what was requested and appropriated in FY 2014. These initiatives often duplicate the efforts of the resource partners but do not have sound plans of operation or have appropriate measurable metrics to measure the initiatives success. Despite assurances from SBA that the agencies own initiatives do not divert funds from proven entrepreneurial outreach efforts, the Committee believes that the agency's discretion must be circumscribed to ensure that its longstanding resource partners can fulfill their mission. Therefore, this legislation adds a new section to the Act which requires SBA to deliver these initiatives through the resource partners. This is necessary to reduce duplicative, fragmented, and overlapping programs which have not been authorized by Congress and to ensure that established programs, such as SBDCs, are engaged in delivering the initiatives.

IV. Hearings

In the 113th Congress, issues related to SBDCs and oversight of ED programs were addressed at full committee hearings. One hearing, entitled "Entrepreneurial Assistance: Examining Inefficiencies and Duplication Across Federal Programs" on March 20, 2013, spe-

[4] These concerns are clearly demonstrated and laid out in more detail by the Views and Estimates of the Committee on Small Business transmitted to Committee on the Budget for FY2012, FY2013, and FY 2014.

cifically examined ineffectiveness, inefficiency, and pleonasms in the SBA entrepreneurial assistance programs. On April 18, 2013, the full committee held a hearing entitled "The Budget Outlook for the Small Business Administration" at which members, on a bipartisan basis, raised concerns with the then Administrator about the impact that these new initiatives would have on existing resource partners.

V. Committee Consideration

The Committee on Small Business met in open session, with a quorum being present, on March 5, 2014, and ordered H.R. 4121 reported, as amended, to the House by a voice vote at 4:21 pm. During the markup, two amendments were offered, and both were adopted. Disposition of the amendments is addressed below and is based on the order amendments were filed with the Clerk of the Committee and not necessarily in the order that they were considered at the markup.

Amendment Number One filed by Mr. Murphy (D–FL) amends § 21(b)(3) of the Small Business Act to allow SBDCs to provide assistance in the event of a major disaster outside their immediate geographic area to ensure a continuity of services. Amendment Number One was adopted by a voice vote at 4:15 pm.

Amendment Number Two filed by Mr. Payne (D–NJ) amends § 21(c)(3) of the Small Business Act to provide that SBDCs also work with unemployed individuals in one-on-one counseling sessions. Amendment Number Two was adopted by a voice vote at 4:20 pm.

VI. Committee Votes

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report the legislation and amendments thereto. No recorded votes were taken in consideration of H.R. 4121.

AMENDMENT TO H.R. 4121

OFFERED BY MR. MURPHY OF FLORIDA

Add, at the end of the bill, the following:

SEC. 9. DISASTER REFORMS.

Section 21(b)(3) of the Small Business Act (15 U.S.C. 648(b)(3)) is amended—

(1) by striking "(3) At the discretion" and inserting the following:

"(3) ASSISTANCE TO OUT-OF-STATE SMALL BUSINESSES.—

"(A) IN GENERAL.—At the discretion"; and

(2) by adding at the end the following:

"(B) DISASTER RECOVERY ASSISTANCE.—

"(i) IN GENERAL.—At the discretion of the Administrator, the Administrator may authorize a small business development center to provide assistance, as described in subsection (c), to a small business concern located outside of the State, without regard to geographic proximity, if the small business concern is located in an area for which the President has declared a major disaster under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), during the period of the declaration.

"(ii) CONTINUITY OF SERVICES.—A small business development center that provides counselors to an area described in clause (i) shall, to the maximum extent practicable, ensure continuity of services in any State in which the small business development center otherwise provides services.

"(iii) ACCESS TO DISASTER RECOVERY FACILITIES.—For purposes of this subparagraph, the Administrator shall, to the maximum extent practicable, permit the personnel of a small business development center to use any site or facility designated by the Administrator for use to provide disaster recovery assistance.".

AMENDMENT TO H.R. 4121

OFFERED BY MR. PAYNE OF NEW JERSEY

Add, at the end of the bill, the following:

SEC. 9. INCLUSIONS OF ENTREPRENEURSHIP TRAINING FOR UNEMPLOYED INDIVIDUALS.

