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Small Business Management and Technical Assistance Training Programs

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Summary

The Small Business Administration (SBA) has provided technical and managerial assistance to small businesses since it began operations in 1953. Initially, the SBA provided its own small business management and technical assistance training programs. Over time, the SBA has relied increasingly on third parties to provide that training.

Congressional interest in the SBA's management and technical assistance training programs has increased in recent years, primarily because these programs are viewed as a means to assist small businesses create and retain jobs. The SBA spent about \$198.6 million on these programs in FY2015. These programs fund about "14,000 resource partners," including 63 lead small business development centers (SBDCs) and more than 900 SBDC local outreach locations, 105 women's business centers (WBCs), and 320 chapters of the mentoring program, SCORE. The SBA reports that more than 1 million aspiring entrepreneurs and small business owners receive training from an SBA-supported resource partner each year. The SBA argues that these programs contribute "to the long-term success of these businesses and their ability to grow and create jobs."

The Department of Commerce also provides management and technical assistance training for small businesses. For example, its Minority Business Development Agency provides training to minority business owners to assist them in obtaining contracts and financial awards.

Some have argued that the SBA could improve program efficiency by eliminating the duplication of services or increasing cooperation and coordination both within and among SCORE, WBCs, and SBDCs. For example, the House Committee on Small Business has argued that the SBA's various training programs should be "folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies" because they "overlap each other and duplicate the educational services provided by other agencies." Congress has also explored ways to improve the SBA's measurement of the programs' effectiveness.

This report examines the historical development of federal small business management and technical assistance training programs; describes their current structures, operations, and budgets; and assesses their administration and oversight and the measures used to determine their effectiveness. It also discusses several bills designed to improve program performance and oversight, including

- S. 2126, the Women's Small Business Ownership Act of 2015, which would authorize to be appropriated \$21.75 million for WBCs for each of FY2016-FY2020 (WBCs were appropriated \$15 million in FY2015); increase the WBC annual grant award from not more than \$150,000 to not more than \$250,000; and authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances;
- H.R. 2670, the Microloan Modernization Act of 2015, and its Senate companion bill (S. 1857), which would, among other provisions, require the SBA Administrator to establish a rule enabling intermediaries to apply for a waiver to the requirement that no more than 25% of Microloan technical assistance grant funds may be used to provide technical assistance to prospective borrowers; and
- H.R. 207, the Small Business Development Centers Improvement Act of 2015, and its Senate counterpart (S. 999), which would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) "to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration

services, support for the development and maintenance of clusters, or business training.”

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Federal Management and Technical Assistance Training Programs

The Small Business Administration (SBA) administers several programs to support small businesses, including loan guaranty programs to enhance small business access to capital; programs to increase small business opportunities in federal contracting; direct loans for businesses, homeowners, and renters to assist their recovery from natural disasters; and access to entrepreneurial education to assist with business formation and expansion. The SBA has provided “technical and managerial aides to small-business concerns, by advising and counseling on matters in connection with government procurement and on policies, principles and practices of good management” since it began operations in 1953.¹

Initially, the SBA provided its own management and technical assistance training programs. Over time, the SBA has relied increasingly on third parties to provide that training. More than 1 million aspiring entrepreneurs and small business owners receive training from an SBA-supported resource partner each year.²

The SBA has argued that its support of management and technical assistance training for small businesses has contributed “to the long-term success of these businesses and their ability to grow and create jobs.”³ It currently provides financial support to about 14,000 resource partners, including 63 small business development centers (SBDCs) and more than 900 SBDC local outreach locations, 105 women’s business centers (WBCs), and 320 chapters of the mentoring program, SCORE (Service Corps of Retired Executives).⁴

The SBA receives an annual appropriation for entrepreneurial development/non-credit programs collectively (\$220.0 million for FY2015). The SBA uses these funds for its management and training programs (\$198.6 million), the administration of the HUBZone program (\$3.0 million), and, for FY2015, the temporary State Trade and Export Promotion program (\$17.4 million) and Intermediate Lending Program (\$1.0 million).⁵ Congress specified the appropriation amount for SBDCs (\$115.0 million) and the Microloan Technical Assistance Program (\$22.3 million) in P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015, and included recommended appropriation amounts for the SBA’s other management and training programs in the explanatory statement that accompanied the act. The SBA is not legally required to adhere to the recommended amounts, but has traditionally done so in the past.

¹ U.S. Congress, Senate Committee on Banking and Currency, *Extension of the Small Business Act of 1953*, report to accompany S. 2127, 84th Cong., 1st sess., July 22, 1955, S.Rept. 84-1350 (Washington: GPO, 1955), p. 17.

² U.S. Small Business Administration (SBA), “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” pp. 7, 13, 29, 55, 56, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

³ SBA, “Fiscal Year 2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification.pdf.

⁴ U.S. Small Business Administration (SBA), “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” pp. 7, 13, 29, 55, 56, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>; SBA, “Women’s Business Centers Directory,” at <http://www.sba.gov/about-offices-content/1/2895/resources/13729>; and SCORE, “About SCORE,” at <https://www.score.org/about-score>.

⁵ P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015. For additional information and analysis of the SBA’s HUBZone program see CRS Report R41268, *Small Business Administration HUBZone Program*, by Robert Jay Dilger.

The SBA’s FY2016 appropriations have not been finalized. P.L. 114-53, the Continuing Appropriations Act, 2016, continued the SBA’s funding at FY2015 levels, minus an across-the-board recession of .2108%, through December 11, 2015.

Table 1 shows the appropriation amounts Congress specified for SBDCs and the Microloan Technical Assistance Program and the appropriation amounts Congress recommended for the SBA’s other management and training programs in FY2014 (\$185.915 million) and FY2015 (\$198.600 million). The Obama Administration’s FY2016 budget requests are also provided.

Table 1. SBA Management and Technical Assistance Training Programs, Specified and Recommended Appropriations, FY2014-FY2016
(\$ in millions)

Training Program	FY2014	FY2015	FY2016 Administration Request
Small Business Development Center Grants Program	\$113.625	\$115.000	\$115.000
Microloan Technical Assistance Program	\$20.000	\$22.300	\$25.000
Women’s Business Center Grants Program	\$14.000	\$15.000	\$16.000
SCORE (Service Corps of Retired Executives)	\$7.000	\$8.000	\$8.000
Boots to Business Initiative	\$7.000	\$7.500	\$7.500
Entrepreneurial Education Initiative	\$5.000	\$7.000	\$11.000
Entrepreneurial Development Initiative (Regional Innovation Clusters)	\$5.000	\$6.000	\$6.000
PRIME Technical Assistance Program	\$3.500	\$5.000	\$0.000
7(j) Technical Assistance Program	\$2.790	\$2.800	\$2.800
Growth Accelerators Initiative	\$2.500	\$4.000	\$5.000
Veterans Outreach (Centers, V-Wise and EBV)	\$2.500	\$3.000	\$3.950
Native American Outreach Program	\$2.000	\$2.000	\$2.000
National Women’s Business Council	\$1.000	\$1.000	\$1.000
Total	\$185.915	\$198.600	\$203.250

Sources: P.L. 113-76, the Consolidated Appropriations Act, 2014; “Explanatory Statement” accompanying the Consolidated Appropriations Act, 2014 (Division E - Financial Services and General Government Appropriations Act, 2014), pp. 37-39, at <http://docs.house.gov/billsthisweek/20140113/113-HR3547-JSOM-D-F.pdf>; P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015; Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740; and U.S. Small Business Administration, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

The Department of Commerce also provides management and technical assistance training for small businesses. For example, the Department of Commerce’s Minority Business Development

Agency (MBDA) provides training to minority business owners to assist them in obtaining contracts and financial awards.⁶ In addition, the Department of Commerce's Economic Development Administration's Local Technical Assistance Program promotes efforts to build and expand local organizational capacity in economically distressed areas. As part of that effort, it funds projects that focus on technical or market feasibility studies of economic development projects or programs, which often include consultation with small businesses.⁷

For many years, a recurring theme at congressional hearings concerning the SBA's management and technical assistance training programs has been the perceived need to improve program efficiency by eliminating duplication of services and increasing cooperation and coordination both within and among its training resource partners. For example, the Obama Administration recommended in its FY2012-FY2016 budget recommendations that funding for the PRIME technical assistance program be ended. The Administration argued that PRIME overlaps and duplicates "the technical assistance provided by SBA's microlending intermediaries."⁸

The House Committee on Small Business has argued that the SBA's various management and technical assistance training programs should be "folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies" because they "overlap each other and duplicate the educational services provided by other agencies."⁹ Congress has also explored ways to improve the SBA's measurement of these programs' effectiveness.

This report examines the historical development of federal small business management and technical assistance training programs; describes their current structures, operations, and budgets; and assesses their administration and oversight, including the measures used to determine their effectiveness.

This report also discusses several bills introduced during the 114th Congress that would authorize changes to the SBA's management and technical assistance training programs, including

- S. 2126, the Women's Small Business Ownership Act of 2015, which would authorize to be appropriated \$21.75 million for WBCs for each of FY2016-FY2020 (WBCs were appropriated \$15 million in FY2015); increase the WBC annual grant award from not more than \$150,000 to not more than \$250,000; and authorize the SBA to waive, in whole or in part, the WBC nonfederal matching

⁶ U.S. Department of Commerce, Minority Business Development Agency, "Annual Performance Report, Fiscal Year 2012; A Catalyst for Global Business Expansion," p. 1, at <http://www.mbd.gov/sites/default/files/APR2012.pdf>.

⁷ 13 C.F.R. §306.

⁸ SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf. Also, see SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p. 22, at <https://www.sba.gov/sites/default/files/files/1-508-Compliant-FY-2014-CBJ%20FY%202012%20APR.pdf>.

⁹ U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014," communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf. Previously, the House Committee on Small Business had recommended that funding for Women Business Centers, PRIME technical assistance, HUBZone outreach, and the Offices of Native American Affairs and International Trade be eliminated; and funding for 7(j) technical assistance, Microloan technical assistance, and the National Women's Business Council be reduced. See U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2013," communication to the Chairman, House Committee on the Budget, 112th Cong., 2nd sess., March 7, 2012, at http://smallbusiness.house.gov/uploadedfiles/views_and_estimates_fy_2013.pdf.

requirement for up to two consecutive fiscal years under specified circumstances;¹⁰

- H.R. 2670, the Microloan Modernization Act of 2015, and its Senate companion bill (S. 1857), which would, among other provisions, require the SBA Administrator to establish a rule enabling intermediaries to apply for a waiver to the requirement that no more than 25% of Microloan technical assistance grant funds may be used to provide technical assistance to prospective borrowers;¹¹ and
- H.R. 207, the Small Business Development Centers Improvement Act of 2015, and its Senate counterpart (S. 999), which would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) “to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training.”¹²

SBA Management and Technical Assistance Training Programs

The SBA supports a number of management and technical assistance training programs, including the following:

- Small Business Development Center Grants Program,
- Microloan Technical Assistance Program,
- Women’s Business Center Grants Program,
- SCORE (Service Corps of Retired Executives),
- PRIME Technical Assistance Program,
- Veterans Business Development Programs,
- 7(j) Technical Assistance Program,
- Native American Outreach Program, and
- Several initiatives, including the Entrepreneurial Development Initiative (Regional Innovation Clusters), Boots to Business, Entrepreneurial Education, and Growth Accelerators.

The legislative history and current operating structures, functions, and budget for each of these programs is presented in this report. In addition, if the data are available, the program’s performance based on outcome-based measures, such as their effect on small business formation, survivability, and expansion, and on job creation and retention, is also presented. Also, a brief description of each of these programs is provided in the **Appendix**.

¹⁰ The specified circumstances include the consideration of the economic conditions affecting the recipient organization; the waiver’s impact on the women’s business center program’s credibility; the recipient organization’s demonstrated ability to raise nonfederal funds; and the recipient organization’s performance.

¹¹ The bills would also increase the Microloan program’s aggregate loan limit for intermediaries after their first year of participation in the program from \$5 million to \$6 million and its repayment terms from not more than 6 years to not more than 10 years for loans greater than \$10,000.

¹² This requirement would not apply to services provided to assist small businesses owned by an Indian tribe.

Small Business Development Centers

In 1976, the SBA created the University Business Development Center pilot program to establish small business centers within universities to provide counseling and training for small businesses. The first center was founded at California State Polytechnic University at Pomona in December, 1976. Seven more centers were funded over the next six months at universities in seven different states. By 1979, 16 SBDCs received SBA funding and were providing management and technical training assistance to small businesses.¹³

The SBDC program was provided statutory authorization by P.L. 96-302, the Small Business Development Center Act of 1980.¹⁴ SBDCs were to “rely on the private sector primarily, and the university community, in partnership with the SBA and its other programs, to fill gaps in making quality management assistance available to the small business owner.”¹⁵ Although most SBDCs continued to be affiliated with universities, the legislation authorized the SBA to provide funding

to any State government or any agency thereof, any regional entity, any State-chartered development, credit or finance corporation, any public or private institution of higher education, including but not limited to any land-grant college or university, any college or school of business, engineering, commerce, or agriculture, community college or junior college, or to any entity formed by two or more of the above entities.¹⁶

SBDC funding is allocated on a pro rata basis among the states (defined to include the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa) by a statutory formula “based on the percentage of the population of each State, as compared to the population of the United States.”¹⁷ If, as is currently the case, SBDC funding exceeds \$90 million, the minimum funding level is “the sum of \$500,000, plus a percentage of \$500,000 equal to the percentage amount by which the amount made available exceeds \$90 million.”¹⁸

In 1984, P.L. 98-395, the Small Business Development Center Improvement Act of 1984, required SBDCs, as a condition of receiving SBA funding, to contribute a matching amount equal to the grant amount, and that the match must be provided by nonfederal sources and be comprised of not less than 50% cash and not more than 50% of indirect costs and in-kind contributions.¹⁹ It also required SBDCs to have an advisory board and a full-time director who has authority to

¹³ Association of Small Business Development Centers, “A Brief History of America’s Small Business Development Center Network,” Burke, VA, at http://www.asbdc-us.org/About_Us/aboutus_history.html.

