

H.R. 2352, The Job Creation through Entrepreneurship Act of 2009
Section-by-Section

Title I – Establishment of Veterans Business Center Program

Section 101. Veterans Business Center Program

This section establishes a Veterans Business Center program within the SBA to provide entrepreneurial training and counseling to veterans. Under this program, Centers are required to focus on veterans' entrepreneurial development, counseling of veteran-owned business through one-on-one instruction and classes, and government procurement assistance to veterans. This section established a Director to oversee and implement this program. The Director shall report to the Associate Administrator for Veterans Business Development.

The Administrator shall establish by regulation a process to designate new Veterans Business Centers. This process shall include an explicit period where entities can apply to become a Veterans Business Center, a period where the Administrator reviews such applications, and a period where the Administrator informs the applicants of the outcome of the review. The Administrator shall make publicly available the awards of grants under this section.

Veterans Business Centers may receive an initial grant of \$150,000 per year for no longer than 5 years. After a Veterans Business Center receives five years of initial grants, it may receive a growth funding grant of \$100,000 per year for no longer than 3 years, unless it meets performance benchmarks as established by the Administrator. If such performance benchmarks are met, the Center can reapply for another growth funding grant. The program requires a non-federal match of 50 percent of the federal funds each Center receives and permits a Center to request a hardship waiver from the Administrator from this requirement.

This section requires SBA to give priority to applications that will establish new Veterans Business Centers in geographic areas that are not currently served by an existing Veterans Business Center where the populations of veterans exceeds the national median of such measure; or the populations of veterans from the wars in Iraq and Afghanistan exceed the national median of such measure.

This section also sets forth that the SBA shall be responsible for the development and implementation of an annual training program for the staff and personnel of Veterans Business Centers. This will include educating, supporting, and providing best practices regarding the establishment and on-going operation of such Centers. The SBA shall develop this training program in consultation with Veterans Business Centers, the Interagency Veterans Task Force, and veteran's service organizations. The Administrator is authorized to contract with qualified third party vendors as necessary to develop and implement this program.

The program grandfathers Veterans Business Outreach Centers established by the Administrator under the authority in section 8(b)(17) of the Small Business Act and veterans entrepreneurial training centers that were funded by the National Veterans Business Development Corporation established in Section 33 of the Small Business Act and that remain in operation on date of enactment. Such Centers are fully eligible for grants made available in this program.

There is authorized to carryout this section \$10 million for fiscal year 2010 and \$12 million for fiscal year 2011.

In addition to the core grant funding, this section establishes three supplemental grants programs for specific activities carried out by Veterans Business Centers. This includes an Access to Capital grant program that will be used by Centers to develop specialized programs to assist veteran-owned small businesses in securing capital and repairing damaged credit; provide veteran-owned small businesses informational seminars on securing credit and loans; provide one-on-one counseling to veteran-owned small businesses to improve financial presentations to lenders; and facilitate veteran-owned small businesses access to non-traditional financing sources, as well as traditional lending sources.

This section also establishes a Procurement Assistance grant program, which will provide Centers with funds to work with local agencies to identify contracts that are suitable for veteran-owned small businesses; prepare veteran-owned small businesses to be project ready as subcontractors and smaller primes for contracts made available through the American Recovery and Reinvestment Act through training and business advisement, especially in the construction trades; and provide veteran-owned small businesses technical assistance regarding the federal procurement process, including assisting veteran-owned small businesses comply with federal regulations and bonding requirements.

A Service-Disabled Veterans grant program is also included in this section in which Veterans Business Centers will be provided with funds to develop outreach programs to local and regional service-disabled veterans regarding the benefits of self-employment; provide tailored training to service-disabled veterans regarding business plan development, marketing, budgeting, accounting, and merchandising; and assist veteran-owned small businesses locate and secure business opportunities.

For each of these three grants, the SBA can award a Center up to \$75,000. There is authorized \$1.5 million for each of fiscal years 2010 and 2011 for each of the three grant programs.

Finally, the SBA is authorized to carryout an event once every two years for the purpose of providing outreach, networking opportunities, education, training, and support to Veterans Business Centers funded through this Act, veterans service organizations,

veteran-owned small businesses, and other entities as determined by the Administrator. \$450,000 is authorized to carryout this section in fiscal year 2010.