Section 21(c)(3) of the Small Business Act (15 U.S.C. (c)(3)) is amended—

(1) in clause (iii), by striking "and" at the end;

(2) in clause (iv), by inserting "and" at the end; and

(3) by adding at the end the following:

"(v) educating unemployed individuals on entrepreneurship and working with such individuals to start new businesses;".

VII. SECTION-BY-SECTION ANALYSIS OF H.R. 4121 AS AMENDED

Section 1. Short title

This section provides that the bill may be cited as the "Small Business Development Centers Improvement Act of 2014."

Section 2. Use of authorized entrepreneurial development programs

This section amends the Act (15 U.S.C. §§ 631–57s) by creating a new section 48 of the Act.

Subsection (a)—Expanded support for entrepreneurs

Currently, the Administrator is creating and separately funding initiatives developed by the agency. Subsection (a) changes this practice to prohibit the Administrator from utilizing unauthorized programs to deliver ED services and provides that all SBA-created initiatives must be delivered through those authorized programs specifically cross-referenced in this subsection. As resource partners are the only entities with specific statutory authority to deliver ED support through the SBA, this promotes operational efficiencies, benefitting both small businesses and the taxpayer. Further, given the abundance of ED programs across federal agencies as identified by GAO duplication reports, the statutory restriction in new § 48 will help reduce overlapping and duplicative efforts without harming the ability of small businesses to obtain the necessary counseling and training they require. The only exception to this overall prohibition, in subsection (a)(2)(A) relates to assistance offered to small business concerns owned by an Indian tribe.

Subsection (b)—Annual report

Given that SBA-led initiatives are created under the SBA's general authority to offer assistance to small businesses, these programs do not contain the appropriate performance metrics or operating standards that would result had Congress specifically provided for their establishment. This subsection makes an effort to fill that gap in part by requiring the SBA to issue a report to Congress delineating all ED activities during the current fiscal year. This subsection proscribes items which must be included within the report including: a description and operating details for each program and activity; operating circulars, manuals, and standard operating procedures for each program and activity; a list of all awardees, contractors, and vendors (including organization name and location) and the amounts of awards for the current fiscal year for each program and activity; the amount of funding obligated for the current fiscal year for each program and activity; and the names and titles for those individuals responsible for each program and activity. The data required in the report will help ensure that the Committees of jurisdiction have necessary information to ascertain whether taxpayers dollars are being spent wisely.

Section 3. Marketing of services

The Act is currently silent on the question of whether SBDCs can market and advertise their products and services. This section amends § 21 of the Act by adding a new subsection (o), which ensures the SBDCs are able to market and advertise their products and services. Greater awareness of the services available through the SBDCs will allow more small businesses to receive entrepreneurial assistance without imposing any more financial burdens on SBDCs, the SBA, or the taxpayer.

Section 4. Confidentiality requirements

The SBA's current operational guidelines for the SBDC program require that SBDCs collect certain information on the businesses they counsel. This information is the basis for some of the performance metrics the agency uses to determine the effectiveness of the SBDCs in fulfilling their mission. Some of the information collected for this purpose, while relevant and necessary for the SBA and SBDCs, is sensitive information that small businesses wish to have treated as confidential. The Committee has become aware of instances in which the SBA is sharing this information with third parties. This sensitive information—such as the name of business—is not necessary to develop performance metrics. However, its forced disclosure could dissuade businesses from seeking assistance through the SBDCs, thereby undermining the intent of Congress when it created the SBDCs. Therefore, this section amends § 21(a)(7)(A) of the Act to prohibit the SBA from distributing and sharing SBDC client information with other parties. This reinforces the Committee's longstanding efforts to ensure the confidentiality of information that small businesses provide to SBDCs.

Section 5. Data collection

In order for the SBA to provide Congress with information to properly evaluate ED programs, SBA has been revising forms, such as the EDMIS form, to gather better performance data. During this process, there have been concerns that some of the required information would force SBDCs to capture and report data that small businesses are reluctant to share. In cases where this information is of little value to the government, these requirements place an unnecessary burden on the SBDCs and will dissuade small businesses from seeking SBDC assistance.