¹⁴ Ibid.; and U.S. Congress, Senate Committee on Small Business, *Oversight of the Small Business Administration’s Small Business Development Center Program*, 98th Cong., 1st sess., February 8, 1983, S.Hrg. 98-31 (Washington: GPO, 1983), p. 2.

¹⁵ U.S. Congress, Senate Committee on Small Business, *Oversight of the Small Business Administration’s Small Business Development Center Program*, 98th Cong., 1st sess., February 8, 1983, S.Hrg. 98-31 (Washington: GPO, 1983), p. 2.

¹⁶ Ibid., p. 4.

¹⁷ 15 U.S.C. 648(a)(4)(C).

¹⁸ Ibid., and P.L. 106-554, the Consolidated Appropriations Act, 2001.

¹⁹ For American Samoa, Guam, and the U.S. Virgin Islands, the SBA is required to waive the matching requirements on awards less than \$200,000 and has discretion to waive the match for awards exceeding \$200,000. See 48 U.S.C. Section 1469a. Also, there is one exception to the disallowance of federal funds as a cash match. Community Development Block Grant (CDBG) funds received from the Department of Housing and Urban Development are allowed when: (1) the SBDC activities are consistent with the authorized CDBG activities for which the funds were granted; and (2) the CDBG activities are identified in the Consolidated Plan of the CDBG grantee or in the agreement between the CDBG grantee and the subrecipient of the funds.

make expenditures under the center's budget. It also required the SBA to implement a program of onsite evaluations for each SBDC and to make those evaluations at least once every two years.

Today, the SBA provides grants to SBDCs that are "hosted by leading universities, colleges, and state economic development agencies" to deliver management and technical assistance training "to small businesses and nascent entrepreneurs (pre-venture) in order to promote growth, expansion, innovation, increased productivity and management improvement."²⁰ These services are delivered, in most instances, on a nonfee, one-on-one confidential counseling basis and are administered by 63 lead service centers, one located in each state (four in Texas and six in California), the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.²¹ These lead centers manage more than 900 service centers located throughout the United States and the territories.²²

In FY2014, SBDCs provided technical assistance training services to 291,336 clients and counseling services to 194,121 clients.²³ Also, 13,415 new businesses were formed with assistance from SBDC counselors in FY2014.²⁴

SBDCs received an appropriation of \$113.0 million for FY2010, \$113.0 million for FY2011 (plus an additional \$50 million under P.L. 111-240, the Small Business Jobs Act of 2010),²⁵ \$112.5 million for FY2012, \$112.5 million for FY2013 (\$103.44 million after sequestration and account transfers), \$113.625 million for FY2014, and \$115.0 million for FY2015.²⁶ The Obama Administration has requested \$115.0 million for the program in FY2016.²⁷

²⁰ SBA, "Small Business Development Center Fy/Cy 2011 Program Announcement for Renewal of the Cooperative Agreement for Current Recipient Organizations," p. 3, at <https://www.sba.gov/sites/default/files/files/2011%20Program%20Announcement.pdf>.

²¹ Ibid.

²² Association of Small Business Development Centers, "Welcome," Burke, Virginia, at <http://www.asbdc-us.org/>; and SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 57, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

²³ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 58, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

²⁴ Ibid.

²⁵ P.L. 111-240, the Small Business Jobs Act of 2010, appropriated \$50 million in additional funds for SBDCs with each state guaranteed not less than \$325,000 of these additional funds. The act also waived the nonfederal matching requirement for these additional funds. About \$16.2 million of these funds were awarded to SBDCs in FY2010, and the remainder was awarded to SBDCs during FY2011. See SBA, "FY2011 Congressional Budget Justification and FY2009 Annual Performance Report," p. 21, at http://www.sba.gov/sites/default/files/Congressional_Budget_Justification.pdf; SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," pp. 25, 47, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf; and SBA, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," p. 45, at [https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR\(1\).pdf](https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR(1).pdf).

²⁶ H.Rept. 111-366, the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Act, 2010; P.L. 111-117, the Consolidated Appropriations Act, 2010; P.L. 112-10, the Department of Defense and Full-Year Continuing Appropriations Act, 2011; H.Rept. 112-331, the Consolidated Appropriations Act, 2012; P.L. 112-175, the Continuing Appropriations Resolution, 2013; P.L. 113-6, the Consolidated and Further Continuing Appropriations Act, 2013; SBA, "General Statement Regarding the Implications of Sequestration," provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76, the Consolidated Appropriations Act, 2014; and P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015.

²⁷ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

During FY2015, the SBDC program focused on helping “entrepreneurs gain access to capital infusion such as traditional bank financing, SBA-guaranteed loans, equity contributions from angel investors, and venture capitalists who can help them expand their businesses.”²⁸

As part of its legislative mandate to evaluate each SBDC, in 2003, the SBA’s Office of Entrepreneurial Development designed “a multi-year time series study to assess the impact of the programs it offers to small businesses.”²⁹ The survey has been administered annually by a private firm.

The 2013 survey was sent to 29,957 SBDC clients in March 2013 to “provide an analysis of client attitudes toward their counseling experiences and client perceptions of the impact of that counseling on their businesses”³⁰ A total of 5,460 surveys (18.2% return rate) were completed either by telephone or the Internet.³¹

The 2013 survey indicated that SBDC clients tend to be somewhat larger, both in terms of annual revenue and employment, than SCORE and WBC clients.³² The survey also found that

- 82% of SBDC clients reported that the services they received from counselors were useful or very useful, 2% had no opinion, and 16% reported that the services they received from counselors were somewhat useful or not useful;³³
- 63% of SBDC clients reported that they changed their management practices/strategies as a result of the assistance they received;³⁴ and
- the top five changes to management practices involved their business plan (55%), marketing plan (45%), general management (34%), cash flow analysis (30%), and financial strategy (28%).³⁵

Proposed Legislation

H.R. 207, the Small Business Development Centers Improvement Act of 2015, would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) “to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training.”³⁶

²⁸ Ibid., p. 44.

²⁹ SBA, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Development Resources,” September 10, 2009, p. 2, at http://archive.sba.gov/idc/groups/public/documents/sba_program_office/ed_finalreport_2009.pdf.

³⁰ SBA, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners’ Face-to-Face Counseling,” September 2013, p. 10, at https://www.sba.gov/sites/default/files/files/OED_ImpactReport_09302013_Final.pdf.

³¹ Ibid., p. 8.

³² In 2012, SBDC clients had average revenue of \$762,962 and, on average, 10.05 employees; SCORE clients had average revenue of \$465,828 and, on average, 5.56 employees; and WBC clients had average revenue of \$192,734 and, on average, 4.67 employees. See SBA, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners’ Face-to-Face Counseling,” September 2013, p. 26, at https://www.sba.gov/sites/default/files/files/OED_ImpactReport_09302013_Final.pdf.

³³ Ibid., p. 19.

³⁴ Ibid., p. 20.

³⁵ Ibid., p. 21.

³⁶ This requirement would not apply to services provided to assist small businesses owned by an Indian tribe.

S. 956, the Small Business Disaster Reform Act of 2015, would, among other provisions, allow the SBA Administrator to authorize a SBDC to provide assistance to small businesses outside the state of that SBDC, without regard to geographical 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.

S. 999, the Small Business Development Centers Improvement Act of 2015, as amended and reported by the Senate Committee on Small Business and Entrepreneurship on June 10, 2015, would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) to deliver entrepreneurial development services, entrepreneurial education, support for the development and maintenance of clusters, or business training; and allow the SBA Administrator to authorize a SBDC to provide assistance to small businesses outside the state of that SBDC, without regard to geographical proximity, for up to two years 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.

Microloan Technical Assistance Program

Congress authorized the SBA's Microloan lending program in 1991 (P.L. 102-140, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1992) to address the perceived disadvantages faced by women, low-income, veteran, and minority entrepreneurs and business owners gaining access to capital for starting or expanding their business. The program became operational in 1992. Its stated purpose is

to assist women, low-income, veteran ... and minority entrepreneurs and business owners and other individuals possessing the capability to operate successful business concerns; to assist small business concerns in those areas suffering from a lack of credit due to economic downturns; ... to make loans to eligible intermediaries to enable such intermediaries to provide small-scale loans, particularly loans in amounts averaging not more than \$10,000, to start-up, newly established, or growing small business concerns for working capital or the acquisition of materials, supplies, or equipment; [and] to make grants to eligible intermediaries that, together with non-Federal matching funds, will enable such intermediaries to provide intensive marketing, management, and technical assistance to microloan borrowers.³⁷

Initially, the SBA's Microloan program was authorized as a five-year demonstration project. It was made permanent, subject to reauthorization, by P.L. 105-135.

The SBA's Microloan Technical Assistance Program, which is part of the SBA's Microloan program but receives a separate appropriation, provides grants to Microloan intermediaries to provide management and technical training assistance to Microloan program borrowers and prospective borrowers.³⁸ There are 159 intermediaries participating in the program, located in 46 states, the District of Columbia, and Puerto Rico.³⁹

³⁷ 15 U.S.C. §636 7(m)(1)(A).

³⁸ For further analysis of the SBA's Microloan program, see CRS Report R41057, *Small Business Administration Microloan Program*, by Robert Jay Dilger.

³⁹ There are no Microloan intermediaries located in Alaska, Idaho, Mississippi, and Rhode Island. SBA, "Microloan Program: Partner Identification & Management System Participating Microloan Intermediary Report," September 21, 2015, at https://www.sba.gov/sites/default/files/articles/microlenderrpt_150921.pdf. An intermediary may not operate in more than one state unless the SBA determines that it would be in the best interests of the small business community (continued...)

Intermediaries are eligible to receive a Microloan technical assistance grant “of not more than 25% of the total outstanding balance of loans made to it” under the Microloan program.⁴⁰ Grant funds may be used only to provide marketing, management, and technical assistance to Microloan borrowers, except that up to 25% of the funds may be used to provide such assistance to prospective Microloan borrowers.⁴¹ Grant funds may also be used to attend training required by the SBA.⁴²

In most instances, intermediaries must contribute, solely from nonfederal sources, an amount equal to 25% of the grant amount.⁴³ In addition to cash or other direct funding, the contribution may include indirect costs or in-kind contributions paid for under nonfederal programs.⁴⁴ Intermediaries that make at least 50% of their loans to small businesses located in or owned by residents of an Economically Distressed Area are not subject to the 25% contribution requirement.⁴⁵ Intermediaries may expend no more than 25% of the grant funds on third party contracts for the provision of management and technical assistance.⁴⁶

The SBA does not require Microloan borrowers to participate in the Microloan Technical Assistance Program. However, intermediaries typically require Microloan borrowers to participate in the training program as a condition of the receipt of a microloan. Combining loan and intensive management and technical assistance training is one of the Microloan program’s distinguishing features.⁴⁷

The Microloan Technical Assistance Program provided counseling services to 15,668 small businesses in FY2014.⁴⁸ The program was appropriated \$46.0 million for FY2010, including

(...continued)

for it to operate across state lines. For example, the microloan intermediary located in Washington, Pennsylvania is allowed to service ten West Virginia counties due to its proximity to these counties and the distance to the only other intermediary serving West Virginia, which is located in Charleston, West Virginia. Also, a microloan intermediary located in Laguna Niguel, California, which focuses on the capital needs of disabled veteran-owned businesses, serves many jurisdictions throughout the nation that lack a participating intermediary.

⁴⁰ 15 U.S.C. §636(m)(4)(A).

⁴¹ Congress directed the SBA in the explanatory statement accompanying P.L. 113-235 to “assess the impact of the requirement that only 25 percent of funds for microloan technical assistance may be used for prospective buyers, and to submit any recommendations for statutory changes to improve the microloan technical assistance program to the Committees on Appropriations and Small Business of the House and Senate within 90 days of enactment of this Act.” See Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9741.

⁴² 13 C.F.R. §120.712.

⁴³ *Ibid.*

⁴⁴ *Ibid.* Intermediaries may not borrow their contribution.

⁴⁵ An economically distressed area is a county or equivalent division of local government which, according to the most recent available data from the U.S. Bureau of the Census, 40% or more of the residents have an annual income that is at or below the poverty level. See 13 C.F.R. §120.701.

⁴⁶ 13 C.F.R. §120.712.

⁴⁷ Intermediaries that make at least 25% of their loans to small businesses located in or owned by residents of an Economically Distressed Area (defined as having 40% or more of its residents with an annual income that is at or below the poverty level), or have a portfolio of loans made under the program that averages not more than \$10,000 during the period of the intermediary’s participation in the program are eligible to receive an additional training grant equal to 5% of the total outstanding balance of loans made to the intermediary. Intermediaries are not required to make a matching contribution as a condition of receiving these additional grant funds. See 13 C.F.R. §120.712; and 15 U.S.C. §636(m)(4)(C)(i).

⁴⁸ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 94, at (continued...)