Section 102. Reporting Requirement for Interagency Task Force

Require report to Congress semi-annually on appointments made to, progress, and actions items regarding the Task Force established under section 32(c) of the Small Business Act.

Title II – Educating Entrepreneurs through Today’s Technology

Section 201. Educating Entrepreneurs through Technology

The Small Business Act is amended by adding a new section, which has as its purpose providing high-quality multilingual distance training and education to potential and existing entrepreneurs through the use of technology.

This section defines a qualified third-party vendor as an entity with experience in distance learning content and/or communications technology with the ability to utilize on-line, satellite, video on demand and connected community based organizations to distribute and conduct distance learning related to entrepreneurship, credit management, financial literacy and federal small business development programs.

In order to implement this program, the Administrator shall contract with qualified third-party vendors for entrepreneurial training content and the development of a communications platform that can broadcast content under this Act nationally. The Administrator shall contract with qualified-third party vendors to develop content.

The content shall be timely and relevant to entrepreneurial development and shall be able to be successfully communicated remotely to an audience through the use of technology. In addition, the SBA to the maximum extent practicable promote content that makes use of technologies that allow for remote interaction by the content provider with an audience. The SBA shall also ensure that the content is catalogued and accessible to small businesses on-line or through other remote technologies.

With regard to technology, the SBA shall ensure that the communications technology is able to distribute content through all 50 states and U.S. territories to small businesses, home-based businesses, Small Business Development Centers, Women’s Business Centers, Veterans Business Centers, and SBA District Offices. Such communication technology shall make use of broadband to the maximum extent possible.

The Administrator shall report to Congress six month after date of enactment of its progress in implementing this Act. The Administrator shall report to Congress, beginning one year after of enactment and annually thereafter, on the number of presentations made, the number of small businesses served, and feedback on the usefulness of this medium in presenting entrepreneurial education nationwide.

\$2 million is authorized to carryout this Act in each of fiscal years 2010 and 2011.

Title III – Enhancing Native American Entrepreneurship

Section 301. Establishment of Office of Native American Affairs and Tribal Business Information Centers Program

This section establishes the Office of Native American Affairs within SBA and designates an Associate Administrator for Native American Affairs to oversee this office. This section set forth responsibilities of the Office, which include developing and implementing tools and strategies to increase Native American entrepreneurship; expanding the availability of business training, access to capital, and federal small business contracts for Native American entrepreneurs, expanding outreach to Native American communities and aggressively marketing entrepreneurial development services to this community, and representing the agency regarding Native American economic development matters. The Office is responsible for oversight and implementation of all agency initiatives regarding Native American entrepreneurial development. The Office is authorized for \$2 million for each of fiscal years 2010 and 2011.

In addition, this section authorizes the Administrator to operate on a stand-alone basis or in coordination with other federal agencies, a Tribal Business Information Center (TBIC) program, where the Administrator may provide grant as described in this section, contribute agency personnel to the Centers, and contribute agency resources to the Centers for the purpose of providing Native American populations with business training and entrepreneurial development assistance. The Administrator shall establish by regulation a process to make such designations and grant awards under this program.

Under the TBIC program, the Administrator is authorized to designate and make grants of up to \$300,000 to Tribal Business Information Centers. Grants shall be used for the purpose of providing business workshops, business counseling, entrepreneurial development training, access to computer technology, and other resources to assist Native American Indians start or expand a business. There is authorized \$15 million for fiscal year 2010 and \$17 million for fiscal year 2011.

Section 302. Small Business Development Center Assistance to Indian Tribe Members, Alaska Natives, and Native Hawaiians

This section sets up a procedure within the Small Business Act whereby SBDCs funded by the SBA that are in “eligible” states can apply for an additional grant to be used solely to provide services to assist with outreach, development, and enhancement on Indian lands of small business startups and expansions owned by Indian tribe members, Alaska Natives, and Native Hawaiians. It defines eligible states as those that have a combined population of Indian tribe members, Alaska Natives, and Native Hawaiians comprising at least 1 percent of the state's total population, as shown by the latest available census. The section places a cap on the program of \$300,000 per year but no matching funds are required.