To correct this problem, H.R. 4121 amends § 21(a)(3)(A) of the Act to require the Administrator to consult with the Association of Small Business Development Centers on the creation of documents governing data collection activities related to SBDCs. Section 21 is further amended by adding a new subsection (p) which requires the Administrator to provide an annual report on data collection activities related to the SBDC program to the appropriate Congressional committees.

Section 6. Matchmaking and other events

In order to obtain funding, SBDC grantees must match funds provided by the federal government with non-federal sources, such as private donations or state funds. Therefore, SBDCs often work alongside other community partners, such as a local chamber of commerce, to host events as a partnership or a co-sponsor. In these instances, a participation fee may be charged to businesses by the partnership or cosponsoring party. However, under current law SBDCs are not allowed to collect the necessary fee. Therefore, this section amends § 21(a)(3)(C) of the Act to permit SBDCs to collect fees or other income related to the operation of partnerships or co-sponsorships. This authorization does not alter the no-cost counseling provided by SBDCs to individual small businesses.

Section 7. Equity for SBDCs

Under current law, up to $500,000 of authorized funding to SBDCs could be utilized by the Administrator to pay for examination expenses associated with reviewing SBDCs. No other ED program has an allocation of funds to reimburse the SBA for the agency's administrative expenses. This section eliminates the award of $500,000 of SBDC grant monies to reimburse the SBA for program administration. The Committee believes that the SBA has sufficient resources in its salaries and expense account to cover the cost of administering the SBDC program.

Section 8. Award of grants to SBDCs

A majority of SBDC grantees are partnered with higher education institutions which bolster SBDCs ability to obtain private matching funding as required under law. This section adds a new subsection (q) to § 21 of the Act by prohibiting entities other than institutions of higher education from becoming grantees under § 21.

An exception is provided for current SBDC grantees who are not institutions of higher education. These institutions may continue to renew their status as a grantee until they no longer wish to do so or the SBA determines that these grandfathered grantees are incapable of providing such services.

Section 9. Disaster reforms

Currently, when a President declares an area a major disaster, SBDCs located outside that geographic area are prohibited from assisting small firms in the disaster area. This section amends § 21(b)(3) of the Act to allow the Administrator to authorize SBDCs to provide assistance outside their immediate geographic area in the event of a major disaster as declared by the President to ensure a continuity of services to small firms.

Section 10. Inclusions of entrepreneurship training for unemployed individuals

This section amends § 21(c)(3)(A) of the Act to provide that SBDCs also work with unemployed individuals in one-on-one counseling sessions to encourage entrepreneurship. As SBDCs already provide no-cost training to all individuals regardless of employment status, the Committee believes that this provision will highlight the potential for entrepreneurship among the unemployed.

VIII. CONGRESSIONAL BUDGET COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 8, 2014.

Hon. SAM GRAVES,
Chairman, Committee on Small Business,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4121, the Small Business Development Centers Improvement Act of 2014.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susan Willie.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 4121—Small Business Development Centers Improvement Act of 2014

H.R. 4121 would direct the Small Business Administration (SBA) to develop procedures to govern the collection of data about Small Business Development Centers (SBDCs) that receive grants from the SBA. The bill also would require the SBA to prepare two new reports, one describing the agency's efforts to promote entrepreneurship and another providing information about the SBA's efforts to collect data from SBDCs. Finally, the bill would amend rules affecting SBDCs by, for instance, allowing SBDCs to market their services.

Based on information from the SBA, CBO estimates that implementing H.R. 4121 would cost about $1 million per year over the 2015–2019 period, assuming appropriation of the necessary amounts, for additional data collection and monitoring activities. Enacting H.R. 4121 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 4121 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.

IX. UNFUNDED MANDATES

H.R. 4121 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act, Pub. L. No. 104–4, and would impose no costs on state, local or tribal governments.

X. New Budget Authority, Entitlement Authority and Tax Expenditures

In compliance with clause 3(c)(2) of Rule XIII of the Rules of the House, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority and tax expenditures.