\$24.0 million in additional temporary funding provided by P.L. 111-5, the American Recovery and Reinvestment Act of 2009. It received a \$22.0 million appropriation for FY2011, \$20.0 million for FY2012, \$20.0 million for FY2013 (\$19.809 million after sequestration and account transfers), \$20.0 million for FY2014, and \$22.3 million for FY2015.⁴⁹ The Obama Administration has requested \$25.0 million for the program in FY2016.⁵⁰

Proposed Legislation

H.R. 2670, the Microloan Modernization Act of 2015, and its Senate companion bill (S. 1857), would, among other provisions, require the SBA Administrator to establish a rule enabling intermediaries to apply for a waiver to the requirement that no more than 25% of Microloan technical assistance grant funds may be used to provide technical assistance to prospective borrowers.⁵¹

Women's Business Centers

The Women's Business Center (WBC) Renewable Grant Program was initially established by P.L. 100-533, the Women's Business Ownership Act of 1988, as the Women's Business Demonstration Pilot Program. The act directed the SBA to provide financial assistance to private, nonprofit organizations to conduct demonstration projects giving financial, management, and marketing assistance to small businesses, including start-up businesses, owned and controlled by women. Since its inception, the program has targeted the needs of socially and economically disadvantaged women.⁵² The WBC program was expanded and provided permanent legislative status by P.L. 109-108, the Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006.

Since the program's inception, the SBA has awarded WBCs a grant of up to \$150,000 per year. Initially, the grant was awarded for one year, with the possibility of being renewed twice, for a total of up to three years. Also, as a condition of the receipt of funds, the WBC was required to raise at least one nonfederal dollar for each two federal dollars during the grant's first year (1:2), one nonfederal dollar for each federal dollar during year two (1:1), and two nonfederal dollars for each federal dollar during year three (2:1).⁵³ Over the years, Congress has extended the length of the WBC program's grant award and reduced the program's matching requirement.

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<https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

⁴⁹ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, "General Statement Regarding the Implications of Sequestration," provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and P.L. 113-235.

⁵⁰ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

⁵¹ H.R. 2670 was passed by the House on July 13, 2015. S. 1857 was ordered to be reported by the Senate Committee on Small Business and Entrepreneurship on July 29, 2015, and subsequently reported and placed on the Senate Legislative Calendar under General Orders on September 15, 2015. The bills would also increase the Microloan program's aggregate loan limit for intermediaries after their first year of participation in the program from \$5 million to \$6 million and the program's repayment terms from not more than 6 years to not more than 10 years for loans greater than \$10,000. For additional information, see CRS Report R41057, *Small Business Administration Microloan Program*, by Robert Jay Dilger.

⁵² U.S. Congress, House Committee on Small Business, *Review of Women's Business Center Program*, 106th Cong., February 11, 1999, Serial No. 106-2 (Washington: GPO, 1999), p. 4.

⁵³ Matching contributions must come from nonfederal sources such as state and local governments, private individuals, (continued...)

Today, WBC initial grants are awarded for up to five years, consisting of a base period of 12 months from the date of the award and four 12-month option periods.⁵⁴ The SBA determines if the option periods are exercised and makes that determination subject to the continuation of program authority, the availability of funds, and the recipient organization's compliance with federal law, SBA regulations, and the terms and conditions specified in a cooperative agreement. WBCs that successfully complete the initial five-year grant period may apply for an unlimited number of three-year funding intervals.⁵⁵

During their initial five-year grant period, WBCs are now required to provide a nonfederal match of one nonfederal dollar for each two federal dollars in years one and two (1:2), and one nonfederal dollar for each federal dollar in years three, four and five (1:1).⁵⁶ After the initial five-year grant period, the matching requirement in subsequent three-year funding intervals is not more than 50% of federal funding (1:1).⁵⁷ The nonfederal match may consist of cash, in-kind, and program income.⁵⁸

Today, there are 105 WBCs located throughout most of the United States and the territories.⁵⁹ In FY2014, WBCs provided technical assistance training services to 119,351 clients and counseling services to 20,686 clients.⁶⁰ They also assisted in the formation of 708 new businesses in FY2013.⁶¹

Congress recommended that the WBC program receive \$14.0 million for FY2010, \$14.0 million for FY2011, \$14.0 million for FY2012, \$14.0 million for FY2013 (\$12.888 million after

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corporations and foundations, and program income. Community Development Block Grant funds, when permissible under the terms of that program, may also be used as a match. At least half of the nonfederal match must be in the form of cash. SBA, "Women's Business Center (Initial Grant), FY2011" at <http://www.sba.gov/sites/default/files/files/Program%20Announcement%20WBO-2011-01-1%20-%20New%20WBC%20in%20Idaho.pdf>.

⁵⁴ P.L. 105-135, the Small Business Reauthorization Act of 1997, authorized the SBA to award grants to WBCs for up to five years—one base year and four option years. P.L. 106-165, the Women's Business Centers Sustainability Act of 1999, provided WBCs that had completed the initial five-year grant an opportunity to apply for an additional five-year sustainability grant. Thus, the act allowed successful WBCs to receive SBA funding for a total of 10 years. Because the program has permitted permanent three-year funding intervals since 2007, the sustainability grants would be phased out by FY2012, leaving the initial five-year grants with the continuous three-year option. See SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 49, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf.

⁵⁵ P.L. 110-28, the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, allowed WBCs that successfully completed the initial five-year grant to apply for an unlimited number of three-year funding renewals.

⁵⁶ P.L. 105-135 reduced the program's matching to one nonfederal dollar for each two federal dollars in years one through three rather than just during the first year (1:2), one nonfederal dollar for each federal dollar in year four rather than during year two (1:1), and two nonfederal dollars for each federal dollar in year five rather than in year three (2:1). P.L. 106-17, the Women's Business Center Amendments Act of 1999, reduced the program's matching requirement to one nonfederal dollar for each two federal dollars in years one and two (1:2), and one nonfederal dollar for each federal dollar in years three, four and five (1:1).

⁵⁷ P.L. 110-28 reduced the federal share to not more than 50% for all grant years (1:1) following the initial five-year grant.

⁵⁸ P.L. 105-135 specified that not more than one-half of the nonfederal sector matching assistance may be in the form of in-kind contributions that are budget line items only, including office equipment and office space.

⁵⁹ SBA, "Women's Business Centers Directory," at <https://www.sba.gov/tools/local-assistance/wbc>.

⁶⁰ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 60, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

⁶¹ *Ibid.*

sequestration and account transfers), \$14.0 million for FY2014, and \$15.0 million for FY2015.⁶² The Obama Administration has requested \$16.0 million for the program in FY2016.⁶³

P.L. 105-135, the Small Business Reauthorization Act of 1997, required the SBA to “develop and implement an annual programmatic and financial examination of each” WBC.⁶⁴ As part of its legislative mandate to implement an annual programmatic and financial examination of each WBC, the SBA’s Office of Entrepreneurial Development includes WBCs in its previously mentioned multi-year time series study of its programs.

The firm administering the 2013 survey of SBA management and training clients contacted 2,997 WBC clients and received 529 completed surveys (17.7% return rate).⁶⁵ The survey indicated that

- 80% of WBC clients reported that the services they received from counselors were useful or very useful, 2% had no opinion, and 18% reported that the services they received from counselors were somewhat useful or not useful,⁶⁶
- 61% of WBC clients reported that they changed their management practices/strategies as a result of the assistance they received;⁶⁷ and
- the top five changes to management practices involved their business plan (56%), marketing plan (46%), general management (36%), cash flow analysis (31%), and financial strategy (30%).⁶⁸

Proposed Legislation

During the 113th Congress, S. 2693, the Women’s Small Business Ownership Act of 2014, would have authorized to be appropriated \$26.75 million for WBCs for each of FY2015-FY2019, nearly double the amount they were appropriated in FY2014 (\$14 million); increased the WBC annual grant award from not more than \$150,000 to not more than \$250,000; and authorized the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances. The bill, with some modifications was reintroduced during the 114th Congress.

S. 2126, the Women’s Small Business Ownership Act of 2015, was reported favorably by the Senate Committee on Small Business and Entrepreneurship on October 8, 2015, and placed on the Senate Legislative Calendar under General Orders. The bill would authorize to be appropriated \$21.75 million for WBCs for each of FY2016-FY2020 (WBCs were appropriated \$15 million in FY2015); increase the WBC annual grant award from not more than \$150,000 to

⁶² H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

⁶³ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

⁶⁴ P.L. 105-135, §29. Women’s Business Center Program.

⁶⁵ SBA, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners’ Face-to-Face Counseling,” September 2013, p. 8, at https://www.sba.gov/sites/default/files/files/OED_ImpactReport_09302013_Final.pdf.

⁶⁶ *Ibid.*, p. 19.

⁶⁷ *Ibid.*, p. 20.

⁶⁸ *Ibid.*, p. 21.

not more than \$250,000; and authorize the SBA to waive, in whole or in part, the WBC nonfederal matching requirement for up to two consecutive fiscal years under specified circumstances.⁶⁹

SCORE (Service Corps of Retired Executives)

The SBA has partnered with various voluntary business and professional service organizations to provide management and technical assistance training to small businesses since the 1950s. On October 5, 1964, using authority under the Small Business Act to provide “technical and managerial aids to small business concerns” in cooperation with “educational and other nonprofit organizations, associations, and institutions,” then-SBA Administrator Eugene P. Foley officially launched SCORE (Service Corps of Retired Executives) as a national, volunteer organization with 2,000 members, uniting more than 50 independent nonprofit organizations into a single, national nonprofit organization.⁷⁰ Since then, the SBA has provided financial assistance to SCORE to provide training to small business owners and prospective owners.⁷¹

Over the years, Congress has authorized the SBA to take certain actions relating to SCORE. For example, P.L. 89-754, the Demonstration Cities and Metropolitan Development Act of 1966, authorized the SBA to permit members of nonprofit organizations use of the SBA’s office facilities and services. P.L. 90-104, the Small Business Act Amendments of 1967, added the authority to pay travel and subsistence expenses “incurred at the request of the Administration in connection with travel to a point more than fifty miles distant from the home of that individual in providing gratuitous services to small businessmen” or “in connection with attendance at meetings sponsored by the Administration.”⁷² P.L. 93-113, the Domestic Volunteer Service Act of 1973, was the first statute to mention SCORE directly, providing the Director of ACTION authority to work with SCORE to “expand the application of their expertise beyond Small Business Administration clients.”⁷³ P.L. 95-510, a bill to amend the Small Business Act, provided the SBA explicit statutory authorization to work with SCORE (Section 8(b)(1)(A)). P.L. 106-554,

⁶⁹ The specified circumstances include the consideration of the economic conditions affecting the recipient organization; the waiver’s impact on the women’s business center program’s credibility; the recipient organization’s demonstrated ability to raise nonfederal funds; and the recipient organization’s performance.

⁷⁰ P.L. 83-163, the Small Business Act of 1953; and U.S. Congress, Senate Select Committee on Small Business, *Small Business Administration - 1965*, 89th Cong., 1st sess., May 19, 1965 (Washington: GPO, 1965), pp. 21, 45; and SCORE (Service Corps of Retired Executives), “Milestones in SCORE History,” Washington, DC, at <https://www.score.org/node/147953>.

⁷¹ U.S. Congress, Senate Select Committee on Small Business and House Select Committee on Small Business, *1966 Federal Handbook for Small Business: A Survey of Small Business Programs in the Federal Government Agencies*, committee print, 89th Cong., 3rd sess., January 31, 1966 (Washington: GPO, 1966), p. 5; and U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship, and Trade, *Subcommittee Hearing on Legislative Initiatives to Modernize SBA’s Entrepreneurial Development Programs*, 111th Cong., 1st sess., April 2, 2009 (Washington: GPO, 2009), p. 6.

⁷² U.S. Congress, Senate Select Committee on Small Business, *Small Business Act*, 90th Cong., 1st sess., November 22, 1967 (Washington: GPO, 1967), pp. 13, 14.

⁷³ P.L. 93-113, the Domestic Volunteer Service Act of 1973, §302. Authority to Establish, Coordinate, and Operate Programs. ACTION was created on July 1, 1971, by President Richard M. Nixon (Reorganization Plan Number One and Executive Order 11603) to oversee several federal volunteer agencies, including the Peace Corps, VISTA (Volunteers in Service to America); and SCORE. P.L. 103-82, the National and Community Service Trust Act of 1993, directed that ACTION be merged with the Commission on National and Community Service to form the Corporation for National and Community Service, which became operational in 1994. See Corporation for National and Community Service, “National Service Timeline,” Washington, DC, at http://www.nationalservice.gov/about/role_impact/history_timeline.asp.

the Consolidated Appropriations Act, 2001 (Section 1(a)(9)—the Small Business Reauthorization Act of 2000) authorized SCORE to solicit cash and in-kind contributions from the private sector to be used to carry out its functions.

The SBA currently provides grants to SCORE to provide in-person mentoring, online training, and “nearly 9,000 local training workshops annually” to small businesses.⁷⁴ SCORE’s 320 chapters and more than 800 branch offices are located throughout the United States and partner with more than 11,000 volunteer counselors, who are working or retired business owners, executives and corporate leaders, to provide management and training assistance to small businesses “at no charge or at very low cost.”⁷⁵

In FY2014, SCORE’s volunteer network of business professionals provided technical assistance training services to 277,971 clients and counseling services to 164,403 clients.⁷⁶ They also assisted in the formation of 5,339 new businesses in FY2014.⁷⁷

Congress recommended that SCORE receive \$7.0 million for FY2010, \$7.0 million for FY2011, \$7.0 million for FY2012, \$7.0 million for FY2013 (\$6.444 million after sequestration and account transfers), \$7.0 million for FY2014, and \$8.0 million for FY2015.⁷⁸ The Obama Administration has requested \$8.0 million for the program in FY2016.⁷⁹

W. Kenneth Yancey, Jr., SCORE’s chief executive officer, provided the following description at a congressional hearing of SCORE’s efforts to assist small businesses as they deal with the nation’s current economic environment:

SCORE volunteers know things that only experience can teach. All across the country, SCORE is helping clients navigate the credit crunch. SCORE can mentor an aspiring entrepreneur through the business plan process to get them through the start-up phase. For in-business clients, SCORE can provide advice on handling cash flow problems and marketing to drive leads and sales. Many SCORE chapters offer team counseling, where a group of volunteers examine various aspects of the client’s business and make recommendations.⁸⁰

The SBA Office of Entrepreneurial Development includes SCORE in its multi-year time series study to assess its programs’ effectiveness. The firm administering the 2013 survey of SBA

⁷⁴ SBA, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” p. 45, at [https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR\(1\).pdf](https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR(1).pdf).