A Small Business Development Center receiving a grant must request the advice of tribal organizations on how best to provide assistance to Indian tribe members, Alaska Natives, and Native Hawaiians and where to locate satellite centers to provide such assistance.

The legislation authorizes \$7,000,000 for each of fiscal years 2008 through 2010 for the program. The Administration can carry out this program only with amounts appropriated in advance specifically to carry it out. The Committee intends that any funds appropriated to support this program be in addition to funds allocated to SBDCs under the normal formula for those funds and that such funds be specifically appropriated for this program.

Title IV – Broadening the Women’s Business Centers Program

Section 401. Notification and Publication of Grant Awards

This section requires SBA to annually report publicly on its website the grants made to women’s business centers. This shall include the amount of the annual grant, the total number of years since its inception that a center has won an SBA grant, how much funds it has received in total from the SBA over its lifetime, as well as the total private matching funds raised over its lifetime.

Section 402. Communications

This section requires the SBA to establish by regulation a standardized process to communicate with women’s business centers regarding program administration matters, including reimbursement, regulatory matters, and programmatic changes. Women’s business centers shall be given notice and an opportunity to comment on this regulation. In addition, women’s business centers shall receive funds not later than one month after an award has been announced.

Section 403. Funding

This funding formula eliminates the distinction in current law between funding and the sustainability pilot program. This section classifies women’s business centers into three separate tiers.

The bill allocates 40 percent of available funding to new centers, i.e., to areas where an existing center has not been funded. Each grant, subject to the revised matching formula, is limited to \$150,000 per center. Second tier grants (allocated 20 percent of available funds) will last for three years and are available to existing centers that have completed their original five years of funding. In recognition of Congressional intent that women’s business centers were to become self-sustaining, this section reduces the size of federal grants to Second Tier women’s business centers from \$150,000 to \$100,000. The remaining 40 percent of funds will be made available to women’s business centers that have exhausted their Second Tier Grants. Third Tier Grants will last for three years but are renewable for as long as the center meets the criteria for obtaining a Third Tier Grant.

The size of Third Tier Grants is limited to \$100,00 and certain benchmarks must be met to obtain and continue to receive such grants.

Performance requirements are established for those centers reapplying for Third Tier Grants. In making allocations for Third Tier Grants, the Administrator shall develop benchmarks that include total women served by center, proportion of low-income women and socioeconomic distribution of clients served by center, proportion of individuals in community that are socially and economically disadvantaged (based on median income for both rural and urban areas), future fundraising and service coordination plans, diversity of services provided, and regional distribution within SBA's 10 regions.

In addition, this section makes changes to the matching formula. Women's business centers do not receive all of their funding from federal grants. Rather, they are required to obtain matching funds from non-federal sources. This section revises that matching formula to only requires women's business centers to obtain one dollar in non-federal funds for every two dollars in federal funds during the first and second year of operations. Thereafter, the matching requirement is a dollar for dollar match unless a center is serving a very low-income area (one in which at least 50 percent of the population is below the median income for the State or U.S. territory in which it is located). For centers serving a high concentration of lower income individuals, such women's business centers need only obtain one dollar in non-federal dollars for every two dollars of federal grant money.

This section authorizes funds for women's business centers for \$20 million in fiscal year 2010 and \$22 million in fiscal year 2011.

Section 404. Performance and Planning

This section establishes performance measures for women's business centers. Such measures shall include outcome-based measures of the amount of job creation or economic activity generated in the local community as a result of efforts made and services provided by each women's business center and service-based measures of the amount of services provided to individuals and small business concerns served by each women's business center. Such measures shall take into account the demographic differences of populations served by the centers. The Administrator's evaluation of women's business center as required by subsection 29(h) shall be in part based on these this subparagraph's performance measures. These measures and the Administrator's evaluations thereof shall be made publicly available.