The Committee does not adopt as its own the estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to 402 of the Congressional Budget Act of 1974. While the Congressional Budget Office estimates a cost of $1 million over 5 years to implement H.R. 4121, the Committee does not believe that this legislation will require any additional budget authority or expenditures. As the bill authorizes no new funding and simply directs how current appropriations should be spent, the Committee believes that no additional funds should not be necessary to implement this legislation.

XI. Oversight Findings

In accordance with clause (2)(b)(1) of rule X of the Rules of the House, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 4121 are incorporated into the descriptive portions of this report.

XII. Statement of Constitutional Authority

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the authority for this legislation in Art. I, § 8, cl. 3 of the Constitution of the United States.

XIII. Congressional Accountability Act

H.R. 4121 does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of 102(b)(3) of Pub. L. No. 104–1.

XIV. Federal Advisory Committee Act Statement

H.R. 4121 does not establish or authorize the establishment of any new advisory committees as that term is defined in the Federal Advisory Committee Act, 5 U.S.C. App. 2.

XV. Statement of No Earmarks

Pursuant to clause 9 of rule XXI, H.R. 4121 does not contain any congressional earmarks, limited tax benefits or limited tariff benefits as defined in subsections (d), (e) or (f) of clause 9 of rule XXI of the rules of the House.

XVI. Statement of Duplication of Federal Programs

Pursuant to clause 3(c) of rule XIII of the Rules of the House, H.R. 4121 seeks to reduce duplicative federal programs for entrepreneurial development as identified in various GAO reports. Further, the findings and recommendations of the Committee on Small Business with respect to the subject matter contained in H.R. 4121 are incorporated into the descriptive portions of this report and will help eliminate duplication of federal assistance to small businesses.

XVII. Disclosure of Directed Rule Makings

Pursuant to clause 3(c) of rule XIII of the Rules of the House, H.R. 4121 does not direct any rulemaking.

XVIII. Performance Goals and Objectives

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House, the Committee establishes the following performance-related goals and objectives for this legislation:

H.R. 4121 includes a number of provisions designed to improve Small Business Developments Centers as authorized in the Small Business Act, increase transparency in entrepreneurial development programs, and promote the work of small businesses.

XIX. Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SMALL BUSINESS ACT

*   *   *   *   *   *   *

SEC. 21. (a)(1) * * *

*   *   *   *   *   *   *

(3) The Small Business Development Center Program shall be under the general management and oversight of the Administration for the delivery of programs and services to the small business community. Such programs and services shall be jointly developed, negotiated, and agreed upon, with full participation of both parties, pursuant to an executed cooperative agreement between the Small Business Development Center applicant and the Administration.

(A) Small business development centers are authorized to form an association to pursue matters of common concern. If more than a majority of the small business development centers which are operating pursuant to agreements with the Administration are members of such an association, the Administration is authorized and directed to recognize the existence and activities of such an association and to consult with it and develop documents (i) announcing the annual scope of activities pursuant to this section, (ii) requesting proposals to deliver assistance ⟦as provided in this section and⟧ *as provided in this section,* (iii) governing the general operations and administration of the Small Business Development Center Program, specifically including the development of regulations and a uniform negotiated cooperative agreement for use on an annual basis when entering into individual negotiated agreements with small business development centers*, and (iv) governing data collection activities related to applicants receiving grants under this section*.

*   *   *   *   *   *   *

【(C) Whereas On an annual basis, the Small Business Development Center shall review and coordinate public and private partnerships and cosponsorships with the Administration for the purpose of more efficiently leveraging available resources on a National and a State basis.】

(C) Such participation in private partnerships and cosponsorships with the Administration shall not limit Small Business Development Centers from collecting fees or other income related to the operation of such partnerships and cosponsorships.

(4) SMALL BUSINESS DEVELOPMENT CENTER PROGRAM LEVEL.—

(A) * * *

* * * * * * *

(C) FUNDING FORMULA.—

(i) * * *

* * * * * * *

(v) USE OF AMOUNTS.—

(I) IN GENERAL.—Of the amounts made available in any fiscal year to carry out this section—

(aa) not more than $500,000 may be used by the Administration to pay expenses enumerated in subparagraphs (B) through (D) of section 20(a)(1)【; and】.