⁷⁵ SCORE (Service Corps of Retired Executives), “About SCORE,” Washington, DC, at <https://www.score.org/about-score>.

⁷⁶ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 61, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

⁷⁷ Ibid.

⁷⁸ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

⁷⁹ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

⁸⁰ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on Legislation to Reauthorize and Modernize SBA’s Entrepreneurial Development Programs*, 111th Cong., 1st sess., May 6, 2009 (Washington: GPO, 2009), p. 53.

management and training clients contacted 25,183 SCORE clients and received 3,470 completed surveys (13.8% return rate).⁸¹ The survey indicated that

- 78% of SCORE clients reported that the services they received from counselors were useful or very useful, 1% had no opinion, and 21% reported that the services they received from counselors were somewhat useful or not useful;⁸²
- 63% of SCORE clients reported that they changed their management practices/strategies as a result of the assistance they received;⁸³ and
- the top five changes to management practices involved their business plan (52%), marketing plan (44%), general management (37%), financial strategy (29%), and cash flow analysis (28%).⁸⁴

Proposed Legislation

S. 1000, the SCORE for Small Business Act of 2015, as amended and reported by the Senate Committee on Small Business and Entrepreneurship on June 10, 2015, would authorize to be appropriated \$10.5 million for SCORE each of FY2016-FY2018; and, among other provisions, require the SBA, in consultation with the SCORE Association, to ensure that the SCORE program and each SCORE chapter “develop and implement plans and goals to more effectively and efficiently provide services to individuals in rural areas, economically disadvantaged communities, and other traditionally underserved communities, including plans for electronic initiatives, web-based initiatives, chapter expansion, partnerships, and the development of new skills by volunteers participating in the SCORE program.”

Program for Investment in Micro-entrepreneurs (PRIME)

P.L. 106-102, the Gramm-Leach-Bliley Act (of 1999) (Subtitle C—Microenterprise Technical Assistance and Capacity Building Program), amended P.L. 103-325, the Riegle Community Development and Regulatory Improvement Act of 1994, to authorize the SBA to “establish a microenterprise technical assistance and capacity building grant program.”⁸⁵ The program was to “provide assistance from the Administration in the form of grants” to

nonprofit microenterprise development organizations or programs (or a group or collaborative thereof) that has a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs; an intermediary; a microenterprise development organization or program that is accountable to a local community, working in conjunction with a state or local government or Indian tribe; or an Indian tribe acting on its own, if the Indian tribe can certify that no private organization or program referred to in this paragraph exists within its jurisdiction.”⁸⁶

⁸¹ SBA, Office of Entrepreneurial Development, “Impact Study of Entrepreneurial Dynamics: Office of Entrepreneurial Development Resource Partners’ Face-to-Face Counseling,” September 2013, p. 8, at https://www.sba.gov/sites/default/files/files/OED_ImpactReport_09302013_Final.pdf.

⁸² *Ibid.*, p. 19.

⁸³ *Ibid.*, p. 20.

⁸⁴ *Ibid.*, p. 21.

⁸⁵ P.L. 106-102, the Gramm-Leach-Bliley Act, §173. Establishment of Program.

⁸⁶ P.L. 106-102, §173. Establishment of Program and §175. Qualified Organizations.

The SBA was directed “to ensure that not less than 50% of the grants . . . are used to benefit very low-income persons, including those residing on Indian reservations.”⁸⁷ It was also directed to

(1) provide training and technical assistance to disadvantaged entrepreneurs; (2) provide training and capacity building services to microenterprise development organizations and programs and groups of such organizations to assist such organizations and programs in developing microenterprise training and services; (3) aid in researching and developing the best practices in the field of microenterprise and technical assistance programs for disadvantaged entrepreneurs; and (4) for such other activities as the Administrator determines are consistent with the purposes of this subtitle.⁸⁸

The SBA’s PRIME was designed to meet these legislative requirements by providing assistance to organizations that “help low-income entrepreneurs who lack sufficient training and education to gain access to capital to establish and expand their small businesses.”⁸⁹ The program offers four types of grants:

- *Technical Assistance Grants* support training and technical assistance to disadvantaged micro-entrepreneurs,
- *Capacity Building Grants* support training and capacity building services to micro-enterprise development organizations and programs to assist them in developing micro-enterprise training and services,
- *Research and Development Grants* support the development and sharing of best practices in the field of micro-enterprise development and technical assistance programs for disadvantaged micro-entrepreneurs, and
- *Discretionary Grants* support other activities determined to be consistent with these purposes.⁹⁰

Grants are awarded on an annual basis. Applicants may be approved for option year funding for up to four subsequent years. Award amounts vary depending on the availability of funds. However, no single grantee may receive more than \$250,000 or 10% of the total funds made available for the program in a single fiscal year, whichever is less. The minimum grant award for technical assistance and capacity building grants is \$50,000. There is no minimum grant award amount for research and development or discretionary grants.⁹¹ The SBA typically awards at least 75% of the grant funds for technical assistance, at least 15% for capacity building, and the remainder for research and development or discretionary activities.⁹²

Recipients must match 50% of the funding from nonfederal sources. Revenue from fees, grants, and gifts; income from loan sources; and in-kind resources from nonfederal public or private sources may be used to comply with the matching requirement.⁹³ SBA regulations indicate that

⁸⁷ P.L. 106-102, §176. Allocation of Assistance; Subgrants.

⁸⁸ P.L. 106-102, §174. Uses of Assistance.

⁸⁹ SBA, “What is PRIME?” at <https://www.sba.gov/offices/headquarters/oca/resources/11416>.

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Ibid. For Technical Assistance and Capacity Building Grants, after the initial grant, funding for additional year(s) must be no more than 67% of the initial grant amount. For Research and Development and Discretionary Grants, after the initial grant, funding for additional year(s) will be approved at the SBA’s discretion.

⁹³ SBA, “Program for Investment in Microentrepreneurs Act (“PRIME”): Microenterprise and Technical Assistance Programs to Disadvantaged Entrepreneurs, Fiscal Year 2010,” June 2010, pp. 2, 8, at https://www.sba.gov/sites/default/files/files/serv_fa_2010_primetrack123.pdf.

“applicants or grantees with severe constraints on available sources of matching funds may request that the Administrator or designee reduce or eliminate the matching requirements.”⁹⁴ Any reductions or eliminations must not exceed 10% of the aggregate of all PRIME grant funds made available by SBA in any fiscal year.⁹⁵

In FY2012, the SBA awarded 67 PRIME grants totaling just over \$3.07 million to management and technical assistance service providers, ranging from \$20,200 to \$227,000.⁹⁶ The SBA did not award any PRIME grants in FY2013. In FY2014, the SBA awarded 24 PRIME grants, totaling \$3.5 million in FY2014, ranging from \$94,000 to \$250,000; and in FY2015 it awarded 39 PRIME grants, totaling \$5 million, ranging from \$35,000 to \$200,000.⁹⁷ The number of clients served by the program is unavailable.

Congress recommended that the PRIME program receive \$8.0 million for FY2010, \$8.0 million for FY2011, \$3.5 million for FY2012, \$3.5 million for FY2013 (no funding was provided after sequestration and account transfers), \$3.5 million for FY2014, and \$5.0 million for FY2015.⁹⁸ As mentioned previously, the Obama Administration recommended in its FY2012-FY2016 budget requests that funding for the PRIME program be eliminated. The Administration has argued that the PRIME program overlaps and duplicates the SBA’s Microloan Technical Assistance Program.⁹⁹

Veterans Business Development Programs

The SBA has supported management and technical assistance training for veteran-owned small businesses since its formation as an agency. However, during the 1990s, some in Congress noted that a direct loan program for veterans was eliminated by the SBA in 1995 and that the “training and counseling for veterans dropped from 38,775 total counseling sessions for veterans in 1993 to 29,821 sessions in 1998.”¹⁰⁰ Concerned that “the needs of veterans have been diminished systematically at the SBA,” Congress adopted P.L. 106-50, the Veterans Entrepreneurship and

⁹⁴ 13 C.F.R. §119.8.

⁹⁵ Ibid.

⁹⁶ USASpending.gov, search terms: CFDA number 59.050 and FY2012.

⁹⁷ SBA, “SBA PRIME Grantees (by State), Fiscal Year 2014,” at https://www.sba.gov/sites/default/files/prime_grantees_2014.pdf; and SBA, “SBA Awards \$5 Million in PRIME Grants,” September 18, 2015, at <https://www.sba.gov/content/sba-awards-5-million-prime-grants>.

⁹⁸ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

⁹⁹ SBA, “FY2012 Congressional Budget Justification and FY2010 Annual Performance Report,” p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf; SBA, “FY2013 Congressional Budget Justification and FY2011 Annual Performance Report,” pp. 8, 15, at [https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR\(1\).pdf](https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR(1).pdf); and SBA, “FY2014 Congressional Budget Justification and FY2012 Annual Performance Report,” p. 22, 27, at <https://www.sba.gov/sites/default/files/files/1-508-Compliant-FY-2014-CBJ%20FY%202012%20APR.pdf>.

¹⁰⁰ U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), pp. 14, 15.

Small Business Development Act of 1999.¹⁰¹ It authorized the establishment of the National Veterans Business Development Corporation (now also known as The Veterans Corporation)¹⁰² to

(1) expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation's veterans; and (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the Small Business Administration, the Department of Veterans Affairs, the Department of Labor, the Department of Commerce, the Department of Defense, the Service Corps of Retired Executives ..., the Small Business Development Centers ..., and the business development staffs of each department and agency of the United States.¹⁰³

The act re-emphasized the SBA's responsibility "to reach out to and include veterans in its programs providing financial and technical assistance."¹⁰⁴ It also included veterans as a target group for the SBA's 7(a), 504/CDC, and Microloan programs. It also required the SBA to enter into a memorandum of understanding with SCORE to, among other things, establish "a program to coordinate counseling and training regarding entrepreneurship to veterans through the chapters of SCORE throughout the United States."¹⁰⁵ It also directed the SBA to enter into a memorandum of understanding with small business development centers, the Department of Veteran Affairs, and the National Veterans Business Development Corporation "with respect to entrepreneurial assistance to veterans, including service-disabled veterans."¹⁰⁶ The act specified that the following services were to be provided:

- (1) Conducting of studies and research, and the distribution of information generated by such studies and research, on the formation, management, financing, marketing, and operation of small business concerns by veterans.
- (2) Provision of training and counseling to veterans concerning the formation, management, financing, marketing, and operation of small business concerns.
- (3) Provision of management and technical assistance to the owners and operators of small business concerns regarding international markets, the promotion of exports, and the transfer of technology.
- (4) Provision of assistance and information to veterans regarding procurement opportunities with Federal, State, and local agencies, especially such agencies funded in whole or in part with Federal funds.
- (5) Establishment of an information clearinghouse to collect and distribute information, including by electronic means, on the assistance programs of Federal, State, and local governments, and of the private sector, including information on office locations, key personnel, telephone numbers, mail and electronic addresses, and contracting and subcontracting opportunities.

¹⁰¹ Ibid.

¹⁰² The National Veterans Business Development Corporation was initially provided a federal charter. The organization's federal charter was statutorily removed by P.L. 112-239, the National Defense Authorization Act for Fiscal Year 2013.

¹⁰³ P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, §33. National Veterans Business Development Corporation.

¹⁰⁴ U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), p. 14.

¹⁰⁵ P.L. 106-50, §301. Score Program.

¹⁰⁶ Ibid., §302. Entrepreneurial Assistance.

(6) Provision of Internet or other distance learning academic instruction for veterans in business subjects, including accounting, marketing, and business fundamentals.

(7) Compilation of a list of small business concerns owned and controlled by service-disabled veterans that provide products or services that could be procured by the United States and delivery of such list to each department and agency of the United States. Such list shall be delivered in hard copy and electronic form and shall include the name and address of each such small business concern and the products or services that it provides.¹⁰⁷

The SBA's Office of Veterans Business Development (OVBD) was established to address these statutory requirements by promoting "veterans' small business ownership by conducting comprehensive outreach, through program policy development and implementation, ombudsman support, coordinated Agency initiatives, and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, discharging active duty service members, and their families."¹⁰⁸

In FY2014, more than 78,000 veterans received management and technical assistance training or counseling from the OVBD's network of 15 Veteran Business Outreach Centers. The OVBD also, among other activities, administers a veterans' outreach program through the SBA's district offices, develops and distributes entrepreneurial resource materials, and works with other federal agencies, support centers, service organizations, and state-run departments of veteran affairs.¹⁰⁹

The Veterans Business Outreach Centers Program was established by the SBA under the authority in Section 8(b)(17) of the Small Business Act. It is to "provide outreach, assessment, long term counseling, training, coordinated service delivery referrals, mentoring and network building, procurement assistance and E-based assistance to benefit Small Business concerns and potential concerns owned and controlled by Veterans, Service Disabled Veterans and Members of Reserve Components of the U.S. Military."¹¹⁰

Currently, there are 15 Veterans Business Outreach Centers.¹¹¹ Each center is funded on an annual basis, with funding not to exceed \$150,000 each year. Awards "may vary, depending upon location, staff size, project objectives, performance and agency priorities, and additional special initiatives initiated by the Office of Veterans Business Development."¹¹² Existing centers may receive additional funding for special outreach or other initiatives. The initial grant award is for 12 months, with the possibility of four additional (option) years.