In addition, this section requires women's business center to submit an annual plan for the next year that includes the center's funding sources and amounts, strategies for increasing outreach to women-owned businesses, strategies for increasing job growth in the community, and other content as determined by the Administrator. The Administrator's evaluation of women's business center as required by subsection 29(h) shall be in part based on these this subparagraph's planning requirements. These measures and the Administrator's evaluations thereof shall be made publicly available.

Section 405. National Women’s Business Council

This section authorizes funds for the Council at \$1 million for each of fiscal years 2010 and 2011 and requires specific studies on women’s entrepreneurship. This includes a study on the impact of the 2008-2009 financial markets crisis on women-owned businesses and a study on the use of SBA’s programs by women-owned businesses.

Title V – SCORE Program Improvements

Section 501. Expansion of Volunteer Representation and Benchmark Reports

This section requires SCORE administrators to actively recruit and maintain volunteer mentors in order to increasingly reflect socially- and economically-disadvantaged sectors of the population, while reporting on the status of this effort to the SBA every year. In addition, SCORE administrators are required to establish benchmarks reviewed by the SBA regarding service delivery, such as the success of assisted entrepreneurs.

Section 502. Mentoring and Networking

The Administrator shall ensure that SCORE program establishes a mentoring program and a networking program for small business concerns. The mentoring program through SCORE shall provide one-on-one advice to small business concerns from qualified counselors. Qualified counselors are those that have at least ten years experience in the industry sector or the area of responsibility of the small business concern seeking advice.

The Administrator shall also ensure that the SCORE program carryout a networking program that provides small business concerns with the opportunity to make business contacts in their industry or geographic region.

Section 503. Name of Program Changed to SCORE

The Small Business Act is updated by deleting inclusion of the “Active Corps of Executive” (ACE) program in the SCORE statute, due to the defunct nature of this entity since 1995. In addition, this change specifies that from the date of enactment forward the program shall be known as SCORE.

Section 504. Authorization

The SCORE program is authorized in Section 20 of the Small Business Act for \$7 million per year for each of fiscal years 2010 and 2011.

Title VI – Expanding Entrepreneurship Act of 2009

Section 601. Expanding Entrepreneurship

Adds a new subsection (g) to the section 4 of the Small Business Act, as follows:

(1) Entrepreneurial Development Planning.

This requires the SBA to develop a plan and submit it to Congress for creating jobs through its entrepreneurial development programs. It shall include the agency's plan for drawing on existing programs, including Small Business Development Centers, Women's Business Centers, SCORE, Veterans' Business Outreach Centers, Native American Outreach, and other appropriate initiatives. The SBA shall also identify a strategy for each SBA Region to create or retain jobs through agency programs

(2) Data Collection Process

This provision requires that the SBA shall collect measures related to program performance and job creation.

(3) Coordination and Alignment of SBA Entrepreneurial Development Programs.

This subsection requires that SBA coordinate the agency's Entrepreneurial Development office and program with State and local economic development agencies and other federal agencies as appropriate. The Administrator shall report annually to Congress, in consultation with other federal departments and agencies as appropriate, on opportunities to foster coordination, limit duplication, and improve program delivery for federal entrepreneurial development activities.

(4) Database of Entrepreneurial Development Service Providers.

This subsection establishes a database of providers of entrepreneurial development services and make this available via the SBA's website. This database shall be searchable on industry, geography, and service required.

(5) Community Specialist.

The Administrator shall designate not less than one staff member in each SBA District Office as a Community Specialist who has as their full-time responsibility working with local entrepreneurial development service providers to increase coordination with federal resources. The SBA shall establish benchmarks to evaluate this position's performance.

(6) Entrepreneurial Development Portal

The Administrator shall establish a web-based portal that provides comprehensive information on all of SBA's entrepreneurial development. This shall be available with one-click from the SBA's main website. This shall increase consumer-oriented webpages on the agency's website and focus on promoting access to business solutions, including marketing, financing, and human resources planning; establish relevant web content aggregated by industry segment, stage of business development, level of need, and include referral links to appropriate agency services (financing, training and counseling,

procurement assistance); and provide style guidelines and links for visitors to the SBA website to be able to comment-on and/or rate the materials in terms of their usefulness.

(7) Prohibition of Pilot Programs

This subsection prohibits the SBA from establishing an entrepreneurial development pilot program for a period of greater than three years.