【(bb) not more than $500,000 may be used by the Administration to pay the examination expenses enumerated in section 20(a)(1)(E).】

* * * * * * *

(7) PRIVACY REQUIREMENTS.—

(A) IN GENERAL.—A small business development center, consortium of small business development centers, or contractor or agent of a small business development center may not disclose the name, address, or telephone number of any individual or small business concern receiving assistance under this section *to any State, local or Federal agency or third party* without the consent of such individual or small business concern, unless—

(i) * * *

* * * * * * *

(b)(1) * * *

* * * * * * *

【(3) At the discretion】

(3) ASSISTANCE TO OUT-OF-STATE SMALL BUSINESSES.—

(A) IN GENERAL.—At the discretion of the Administration, the Administration is authorized to permit a small business development center to provide advice, information and assistance, as described in subsection (c), to small businesses located outside the State, but only to the extent such businesses are located within close geographical proximity to the small business development center, as determined by the Administration.

(B) DISASTER RECOVERY ASSISTANCE.—

(i) IN GENERAL.—At the discretion of the Administrator, the Administrator may authorize a small busi-

ness development center to provide assistance, as described in subsection (c), to a small business concern located outside of the State, without regard to geographic proximity, if the small business concern is located in an area for which the President has declared a major disaster under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170), during the period of the declaration.

(ii) CONTINUITY OF SERVICES.—A small business development center that provides counselors to an area described in clause (i) shall, to the maximum extent practicable, ensure continuity of services in any State in which the small business development center otherwise provides services.

(iii) ACCESS TO DISASTER RECOVERY FACILITIES.—For purposes of this subparagraph, the Administrator shall, to the maximum extent practicable, permit the personnel of a small business development center to use any site or facility designated by the Administrator for use to provide disaster recovery assistance.

(c)(1) * * *

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(3) Services provided by a small business development center shall include, but shall not be limited to—

(A) furnishing one-to-one individual counseling to small businesses, including—

(i) * * *

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(iii) working with the Administration to develop and provide informational tools for use in working with individuals on pre-business startup planning, existing business expansion, and export planning; [and]

(iv) working with individuals referred by the local offices of the Administration and Administration participating lenders; *and*

(v) educating unemployed individuals on entrepreneurship and working with such individuals to start new businesses;

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(o) NO PROHIBITION OF MARKETING OF SERVICES.—The Administrator shall not prohibit applicants receiving grants under this section from marketing and advertising their services to individuals and small businesses.

(p) ANNUAL REPORT ON DATA COLLECTION.—The Administrator shall report annually to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate on data collection activities related to the Small Business Development Center program.

(q) LIMITATION ON AWARD OF GRANTS.—Except for not-for-profit institutions of higher education, notwithstanding any provision of law, the Administrator shall not award grants (including contracts and cooperative agreements) under this section to any entity other than those that received grants (including contracts and cooperative

agreements) under this section prior to September 30, 2014, and that seek to renew such grants (including contracts and cooperative agreements) after such date.

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SEC. 48. USE OF AUTHORIZED ENTREPRENEURIAL DEVELOPMENT PROGRAMS.

(a) EXPANDED SUPPORT FOR ENTRERPRENEURS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the Administrator shall only use the programs authorized in sections 7(j), 7(m), 8(a), 8(b)(1), 21, 22, 29, and 32 of this Act, and sections 358 and 389 of the Small Business Investment Act to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training.

(2) EXCEPTION.—This section shall not apply to services provided to assist small business concerns owned by an Indian tribe.

(b) ANNUAL REPORT.—Beginning on the first December 1 after the date of enactment of this subsection, the Administrator shall annually report to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate on all entrepreneurial development activities undertaken in the current fiscal year. This report shall include—

(1) a description and operating details for each program and activity;

(2) operating circulars, manuals, and standard operating procedures for each program and activity;

(3) a description of the process used to award grants under each program and activity;

(4) a list of all awardees, contractors, and vendors (including organization name and location) and the amount of awards for the current fiscal year for each program and activity;

(5) the amount of funding obligated for the current fiscal year for each program and activity; and

(6) the names and titles for those individuals responsible for each program and activity.

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