After completing their training, Veterans Business Outreach Centers provide their clients with a training program evaluation form. This form includes questions asking clients to indicate if they strongly agree, agree, neither agree/disagree, disagree, or strongly disagree with a series of

¹⁰⁷ Ibid.

¹⁰⁸ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 97, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁰⁹ Ibid., pp. 98-101.

¹¹⁰ SBA, Office of Veterans Business Development, "Special Program Announcement: Veterans Business Outreach Center Program," April 2010, p. 1, at <https://www.sba.gov/sites/default/files/VBOC%202010%20PROGRAM%20ANNOUNCEMENT.pdf>.

¹¹¹ SBA, "Veterans Business Outreach Centers," at <https://www.sba.gov/offices/headquarters/ovbd/resources/362341>. There were 8 veterans business outreach centers in FY2009 and 16 in FY2012.

¹¹² SBA, Office of Veterans Business Development, "Special Program Announcement: Veterans Business Outreach Center Program," April 2010, p. 2, at <https://www.sba.gov/sites/default/files/VBOC%202010%20PROGRAM%20ANNOUNCEMENT.pdf>.

questions, including whether the information was presented effectively, was practical, provided a good working knowledge of the subject matter, enabled the client to manage his or her business more effectively and efficiently, and if the program was sufficient for his or her purpose. Each year, between 800 and 1,000 of these evaluation forms are completed (about 1% to 2% of all Veterans Business Outreach Centers' clients). In 2013, 91% of the clients who completed an evaluation form either agreed or strongly agreed with the quality, relevance, and timeliness of the training provided.¹¹³

Congress recommended that Veterans Business Outreach Centers receive \$2.5 million for FY2010, \$2.5 million for FY2011, \$2.5 million for FY2012, \$2.5 million for FY2013 (\$2.497 million after sequestration and account transfers), \$2.5 million for FY2014, and \$3.0 million for FY2015.¹¹⁴ The Obama Administration has requested \$3.0 million for the program in FY2016.¹¹⁵

In FY2012, the OVBD launched the "Operation Boots to Business: From Service to Startup" initiative, "a comprehensive veteran entrepreneurship initiative for transitioning service members."¹¹⁶ The Obama Administration subsequently requested, and Congress approved, \$7.0 million to expand the initiative in FY2014 "to make it a standard portion of the curricula offered at the revised Transition Assistance Program (TAP) offered to service members, providing the option of entrepreneurship training to all those departing the military."¹¹⁷ In FY2014, 14,684 servicemembers participated in the initiative.¹¹⁸ Congress recommended that the program receive \$7.5 million for FY2015. The Obama Administration has requested \$7.5 million for the program in FY2016.¹¹⁹

7(j) Management and Technical Assistance Program

Using what it viewed as broad statutory powers granted under Section 8(a) of the Small Business Act of 1958, as amended, the SBA issued regulations in 1970 creating the 8(a) contracting program to "assist small concerns owned by disadvantaged persons to become self-sufficient, viable businesses capable of competing effectively in the market place."¹²⁰ Using its statutory

¹¹³ SBA, "FY2015 Congressional Budget Justification and FY2013 Annual Performance Report," p. 81, at [https://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508\(1\).pdf](https://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508(1).pdf).

¹¹⁴ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, "General Statement Regarding the Implications of Sequestration," provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹¹⁵ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹¹⁶ SBA, "Operation Boots to Business: From Service to Startup," at <https://www.sba.gov/offices/headquarters/ovbd/resources/160511>.

¹¹⁷ SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p. 66, at <https://www.sba.gov/sites/default/files/files/1-FY%202014%20CBJ%20FY%202012%20APR.PDF>.

¹¹⁸ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 98, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹¹⁹ *Ibid.*, p. 100; and Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹²⁰ 13 C.F.R. §124.8-1(b) (1970); and Notes, "Minority Enterprise, Federal Contracting, and the SBA's 8(a) Program: A New Approach to an Old Problem," *Michigan Law Review*, vol. 71, no. 2 (December 1972), pp. 377, 378. For further analysis of the Minority Small Business and Capital Ownership Development Program, also known as the 8(a) program, see CRS Report R40744, *The "8(a) Program" for Small Businesses Owned and Controlled by the Socially* (continued...)

authority under Section 7(j) of the Small Business Act to provide management and technical assistance through contracts, grants, and cooperative agreement to qualified service providers, the regulations specified that “the SBA may provide technical and management assistance to assist in the performance of the subcontracts.”¹²¹

On October 24, 1978, P.L. 95-507, to amend the Small Business Act and the Small Business Investment Act of 1958, provided the SBA explicit statutory authority to extend financial, management, technical, and other services to socially and economically disadvantaged small businesses. The SBA’s current regulations indicate that the 7(j) Management and Technical Assistance Program, named after the section of the Small Business Act of 1958, as amended, authorizing the SBA to provide management and technical assistance training, will, “through its private sector service providers” deliver “a wide variety of management and technical assistance to eligible individuals or concerns to meet their specific needs, including: (a) counseling and training in the areas of financing, management, accounting, bookkeeping, marketing, and operation of small business concerns; and (b) the identification and development of new business opportunities.”¹²² Eligible individuals and businesses include “8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment, or low income or firms owned by low income individuals.”¹²³

In FY2015, the 7(j) Management and Technical Assistance Program awarded 11 contracts to 8 service providers totaling \$1.75 million, ranging from \$17,387 to \$313,651.¹²⁴ The 7(j) program assisted 4,104 small business owners in FY2014.¹²⁵

Congress recommended that the 7(j) program receive \$3.4 million for FY2010, \$3.4 million for FY2011, \$3.1 million for FY2012, \$3.1 million for FY2013 (\$2.854 million after sequestration and account transfers), \$2.79 million for FY2014, and \$2.8 million for FY2015.¹²⁶ The Obama Administration has requested \$2.8 million for the program in FY2016.¹²⁷

Native American Outreach Program

The SBA established the Office of Native American Affairs in 1994 to “address the unique needs of America’s First people.”¹²⁸ It oversees the Native American Outreach Program, which provides

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and Economically Disadvantaged: Legal Requirements and Issues, by Kate M. Manuel.

¹²¹ 13 C.F.R. §124.8-1(d) (1970).

¹²² 13 C.F.R. §124.702.

¹²³ SBA, “FY2012 Congressional Budget Justification and FY2010 Annual Performance Report,” p. 75, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBJ%20FY%202010%20APR_0.pdf.

¹²⁴ USA Spending.gov, search terms: CFDA number 59.007 and FY2015.

¹²⁵ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 96, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹²⁶ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; P.L. 113-76; and Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹²⁷ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹²⁸ U.S. Congress, House Committee on Small Business, Subcommittee on Workforce, Empowerment, and Government Programs, *Oversight of the Small Business Administration’s Entrepreneurial Development Programs*, (continued...)

management and technical educational assistance to American Indians, Alaska Natives, Native Hawaiians, and “the indigenous people of Guam and American Samoa . . . to promote entity-owned and individual 8(a) certification, government contracting, entrepreneurial education, and capital access.”¹²⁹ The program’s management and technical assistance services are available to members of these groups living in most areas of the nation.¹³⁰ However, “for Native Americans living in much of Indian Country, actual reservations communities where the land is held in trust by the U.S. federal government, SBA loan guaranties and technical assistance services are not available.”¹³¹

In FY2014, among other activities, the SBA’s Office of Native American Affairs provided more than 30 8(a) business development workshops, training webinars, and online classes; more than 20 Native American business development workshops; and partnered with the Office of Veterans Business Development to present a Native-American focused Boots to Business Reboot workshop, a program targeted at veterans who have already transitioned to civilian life, in Albuquerque, New Mexico.¹³²

Congress recommended that the Native American Outreach Program receive \$1.25 million for FY2010, \$1.25 million for FY2011, \$1.25 million for FY2012, \$1.25 million for FY2013 (\$932,000 after sequestration and account transfers), \$2.0 million for FY2014, and \$2.0 million for FY2015.¹³³ The Obama Administration has requested \$2.8 million for the program in FY2016.¹³⁴

SBA Initiatives

The Obama Administration requested, and Congress approved, funding for the following four management and training initiatives for FY2015: the Entrepreneurial Development Initiative (Regional Innovation Clusters), Boots to Business, Entrepreneurial Education, and Growth Accelerators.

Entrepreneurial Development Initiative (Regional Innovation Clusters)

The SBA has supported regional innovative clusters since FY2009, when it partnered with small business suppliers working in the field of robotics in Michigan. In FY2010, the SBA was involved in the rollouts of two additional clusters: another robotics cluster in southeast Virginia

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109th Cong., 2nd sess., March 2, 2006, Serial No. 109-40 (Washington: GPO, 2006), pp. 5, 37. H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, would have provided statutory authorization for the Office of Native American Affairs. It was passed by the House on May 20, 2009.

¹²⁹ SBA, “FY2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 65, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification.pdf.

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 101, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹³³ H.Rept. 111-366; P.L. 111-117; P.L. 112-10; H.Rept. 112-331; P.L. 112-175; P.L. 113-6; SBA, “General Statement Regarding the Implications of Sequestration,” provided to the author by the SBA, Office of Congressional and Legislative Affairs, on May 5, 2013; and Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹³⁴ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

and a cluster involving a partnership with the Department of Energy and several other federal agencies with the goal of developing a regional cluster in energy efficiency homes and businesses.¹³⁵ In FY2011, SBA awarded funds to 10 regional innovative clusters. In FY2012, these clusters “spurred \$48 million in private capital raised through venture and angel capital sources, \$6.5 million in early stage investment from SBIR [Small Business Innovation Research program] and STTR [Small Business Technology Transfer program] awards, and over \$217 million in contracts or subcontracts from the federal government.”¹³⁶

President Obama requested, and Congress recommended, an appropriation of \$5 million for the SBA’s Entrepreneurial Development Initiative (Regional Innovation Clusters) for FY2014. Congress recommended that the program receive \$6.0 million for FY2015. The Obama Administration has requested \$6.0 million for the program in FY2016.¹³⁷

The SBA reports that there are currently 56 federally supported regional innovation clusters, with the SBA directly involved in 40 of them.¹³⁸

The SBA describes regional innovation clusters as “on-the-ground collaborations between business, research, education, financing and government institutions that work to develop and grow a particular industry or related set of industries in a particular geographic region.”¹³⁹ Targeted activities for the 40 clusters currently being supported by the SBA include “business development, intellectual property matters, export and import development, finance, marketing, commercialization of new technology and federal and private-sector supply chain opportunities.”¹⁴⁰

¹³⁵ SBA, “FY2011 Congressional Budget Justification and FY2009 Annual Performance Report,” p. 59, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification.pdf.

¹³⁶ SBA, “FY2014 Congressional Budget Justification and FY2012 Annual Performance Report,” p. 60, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>. The Small Business Innovation Research (SBIR) program is a competitive program that encourages domestic small businesses to engage in federal research and development that has the potential for commercialization. For additional information and analysis concerning the SBIR program, see CRS Report R43695, *Small Business Innovation Research and Small Business Technology Transfer Programs*, by John F. Sargent Jr. The Small Business Technology Transfer (STTR) program is a competitive program that reserves a specific percentage of federal research and development funding for awards to small business and nonprofit research institutions. For additional information and analysis concerning the STTR program, see CRS Report RL33527, *Technology Transfer: Use of Federally Funded Research and Development*, by Wendy H. Schacht.

¹³⁷ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹³⁸ The SBA is the lead agency supporting 10 SBA Pilot Contract-Based clusters; partners with the Economic Development Agency, Employment and Training Agency, National Institute of Standards and Technology, and Department of Energy to support 10 Jobs Accelerator Advanced Manufacturing clusters; and partners with the Economic Development Agency and Employment and Training Agency to support 20 Jobs Accelerator Collaboration Clusters. See SBA, “SBA Supports 56 Federally Funded Cluster Initiatives,” at <https://www.sba.gov/sba-clusters>; and SBA, “56 Federally Supported Cluster Initiatives,” at https://www.google.com/url?q=https://www.sba.gov/sites/default/files/SBA%2520Supports%252056%2520Federally%2520Funded%2520Cluster%2520Initiatives_1.pdf&sa=U&ved=0CBMQFjAHahUKEwjinvOB9rXIAhULPD4KHZ_ODFA&client=internal-uds-cse&usg=AFQjCNEcVUjShZkcYqIUrIn7ma3IZBRQg.

¹³⁹ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 63, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁴⁰ *Ibid.*, p. 64.