Title VII – Modernizing the Small Business Development Center Program

Section 701. Small Business Development Center Operational Changes

This section makes several operational and technical changes to the Small Business Development Center (SBDC) program. The SBA is required to provide grants only to universities with academic accreditations. This section strengthens eligibility criteria for SBDC grantees by requiring new award recipients to be institutions of higher education that are fully accredited.

Grant recipients are authorized as equal partners in the contract negotiation process. This section clarifies this partnership and ensures that SBDC grant recipients have a meaningful role in the negotiations to determine the programs/services they will provide as well as the finalized contract agreement with the agency. This section further also prohibits SBA interference in the hiring practices of the SBDC grant recipient host.

Privacy protection requirements are expanded to apply to the content of SBDC consultation sessions. Client confidentiality protections established in the 2004 SBA Reauthorization Act are strengthened to also cover the context of the consulting engagement.

The agency is limited to an amount of \$500,000 to be taken from program resources for administration expenses to examine center operations. The Committee intends that the SBDC Program Office and the SBA should budget for administrative costs through the agency's annual fiscal proposals.

Exemptions are allowed in the event of a federally-designated natural or human-caused disaster to the cap on non-matching portability grants. The Committee intends this provision will prevent the historically lengthy and disconnected process for grant proposals responding to one disaster, such as the occurrence in the Gulf Coast.

This section limits the number of SBDC grantees to one per state, unless a single SBDC does not apply to cover the entire state. This provision, however, grandfathers the multiple SBDC grantees in California and Texas, until they propose to consolidate. In addition, for the purpose of this section, an SBDC grantee is defined as the entity that received the funds from the SBA pursuant to the SBDC funding formula.

Due to their ability to secure separate federal funding for entrepreneurial development activities from the SBA, this section eliminates women's business centers from the pool of eligible entities for SBDC grants.

Section 702. Access to Credit and Capital Program

This section establishes a grant program for SBDCs to develop specialized programs to assist local small firms in securing capital and repairing damaged credit; provide informational seminars on securing credit and loans; provide one-on-one counseling with potential borrowers to improve financial presentations to lenders; and facilitate borrowers' access to non-traditional financing sources, as well as traditional lending sources. The award size under this program is \$300,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 703. Procurement Training and Assistance Program

This section establishes a procurement training program for SBDCs to work with local agencies to identify contracts that are suitable for local small firms; prepare small businesses to be project ready as subcontractors and smaller primes on for contracts made available through the American Recovery and Reinvestment Act through training and business advisement, especially in the construction trades; and provide technical assistance regarding the federal procurement process, including assisting small firms comply with federal regulations and bonding requirements. The award size under this program is \$300,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 704. Green Entrepreneurs Training Program

This section establishes a green entrepreneurial development program, in which SBDCs will provide education classes and one-on-one instruction in starting a business in the fields of energy efficiency, green technology, or clean technology; coordinate such classes and instruction, to the extent practicable, with local community colleges and local professional trade associations; assist and provide technical counsel to individuals seeking to start a business in the fields of energy efficiency, green technology, or clean technology. The award size under this program is \$300,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 705. Main Street Stabilization Program

This program will provide SBDCs with funds for the purpose of establishing a statewide Small Business Helpline within every state and territory to provide immediate expert

information and assistance to small firms; assist dislocated workers interested in starting their own business; developing a portfolio of online survival and growth tools and resources struggling small companies can utilize 24/7 via the Internet; growing business advisory capacity to provide expert consulting and education to assist small businesses at-risk of failure; and deploying additional resources to help specific sectors with a high presence of small companies. The award size under this program is \$250,000. \$2.5 million is authorized for each of fiscal years 2010 and 2011 for the purposes of carrying out this section. Funds for this program are separate and in addition to funds provided to the core SBDC program.

Section 706. Prohibition on program income being used as matching funds

Entities participating in the SBDC program are prohibited from using funds obtained through the assessment of fees to small business clients as program matching funds.

Section 707. Authorization

Funds for the SBDC program are authorized for \$150 million in fiscal year 2010 and \$160 million in fiscal year 2011.