Boots to Business

As mentioned previously, the SBA launched the Operation Boots to Business: From Service to Startup initiative on a pilot basis in FY2012. In partnership with the Department of Defense and the Department of Veterans Affairs, the SBA developed the program as part of the re-design of the military's Transition Assistance Program (TAP), which provides counseling and training to help prepare departing servicemembers for the transition to civilian life. TAP participants are now provided three optional tracks: (1) education; (2) technical training; and (3) entrepreneurship. The SBA and its resource partner network (SBDCs, WBCs, SCORE, etc.) are responsible for the entrepreneurship track.¹⁴¹ The Boots to Business program

has three progressive phases to deliver exposure, introduction, and opt-in comprehensive training for service members interested in business ownership. Phase 1 includes a short video introduction on entrepreneurship with a call to action for returning veterans to consider entrepreneurship, with a description of the career path. Phase 2 includes classroom instruction with a 90 minute in-person training course on entrepreneurship. Phase 3 includes online instruction via an eight-week online distance learning course that leads to the creation of a business plan.¹⁴²

In FY2012, the Marine Corps participated in the initial roll out of the program, which provided entrepreneurial training to nearly 20,000 transitioning Marines in four locations: Quantico, Virginia; Cherry Point, North Carolina; Camp Pendleton, California; and Twenty-Nine Palms, California.¹⁴³

As mentioned previously, the Obama Administration requested, and Congress approved, \$7.0 million for FY2014 to expand the program and “to make it a standard portion of the curricula offered at the revised Transition Assistance Program (TAP) offered to service members, providing the option of entrepreneurship training to all those departing the military.”¹⁴⁴ In FY2014, 14,684 veterans participated in the program.¹⁴⁵ In addition, the SBA also implemented Boots to Business Reboot in FY2014, which is designed to assist veterans who have already transitioned to civilian life.¹⁴⁶

Congress recommended that the initiative receive \$7.5 million for FY2015.¹⁴⁷ The Obama Administration has requested \$7.5 million for the initiative in FY2016.¹⁴⁸

¹⁴¹ SBA, “About Operation Boots to Business: From Service to Startup,” at <https://www.sba.gov/content/about-operation-boots-business-service-startup>.

¹⁴² SBA, “FY2014 Congressional Budget Justification and FY2012 Annual Performance Report,” p.52, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁴³ *Ibid.*

¹⁴⁴ *Ibid.*, p. 66.

¹⁴⁵ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 98, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁴⁶ *Ibid.*, pp. 90, 99.

¹⁴⁷ Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹⁴⁸ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 100, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

Entrepreneurial Education

The SBA started its Entrepreneurship Education initiative in 2008. At that time, it was called the Emerging 200 Underserved initiative (E200), reflecting the initiative's provision of assistance to 200 inner city small businesses. In FY2009, it was renamed the Emerging Leaders initiative to reflect the SBA's decision to increase the number of small businesses participating in the initiative. It was renamed the Entrepreneurial Education initiative in FY2013. The initiative currently

offers high-growth small businesses in underserved communities a seven-month executive leader education series that elevates their growth trajectory, creates jobs, and contributes to the economic well-being of their local communities. Participants receive more than 100 hours of specialized training, technical resources, a professional networking system, and other resources to strengthen their business model and promote economic development within urban communities. At the conclusion of the training, participants produce a three-year strategic growth action plan with benchmarks and performance targets that help them access the necessary support and resources to move forward for the next stage of business growth.¹⁴⁹

The Entrepreneurial Education initiative was initially offered in 10 communities (Albuquerque, Atlanta, Baltimore, Boston, Chicago, Des Moines, Memphis, Milwaukee, New Orleans, and Philadelphia) and provided training to 200 inner city small businesses. The program was funded through the SBA's Office of Entrepreneurship Education.¹⁵⁰ Since the initiative's inception, the SBA has requested separate appropriations to fund and expand the initiative. In FY2012, the initiative offered training in 27 communities, with more than 450 small businesses participating.¹⁵¹

The Obama Administration requested \$40 million in its FY2014 budget request to sponsor entrepreneur training in 40 locations and to create an online entrepreneurship training program.¹⁵² As mentioned previously, Congress included the Entrepreneurship Education initiative in its list of SBA entrepreneurial development/non-credit programs to be funded in FY2014. This was the first time that the initiative was included in the list. In the Explanatory Statement accompanying the Consolidated Appropriations Act, 2014, Congress recommended that the initiative receive \$5 million for FY2014.¹⁵³ Congress recommended that the program receive \$7.0 million for FY2015.¹⁵⁴ The Obama Administration has requested \$11.0 million for the program in FY2016.¹⁵⁵

¹⁴⁹ SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p.71, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBBJ%20FY%202014%20APR.PDF>.

¹⁵⁰ SBA, "FY2010 Congressional Budget Justification," p.67, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification_2010.pdf.

¹⁵¹ SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p. 71, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBBJ%20FY%202014%20APR.PDF>.

¹⁵² *Ibid.*, p. 10.

¹⁵³ Recommended funding levels for the SBA's noncredit programs in FY2014 are provided in the "Explanatory Statement" accompanying the Consolidated Appropriations Act, 2014 (Division E - Financial Services and General Government Appropriations Act, 2014), pp. 37-39, at <http://docs.house.gov/billsthisweek/20140113/113-HR3547-JSOM-D-F.pdf>.

¹⁵⁴ Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹⁵⁵ SBA, "FY2016 Congressional Budget Justification and FY2014 Annual Performance Report," p. 21, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBBJ%20FY%202014%20APR.PDF>.

The Entrepreneurship Education initiative was offered in 27 cities in FY2014, and 48 cities in FY2015.¹⁵⁶ Small business owners are required to have been in business for at least three years, have annual revenue of at least \$400,000, and have at least one employee, other than the owner, to participate in the initiative. There is no cost to the participants.¹⁵⁷

Growth Accelerators

The SBA describes growth accelerators as “organizations that help entrepreneurs start and scale their businesses.”¹⁵⁸ Growth accelerators are typically run by experienced entrepreneurs and help small businesses access seed capital and mentors. The SBA claims that growth accelerators “help accelerate a startup company’s path towards success with targeted advice on revenue growth, job, and sourcing outside funding.”¹⁵⁹

In FY2012, the SBA sponsored several meetings with university officials and faculty, entrepreneurs, and representatives of growth accelerators to discuss mentoring and how to best assist “high-growth” entrepreneurs. These meetings “culminated with a White House event co-hosted by the SBA and the Department of Commerce to help formalize the network of universities and accelerators, provide a series of ‘train the trainers’ events on various government programs that benefit high-growth entrepreneurs, and provide a playbook of best practices on engaging universities on innovation and entrepreneurship.”¹⁶⁰

The Obama Administration requested \$5 million, and Congress recommended an appropriation of \$2.5 million, for the SBA’s growth accelerator initiative for FY2014. The Administration proposed to use the funding to provide matching grants to universities and private sector accelerators “to start a new accelerator program (based on successful models) or scale an existing program.”¹⁶¹ The Administration also indicated that it planned to request funding for five years (\$25 million in total funding) and feature a required 4:1 private-sector match.¹⁶² However, because it received half of its budget request (\$2.5 million), the SBA decided to reconsider the program’s requirements. As part of that reconsideration, the SBA decided to drop the 4:1 private-sector match in an effort to enable the program to have a larger effect.¹⁶³

The SBA announced the availability of 50 growth accelerator grants of \$50,000 each on May 12, 2014, and received more than 800 applications by the August 2, 2014, deadline. The 50 awards were announced in September 2014.¹⁶⁴

¹⁵⁶ *Ibid.*, p. 67; and SBA, “SBA Launches 2015 Emerging Leaders Initiative,” December 19, 2014, at <https://www.sba.gov/content/sba-launches-2015-emerging-leaders-initiative>.

¹⁵⁷ SBA, “SBA Emerging Leaders Initiative,” at https://www.sba.gov/about-sba/sba_initiatives/sba_emerging_leaders_initiative.

¹⁵⁸ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 81, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁵⁹ *Ibid.*

¹⁶⁰ SBA, “FY2014 Congressional Budget Justification and FY2012 Annual Performance Report,” p. 60, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁶¹ *Ibid.*

¹⁶² *Ibid.*

¹⁶³ SBA, Office of Congressional and Legislative Affairs, “Correspondence with the author,” May 6, 2014.

¹⁶⁴ SBA, “SBA Launches Accelerator Competition to Award \$2.5 million for Small Business Startups,” May 12, 2014, at <https://www.sba.gov/content/sba-launches-accelerator-competition-award-25-million-small-business-startups-0>; SBA, “More than 800 Small Business Startups Compete for 50 Cash Prizes in SBA’s Growth Accelerator Competition,” August 4, 2014, at [https://www.sba.gov/content/more-800-small-business-startups-compete-50-cash-\(continued...\)](https://www.sba.gov/content/more-800-small-business-startups-compete-50-cash-(continued...))

Congress recommended that the program receive \$4.0 million for FY2015.¹⁶⁵ Congress also directed the SBA in its explanatory statement accompanying P.L. 113-235 to “require \$4 of matching funds for every \$1 awarded under the growth accelerators program.”¹⁶⁶ The Obama Administration has requested \$5.0 million for the initiative in FY2016.¹⁶⁷

The SBA awarded a second round of 80 growth accelerator grants of \$50,000 each on August 4, 2015, from more than 400 applicants.¹⁶⁸

Department of Commerce Small Business Management and Technical Assistance Training Programs

As mentioned previously, the Department of Commerce’s Minority Business Development Agency (MBDA) provides training to minority business owners to assist them in obtaining contracts and financial awards.¹⁶⁹ In addition, the Department of Commerce’s Economic Development Administration’s Local Technical Assistance Program promotes efforts to build and expand local organizational capacity in distressed areas. As part of that effort, it funds projects that focus on technical or market feasibility studies of economic development projects or programs, which often include consultation with small businesses.¹⁷⁰

The Minority Business Development Agency

The MBDA was established by President Richard M. Nixon by Executive Order 11625, issued on October 13, 1971, and published in the *Federal Register* the next day. It clarified the authority of the Secretary of Commerce to

- implement federal policy in support of the minority business enterprise program,
- provide additional technical and management assistance to disadvantaged businesses,
- assist in demonstration projects, and

(...continued)

prizes-sbas-growth-accelerator-competition; and SBA, “SBA Spurs Economic Growth, Announces 50 Awards to Accelerators,” September 4, 2014, at <https://www.sba.gov/content/sba-spurs-economic-growth-announces-50-awards-accelerators>.

¹⁶⁵ Rep. Harold Rogers, “Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83,” *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9740.

¹⁶⁶ *Ibid.*, p. H9741.

¹⁶⁷ SBA, “FY2016 Congressional Budget Justification and FY2014 Annual Performance Report,” p. 100, at <https://www.sba.gov/sites/default/files/1-FY%202016%20CBJ%20FY%202014%20APR.PDF>.

¹⁶⁸ SBA, “SBA Boosts Economic Impact of Accelerators with \$4.4 Million in Prizes,” August 4, 2015, at <https://www.sba.gov/content/sba-boosts-economic-impact-accelerators-44-million-prizes-0>.

¹⁶⁹ U.S. Department of Commerce, Minority Business Development Agency (MBDA), “Annual Performance Report, Fiscal Year 2011; America: Built to Last,” p. 76, at <http://www.mbda.gov/sites/default/files/APR2011.pdf>.

¹⁷⁰ 13 C.F.R. §306.

- coordinate the participation of all federal departments and agencies in an increased minority enterprise effort.¹⁷¹

The MBDA received an appropriation of \$31.5 million for FY2010, \$30.4 million for FY2011, \$30.3 million for FY2012, \$30.5 million (prior to sequestration) for FY2013, \$28.0 million for FY2014, and \$30.0 million for FY2015.¹⁷² The Obama Administration has requested \$30.016 million for the MBDA in FY2016.¹⁷³

As part of its mission, the MBDA seeks to train minority business owners to become first- or second-tier suppliers to private corporations and the federal government. Progress is measured in the business's increased gross receipts, number of employees, and size and scale of the firms associated with minority business enterprises.

The MBDA reported that in FY2013 it helped to create and retain more than 25,000 jobs and assisted minority-owned and operated businesses in obtaining \$4.8 billion in contracts and capital awards.¹⁷⁴

The EDA Local Technical Assistance Program

P.L. 89-186, the Public Works and Economic Development Act of 1965, authorized the Department of Commerce's Economic Development Administration (EDA) to provide financial assistance to economically distressed areas in the United States that are characterized by high levels of unemployment and low per-capita income. The EDA currently administers seven Economic Development Assistance Programs (EDAPs) that award matching grants for public works, economic adjustment, planning, technical assistance, research and evaluation, trade adjustment assistance, and global climate change mitigation.¹⁷⁵

Grants awarded under the EDA's Local Technical Assistance Program are designed to help solve specific economic development problems, respond to development opportunities, and build and

¹⁷¹ The Executive Office of the President, "Executive Order 11625," 36 *Federal Register* 11625, October 14, 1971; and 3 C.F.R., 1971-1975 Comp. 9. 616. The MBDA superseded the Office of Minority Business Enterprise, which was established by Executive Order 11458 signed by President Richard Nixon on March 5, 1969.

¹⁷² P.L. 111-117; P.L. 112-10; P.L. 112-55, the Consolidated and Further Continuing Appropriations Act, 2012; P.L. 112-175; U.S. Department of Commerce, MBDA, "Budget Estimates, FY2014: Congressional Submission," p. 3, at http://www.osec.doc.gov/bmi/budget/FY14CJ/MBDA_FY_2014_CJ_Final_508_Compliant.pdf; "Explanatory Statement" accompanying the Consolidated Appropriations Act, 2014 (Division B – Commerce, Justice, Science, and Related Industries Appropriations Act, 2014), p. 5, at <http://docs.house.gov/billsthisweek/20140113/113-HR3547-JSOM-FM-B.pdf>; and P.L. 113-235.

¹⁷³ U.S. Office of Management and Budget, "The Appendix, Budget of the United States Government, Fiscal Year 2016: Department of Commerce," p. 197, at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/com.pdf>.

¹⁷⁴ U.S. Department of Commerce, MBDA, "Growth, Diversification & Transformation: Annual Performance Report, Fiscal Year 2013," pp. 1, 3, at [http://www.mbda.gov/sites/default/files/2013_MBDAAnnualReport%20\(WEB\).pdf](http://www.mbda.gov/sites/default/files/2013_MBDAAnnualReport%20(WEB).pdf).

¹⁷⁵ In addition, since 1970, Congress has periodically allocated supplemental funds for the Economic Development Administration (EDA) to assist with disaster mitigation and economic recovery. Also, EDA grant applicants must be designated by EDA as part of an EDD—a multijurisdictional consortium of county and local governments—to be eligible for EDA funding and grants. To be designated as an EDD, an area must meet the definition of economic distress, under 13 C.F.R. 303.3: "(i) An unemployment rate that is, for the most recent twenty-four (24) month period for which data are available, at least one (1) percentage point greater than the national average unemployment rate; (ii) Per capita income that is, for the most recent period for which data are available, eighty (80) percent or less of the national average per capita income; or (iii) A Special Need, as determined by Economic Development Administration (EDA)."

expand local organizational capacity in distressed areas.¹⁷⁶ The majority of local technical assistance projects focus on technical or market feasibility studies of economic development projects or programs, including consultation with small businesses. The EDA's Local Technical Assistance Program received a \$9.8 million appropriation for FY2010, \$9.8 million for FY2011, \$12.0 million for FY2012, \$12.0 million (prior to sequestration and account transfers) for FY2013, \$11.0 million for FY2014, and \$11.0 million for FY2015.¹⁷⁷ The Obama Administration has requested \$12.0 million for the program in FY2016.¹⁷⁸

Congressional Issues

For many years, a recurring theme at congressional hearings concerning the SBA's management and technical assistance training programs has been the perceived need to improve program efficiency by eliminating duplication of services or increasing cooperation and coordination both within and among SCORE, WBCs, and SBDCs.¹⁷⁹ For example, the House Committee on Small Business has argued that the SBA's various management and technical assistance training programs should be "folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies" because they "overlap each other and duplicate the educational services provided by other agencies."¹⁸⁰ Also, as mentioned previously, the Obama

¹⁷⁶ 13 C.F.R. §306.

¹⁷⁷ U.S. Department of Commerce, EDA, "FY2012 Congressional Budget Request," p. 33, at http://www.osec.doc.gov/bmi/budget/12CJ/EDA_FY_2012_Congressional_Submission.pdf; P.L. 111-117; P.L. 112-10; H.Rept. 112-284, Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Programs for the Fiscal Year Ending September 30, 2012, and for other purposes; P.L. 113-6; U.S. Department of Commerce, "The Department of Commerce Budget in Brief, Fiscal Year 2014," p. 31, at <http://osec.doc.gov/bmi/Budget/FY14BIB/ENTIREBIB.pdf>; "Explanatory Statement" accompanying the Consolidated Appropriations Act, 2014 (Division B – Commerce, Justice, Science, and Related Industries Appropriations Act, 2014), p. 4, at <http://docs.house.gov/billsthisweek/20140113/113-HR3547-JSOM-FM-B.pdf>; and Rep. Harold Rogers, "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment to H.R. 83," *Congressional Record*, vol. 160, part 151 (December 11, 2014), p. H9342.

¹⁷⁸ U.S. Department of Commerce, Economic Development Administration, "FY2016 Congressional Budget Request," pp. 24, 26, http://osec.doc.gov/bmi/budget/FY16CJ/EDA_FY_2016_CJ_Final.pdf.

¹⁷⁹ U.S. Congress, House Committee on Small Business, *Full Committee Markup of H.R. 2352 The Job Creation Through Entrepreneurship Act of 2009*, 111th Cong., 1st sess., May 13, 2009, Doc. No. 111-022 (Washington: GPO, 2009), pp. 2, 14; U.S. Congress, Senate Committee on Small Business, *SBA's Management and Assistance Programs*, Roundtable before the Committee on Small Business United States Senate, 106th Cong., 1st sess., May 20, 1999, S. Hrg. 106-337 (Washington: GPO, 1999), pp. 69, 74, 82, 92; U.S. Congress, House Committee on Small Business, *To Investigate the Legislation That Would Increase the Extent and Scope of the Services Provided By Small Business Development Centers*, 107th Cong., 1st sess., July 19, 2001, Serial No. 107-20 (Washington: GPO, 2001), pp. 13, 59, 60; and U.S. Congress, Senate Committee on Small Business, *Oversight on the Small Business Administration's Small Business Development Center Program*, 100th Cong., 1st sess., October 15, 1987, S. Hrg. 100-339 (Washington: GPO, 1987), pp. 6, 165, 168, 230.

¹⁸⁰ U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014," communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf. Previously, the House Committee on Small Business had recommended that funding for Women Business Centers, PRIME technical assistance, HUBZone outreach, and the Offices of Native American Affairs and International Trade be eliminated; and funding for 7(j) technical assistance, Microloan technical assistance, and the National Women's Business Council be reduced. See U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2013," communication to the Chairman, House Committee on the Budget, 112th Cong., 2nd sess., March 7, 2012, at http://smallbusiness.house.gov/uploadedfiles/views_and_estimates_fy_2013.pdf.

Administration has recommended that the PRIME program be eliminated, arguing that it overlaps and duplicates the SBA's Microloan Technical Assistance Program.¹⁸¹

On the other hand, as discussed previously, the Obama Administration also requested, and Congress approved, continued funding for the SBA's Entrepreneurial Development Initiative (Clusters) and additional funding to expand the SBA's Entrepreneurial Education initiative, Boots to Business initiative, and Growth Accelerators initiative.

In recent years, Congress has also explored ways to improve the SBA's measurement of its management and training programs' effectiveness.

Program Administration

In 2007, the U.S. Government Accountability Office (GAO) was asked to assess the SBA's oversight of WBCs and the coordination and duplication of services among the SBA's management and technical training assistance programs. GAO found that

As described in the terms of the SBA award, WBCs are required to coordinate with local SBDCs and SCORE chapters. In addition, SBA officials told us that they expected district offices to ensure that the programs did not duplicate each other. However, based on our review, WBCs lacked guidance and information from SBA on how to successfully carry out their coordination efforts. Most of the WBCs that we spoke with explained that in some situations they referred clients to an SBDC or SCORE counselor, and some WBCs also took steps to more actively coordinate with local SBDCs and SCORE chapters to avoid duplication and leverage resources. We learned that WBCs used a variety of approaches to facilitate coordination, such as memorandums of understanding, information-sharing meetings, and co-locating staff and services. However, some WBCs told us that they faced challenges in coordinating services with SBDC and SCORE, in part because the programs have similar performance measures, and this could result in competition among the service providers in some locations. We also found that on some occasions SBA encouraged WBCs to provide services that were similar to services already provided by SBDCs in their district. Such challenges thwart coordination efforts and could increase the risk of duplication in some geographic areas.¹⁸²

Some organizations have argued that the SBA's management and technical assistance training programs should be merged. For example, the U.S. Women's Chamber of Commerce argued that

over the last 50 years, the SBA entrepreneurial development system has grown into a fragmented array of programs, which has resulted in a disorganized, overlapping, and [in] efficient delivery of service through a system that is ill-prepared to effectively address the challenges of our economy....

if we are to serve the needs of American entrepreneurs, we must commit to a top to bottom restructuring of the delivery of the entrepreneurial services of the SBA. The myriad of entrepreneurial development programs should be unified into one centrally

¹⁸¹ SBA, "FY2012 Congressional Budget Justification and FY2010 Annual Performance Report," p. 4, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL%20FY%202012%20CBI%20FY%202010%20APR_0.pdf; and SBA, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," pp. 8, 15, at [https://www.sba.gov/sites/default/files/files/FY%202015%20CBI%20FY%202013%20APR%20FINAL%20508\(1\).pdf](https://www.sba.gov/sites/default/files/files/FY%202015%20CBI%20FY%202013%20APR%20FINAL%20508(1).pdf).

¹⁸² U.S. Government Accountability Office, *Small Business Administration: Opportunities Exist to Improve Oversight of Women's Business Centers and Coordination among SBA's Business Assistance Programs*, GAO-08-49, November 2007, pp. 6, 24-31, at <http://www.gao.gov/new.items/d0849.pdf>.

managed organization that has the flexibility to provide services when and where they are needed.¹⁸³

These organizations argue that merging the SBA's management and technical assistance training programs would provide greater coordination of services and "one clear channel for assistance" that "is paramount to the average business owner seeking help."¹⁸⁴ Advocates of merging the SBA's management and technical assistance training programs often mention merging them into the SBDC Program because, in their view, it has the advantage of having a broader connection to mainstream resources and its locations are "greater and more diverse" than other SBA management and technical assistance training programs.¹⁸⁵

Others argue that providing separate management and training assistance programs for specific groups is the best means to ensure that those groups' unique challenges are recognized and their unique needs are met.¹⁸⁶ For example, when asked at a congressional hearing about the rationale for having separate management and technical assistance training programs for specific groups, a representative of the Association of Women's Business Centers stated,

I think that there is tremendous rationale for having different programs.... The women's business center programs really target a very different kind of population than the SBDCs.... We serve very different clientele.... We create a very different culture at the women's business center. We really have made it a welcoming place where ... they feel comfortable.... And it's very important to me that the woman have a place where they feel comfortable ... and where they see other women like themselves who are aspiring to reach their dreams.¹⁸⁷

At another congressional hearing, the Association of Women's Business Centers' executive director argued that "the new three-year funding arrangement" for WBCs had enabled them to "concentrate on better serving their clients and growing their programs" and that WBCs should be provided continued and expanded funding because they provide effective services:

We know that when our program performance is measured against any other enterprise assistance program, we will meet or exceed any performance measures. Indeed, the SBA's own client-based performance reviews have shown our clients to be just as satisfied or in some cases more satisfied with the services they have received compared to the SBA's other entrepreneurial development efforts.¹⁸⁸

¹⁸³ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Comm. Doc. No. 111-005 (Washington: GPO, 2009), p. 4.

¹⁸⁴ U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship, and Trade, *Subcommittee Hearing on Legislative Initiatives to Modernize SBA's Entrepreneurial Development Programs*, 111th Cong., 1st sess., April 2, 2009 (Washington: GPO, 2009), p. 29.

¹⁸⁵ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), p. 26.

¹⁸⁶ *Ibid.*, pp. 15, 17, 26, 29, 58-65, 72; and U.S. Congress, House Committee on Small Business, *Women's Business Ownership Act of 1988*, report to accompany H.R. 5050, 100th Cong., 2nd sess., September 22, 1988, H.Rept. 100-955 (Washington: GPO, 1988), pp. 9, 10, 13, 14.

¹⁸⁷ U.S. Congress, House Committee on Small Business, *Full Committee Legislative Hearing on Energy, Veterans Entrepreneurship, and the SBA's Entrepreneurial Development Programs*, 110th Cong., 1st sess., May 16, 2007, Serial Number 110-22 (Washington: GPO, 2007), p. 20.

¹⁸⁸ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 45, 47.

Instead of merging programs, some argue that improved communication among the SBA's management and technical assistance training resource partners and enhanced SBA program oversight is needed. For example, during the 111th Congress, the House passed H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, on May 20, 2009, by a vote of 406-15. The Senate did not take action on the bill. In its committee report accompanying the bill, the House Committee on Small Business concluded that

Each ED [Entrepreneurial Development] program has a unique mandate and service delivery approach that is customized to its particular clients. However, as a network, the programs have established local connections and resources that benefit entrepreneurs within a region. Enhanced coordination among this network is critical to make the most of scarce resources available for small firms. It can also ensure that best practices are shared amongst providers that have similar goals but work within different contexts.¹⁸⁹

In an effort to enhance the oversight and coordination of the SBA's management and technical assistance training programs, the Job Creation Through Entrepreneurship Act of 2009 would have required the SBA to

- create a new online, multilingual distance training and education program that was fully integrated into the SBA's existing management and technical assistance training programs and “allows entrepreneurs and small business owners the opportunity to exchange technical assistance through the sharing of information.”¹⁹⁰
- coordinate its management and technical assistance training programs “with State and local economic development agencies and other federal agencies as appropriate.”¹⁹¹
- “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.”¹⁹²

During the 112th Congress, S. 3442, the SUCCESS Act of 2012, and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, sought to address the coordination issue by requiring the SBA, in consultation with other federal departments and agencies, to submit an annual report to Congress “describing opportunities to foster coordination of, limit duplication among, and improve program delivery for federal entrepreneurial development programs.”¹⁹³ The SUCCESS Act of 2012 was referred to the Senate Committee on Small Business and Entrepreneurship, which held hearings on the bill.¹⁹⁴ The Restoring Tax and

¹⁸⁹ U.S. Congress, House Committee on Small Business, *Job Creation Through Entrepreneurship Act of 2009*, report to accompany H.R. 2352, 111th Cong., 1st sess., May 15, 2009, H.Rept. 111-112 (Washington: GPO, 2009), pp. 17, 18.

¹⁹⁰ H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, §201. Educating Entrepreneurs Through Technology; and H.R. 2352, §601. Expanding Entrepreneurship.

¹⁹¹ H.R. 2352, §601. Expanding Entrepreneurship.

¹⁹² *Ibid.*

¹⁹³ S. 3442, the SUCCESS Act of 2012, §411. Expanding Entrepreneurship; and S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, §411. Expanding Entrepreneurship.

¹⁹⁴ U.S. Senate, Committee on Small Business and Entrepreneurship, “Creating Jobs and Growing the Economy: Legislative Proposals to Strengthen the Entrepreneurial Ecosystem,” November 29, 2012, at <http://www.sbc.senate.gov/public/index.cfm?p=Hearings>.

Regulatory Certainty to Small Businesses Act of 2012 was referred to the Senate Committee on Finance.

There has also been some discussion of merging SBA's small business management and training programs with business management and training programs offered by other federal agencies, both as a means to improve program performance and to achieve savings. For example, P.L. 111-139, Increasing the Statutory Limit on the Public Debt, requires GAO to "conduct routine investigations to identify programs, agencies, offices, and initiatives with duplicative goals and activities within Departments and governmentwide and report annually to Congress on the findings."¹⁹⁵ GAO identified 51 programmatic areas in its 2012 annual report on federal duplication "where programs may be able to achieve greater efficiencies or become more effective in providing government services."¹⁹⁶ GAO identified management and training assistance provided to businesses by the SBA and the Departments of Commerce, Housing and Urban Development, and Agriculture as one of these areas.¹⁹⁷ GAO identified 53 business management and technical assistance programs sponsored by the SBA and these three departments. GAO reported that "the number of programs that support entrepreneurs—53—and the overlap among these programs raise questions about whether a fragmented system is the most effective way to support entrepreneurs. By exploring alternatives, agencies may be able to determine whether there are more efficient ways to continue to serve the unique needs of entrepreneurs, including consolidating various programs."¹⁹⁸

As mentioned previously, the House Committee on Small Business has argued that "given tight budgetary constraints" the SBA's various management and technical assistance training programs "should be folded into the mission of the SBDC program or their responsibilities should be taken over by other agencies."¹⁹⁹ The House Committee on Small Business has also indicated its opposition to the Obama Administration's increased use of, and requests for increased funding for, management and training initiatives. For example, Representative Sam Graves, then-chair of the House Committee on Small Business, indicated in his opening remarks at a congressional hearing in April 2014 that

Despite reports that the federal government is riddled with redundant [management and training] programs for entrepreneurs, the SBA has increasingly spawned its own entrepreneurial development initiatives. In doing so, the SBA has repeatedly requested increased funding for its own initiatives while allowing funding for statutorily authorized programs, such as SBDCs, to remain static.... I continue to question the necessity of these initiatives given the potential overlap with both private and public sector efforts already in existence.²⁰⁰

¹⁹⁵ P.L. 111-139, Increasing the statutory limit on the public debt, §21. Identification, Consolidation, and Elimination of Duplicative Government Programs.

¹⁹⁶ U.S. Government Accountability Office, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Results*, GAO-12-342SP, February 28, 2012, p. 1, <http://www.gao.gov/assets/590/588818.pdf>.

¹⁹⁷ *Ibid.*, pp. 52-61.

¹⁹⁸ *Ibid.*, p. 55.

¹⁹⁹ U.S. Congress, House Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for FY2014," communication to the Chairman, House Committee on the Budget, 113th Cong., 1st sess., February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf.

²⁰⁰ Rep. Sam Graves, "Opening Statement of Chairman Sam Graves, Committee on Small Business Hearing: 'SBA-created Initiatives: Necessary or Redundant Spending,'" April 30, 2014, at http://smallbusiness.house.gov/uploadedfiles/opening_statement-press_4-30-2014.pdf.

In addition, as mentioned previously, during the 114th Congress, H.R. 207, the Small Business Development Centers Improvement Act of 2015, would, among other provisions, require the SBA to only use authorized entrepreneurial development programs (SCORE, WBCs, SBDCs, etc.) “to deliver entrepreneurial development services, entrepreneurial education, business incubation services, growth acceleration services, support for the development and maintenance of clusters, or business training.”

Program Evaluation

GAO noted in its 2007 assessment of the SBA’s management and technical assistance training programs that, in addition to its annual survey of WBC, SBDC, and SCORE participants, the SBA requires WBCs to provide quarterly performance reports that include “the WBCs’ actual accomplishments, compared with their performance goals for the reporting period; actual budget expenditures, compared with an estimated budget; cost of client fees; success stories; and names of WBC personnel and board members.”²⁰¹ GAO also noted that WBCs are also required to issue fourth quarter performance reports that “also include a summary of the year’s activities and economic impact data that the WBCs collect from their clients, such as number of business start-ups, number of jobs created, and gross receipts.”²⁰² SBDCs have similar reporting requirements.²⁰³

In recent years, Congress has considered requiring the SBA to expand its use of outcome-based measures to determine the effectiveness of its management and technical training assistance programs. For example, during the 111th Congress, the previously mentioned Job Creation Through Entrepreneurship Act of 2009 would have required the SBA to create “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.”²⁰⁴ It would also have required the SBA to “develop and implement a consistent data collection process to cover all entrepreneurial development programs” including “data relating to job creation, performance, and any other data determined appropriate by the Administrator with respect to the Administration’s entrepreneurial development programs.”²⁰⁵

During the 112th Congress, the SUCCESS Act of 2012 and Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012 would have required the SBA to “promulgate a rule to develop and implement a consistent data collection process for the entrepreneurial development programs” that included data “relating to job creation and performance and any other data determined appropriate by the Administrator.”²⁰⁶

In addition, during the 114th Congress, H.R. 207 would require the SBA to issue an annual report concerning “all entrepreneurial development activities undertaken in the current fiscal year.” This report would include a description and operating details for each program and activity; operating

²⁰¹ U.S. Government Accountability Office, *Small Business Administration: Opportunities Exist to Improve Oversight of Women’s Business Centers and Coordination among SBA’s Business Assistance Programs*, GAO-08-49, November 2007, p. 15, at <http://www.gao.gov/new.items/d0849.pdf>.

²⁰² *Ibid.*

²⁰³ SBA, “Small Business Development Center Fy/Cy 2011 Program Announcement for Renewal of the Cooperative Agreement for Current Recipient Organizations,” pp. 27-38, at <https://www.sba.gov/sites/default/files/files/2011%20Program%20Announcement.pdf>.

²⁰⁴ H.R. 2352, §404. Performance and Planning.

²⁰⁵ H.R. 2352 §601. Expanding Entrepreneurship.

²⁰⁶ S. 3442, §411. Expanding Entrepreneurship; and S. 3572, §411. Expanding Entrepreneurship.

circulars, manuals, and standard operating procedures for each program and activity; a description of the process used to award grants under each program and activity; a list of all awardees, contractors, and vendors and the amount of awards provided 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.

Concluding Observations

Congressional interest in the federal government's small business management and technical assistance training programs has increased in recent years. One of the reasons for the heightened level of interest in these programs is that small business has led job formation and retention during previous economic recoveries.²⁰⁷ It has been argued that effective small business management and technical assistance training programs are needed if small businesses are to lead job creation and retention during the current economic recovery. As then-Representative Heath Shuler stated during a congressional hearing in 2009:

We often talk about the role that small business plays in the creation of jobs and with good reason. Small firms generate between 60 and 80 percent of new positions. Following the recession in the mid-1990s, they created 3.8 million jobs.... we could use that growth today. But unfortunately, many firms are struggling to make ends meet. Let's allow them to hire new workers. In the face of historic economic challenges, we should be investing in America's job creators. SBA's Entrepreneurial Development Programs, or ED, do just that. Of all the tools in the small business toolbox, these are some of the most critical. They help small firms do everything from draft business plans to access capital.²⁰⁸

The general consensus is that federal management and technical assistance training programs serve an important purpose and, for the most part, are providing needed services that are not available elsewhere. As Karen Mills, then-SBA Administrator, stated during a press interview in 2010:

We find that our counseling operations are equally important as our credit operations because small businesses really need help and advice, and when they get it, they tend to have more sales and more profits and more longevity, and they hire more people. So we have looked forward and said, "How do we get all the tools small businesses need into their hands?" Maybe they want to export. Maybe they want to know how to use broadband. Maybe they are veterans who are coming back and want to start a business or grow their business. Our job is to make sure all that information and opportunity is accessible for small businesses so they can do what they do, which is keep our economy strong.²⁰⁹

²⁰⁷ SBA, Office of Advocacy, *Small Business Economic Indicators for 2003*, August 2004, p. 3; Brian Headd, "Small Businesses Most Likely to Lead Economic Recovery," *The Small Business Advocate*, vol. 28, no. 6 (July 2009), pp. 1, 2; and SBA, "Fiscal Year 2010 Congressional Budget Justification," p. 1, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification_2010.pdf.

²⁰⁸ U.S. Congress, House Committee on Small Business, Subcommittee on Rural Development, Entrepreneurship and Trade, *Subcommittee On Rural Development, Entrepreneurship And Trade Markup On Entrepreneurial Development Programs Legislation*, 111th Cong., 1st sess., April 30, 2009, Small Business Committee Document No. 111-118 [ERRATA – printing error, should be 111-018] (Washington: GPO, 2009), p. 1.

²⁰⁹ David Port, "But Where Is the Money?" *Entrepreneur Magazine*, August 2010, at <http://www.entrepreneur.com/magazine/entrepreneur/2010/august/207500.html>.

There is also a general consensus that making federal management and technical assistance training programs more effective and responsive to the needs of small business would assist the national economic recovery. However, there are disagreements over how to achieve that goal.

Some advocate (1) increasing funding for existing programs to enable them to provide additional training opportunities for small businesses while, at the same time, maintaining separate training programs for specific demographic groups as a means to ensure that those groups' specific needs are met; (2) requiring the SBA to make more extensive use of outcome-based measures to better determine the programs' effect on small business formation and retention, job creation and retention, and the generation of wealth; and (3) temporarily reducing or eliminating federal matching requirements to enable SBA's management and technical assistance training resource partners to focus greater attention to service delivery and less to fund raising. Others argue for a merger of existing programs to reduce costs and improve program efficiency, to focus available resources on augmenting the capacity of SBDCs to meet the needs of all small business groups, and require the SBA to make more extensive use of outcome-based performance measures to determine program effectiveness.

There are no case studies or empirical data available concerning the efficiencies that might be gained by merging the SBA's management and technical assistance training programs. Advocates argue that merging the programs would improve communications, reduce confusion by business owners seeking assistance by ensuring that all small business management and technical assistance training centers serve all small business owners and aspiring entrepreneurs, lead to more sustainable and predictable funding for the programs from nonfederal sources, and result in more consistent and standard operating procedures throughout the country.²¹⁰ Opponents argue that any gains in program efficiency that might be realized would be more than offset by the loss of targeted services for constituencies that often require different information and training to meet their unique challenges and needs.²¹¹

²¹⁰ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 3-5, 24-27, 29; and U.S. Congress, House Committee on Small Business, *Full Committee Hearing on Legislation to Reauthorize and Modernize SBA's Entrepreneurial Development Programs*, 111th Cong., 1st sess., May 6, 2009 (Washington: GPO, 2009), pp. 3-5, 15, 27-34.

²¹¹ U.S. Congress, House Committee on Small Business, *Full Committee Hearing on the State of the SBA's Entrepreneurial Development Programs and Their Role in Promoting an Economic Recovery*, 111th Cong., 1st sess., February 11, 2009, Small Business Committee Doc. No. 111-005 (Washington: GPO, 2009), pp. 44-49; U.S. Congress, House Committee on Small Business, *Job Creation Through Entrepreneurship Act of 2009*, report to accompany H.R. 2352, 111th Cong., 1st sess., May 15, 2009, H.Rept. 111-112 (Washington: GPO, 2009), pp. 16-31; and U.S. Congress, House Committee on Small Business, *Women's Business Ownership Act of 1988*, report to accompany H.R. 5050, 100th Cong., 2nd sess., September 22, 1988, H.Rept. 100-955 (Washington: GPO, 1988), pp. 9, 10, 13, 14.

Appendix. Brief Descriptions of SBA Management and Technical Assistance Training Programs

Table A-1. Brief Descriptions of SBA Management and Technical Assistance Training Programs

Program Name	Authority	Brief Description	Number	Federal Matching Requirement
Small Business Development Center Grant Program	P.L. 96-302, 1980	Provides management and technical assistance training to small businesses through centers located in leading universities, colleges, and state economic development agencies.	63 lead centers and 900+ local centers	50% match from nonfederal sources comprised of not less than 50% cash and not more than 50% of indirect costs.
Women Business Center Grant Program	P.L. 100-533, 1988	Provides long-term training, counseling, networking, and mentoring to women entrepreneurs, especially those who are socially and economically disadvantaged.	105	50% match from nonfederal sources; not more than one-half of the nonfederal matching assistance may be in the form of in-kind contributions, including office equipment and office space.
SCORE (Service Corps of Retired Executives)	Section 8(b) of the Small Business Act; P.L. 89-754, 1966	Provides technical, managerial, and informational assistance to small business concerns through in-person mentoring by volunteer counselors who are working or, in most instances, retired business owners.	320 chapters and 800+ branch offices	none
7(j) Technical Assistance Program	Section 7(j) of the Small Business Act; Section 8(a) of the Small Business Act; P.L. 95-507, 1978	Provides management and technical assistance training to 8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment or low-income and firms owned by low-income individuals.	8 service providers in FY2016	none
Microloan Technical Assistance Program	P.L. 102-140, 1992	Provides management and technical assistance training to Microloan borrowers and, within specified limits, to prospective Microloan borrowers.	159 intermediaries	25% from nonfederal sources; no matching requirement if the intermediary makes at least 50% of its loans in an Economically Distressed Area.

Program Name	Authority	Brief Description	Number	Federal Matching Requirement
Native American Outreach Program	Section 7(j) of the Small Business Act; SBA regulations, 1994	Provides management and technical assistance training to American Indians, Alaska Natives, Native Hawaiians and “the indigenous people of Guam and American Samoa ... to promote entity-owned and individual 8(a) certification, government contracting, entrepreneurial education, and capital access.”	NA	none
PRIME Technical Assistance Program	P.L. 106-102, 1999	Provides assistance in the form of grants to nonprofit microenterprise development organizations or programs that have a demonstrated record of delivering microenterprise services to disadvantaged entrepreneurs.	39 service providers in FY2016	50% from nonfederal sources; sources such as fees, grants, gifts, income from loan sources, and in-kind resources from nonfederal public or private sources may be used to comply with the matching funds requirement
Veterans Business Development Programs	P.L. 106-50, 1999	The SBA’s Office of Veterans Business Development mission is to (1) expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation’s veterans; and (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the SBA.	NA	none

Sources: Federal statutes cited in table.

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