

109TH CONGRESS
1ST SESSION

H. R. 3207

To direct the Administrator of the Small Business Administration to establish a pilot program to make grants to eligible entities for the development of peer learning opportunities for second-stage small business concerns.

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 2005

Mr. FITZPATRICK of Pennsylvania introduced the following bill; which was referred to the Committee on Small Business

A BILL

To direct the Administrator of the Small Business Administration to establish a pilot program to make grants to eligible entities for the development of peer learning opportunities for second-stage small business concerns.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Second-Stage Small
5 Business Development Act of 2005”.

6 **SEC. 2. PURPOSE.**

7 The purpose of this Act is to establish a four-year
8 pilot program to—

1 (1) identify second-stage small business con-
2 cerns that have the capacity for significant business
3 growth and job creation;

4 (2) facilitate business growth and job creation
5 by second-stage small business concerns through the
6 development of peer learning opportunities; and

7 (3) utilize the network of small business devel-
8 opment centers to expand access to peer learning op-
9 portunities for second-stage small business concerns.

10 **SEC. 3. PILOT PROGRAM.**

11 (a) **ESTABLISHMENT.**—The Administrator shall es-
12 tablish and carry out a pilot program (referred to in this
13 Act as the “pilot program”) to make grants to eligible en-
14 tities for the development of peer learning opportunities
15 for second-stage small business concerns in accordance
16 with this Act.

17 (b) **SELECTION OF GRANT RECIPIENTS.**—

18 (1) **IN GENERAL.**—From the eligible entities lo-
19 cated in the States in each of the 10 regions under
20 paragraph (3), the Administrator shall select 2 eligi-
21 ble entities to receive grants.

22 (2) **ELIGIBLE ENTITIES.**—In this Act, the term
23 “eligible entity” means an entity that—

1 (A) is eligible to receive funding under sec-
2 tion 21 of the Small Business Act (15 U.S.C.
3 648); and

4 (B) submits to the Secretary an applica-
5 tion that includes—

6 (i) a plan to—

7 (I) offer peer learning opportuni-
8 ties to second-stage small business
9 concerns; and

10 (II) transition to providing such
11 opportunities using non-governmental
12 funding; and

13 (ii) any other information and assur-
14 ances that the Secretary may require.

15 (3) CRITERIA FOR SELECTION.— The Adminis-
16 trator shall evaluate the plans submitted by the eli-
17 gible entities under paragraph (2) and select eligible
18 entities to receive grants on the basis of the merit
19 of such plans.

20 (4) REGIONS DESCRIBED.—The regions re-
21 ferred to in paragraph (1) are as follows:

22 (A) REGION 1.—Maine, Massachusetts,
23 New Hampshire, Connecticut, Vermont, and
24 Rhode Island.

1 (B) REGION 2.—New York, New Jersey,
2 Puerto Rico, and the Virgin Islands.

3 (C) REGION 3.— Pennsylvania, Maryland,
4 West Virginia, Virginia, the District of Colum-
5 bia, and Delaware.

6 (D) REGION 4.—Georgia, Alabama, North
7 Carolina, South Carolina, Mississippi, Florida,
8 Kentucky, and Tennessee.

9 (E) REGION 5.—Illinois, Ohio, Michigan,
10 Indiana, Wisconsin, and Minnesota.

11 (F) REGION 6.—Texas, New Mexico, Ar-
12 kansas, Oklahoma, and Louisiana.

13 (G) REGION 7.—Missouri, Iowa, Nebraska,
14 and Kansas.

15 (H) REGION 8.—Colorado, Wyoming,
16 North Dakota, South Dakota, Montana, and
17 Utah.

18 (I) REGION 9.—California, Guam, Hawaii,
19 Nevada, Arizona, and American Samoa.

20 (J) REGION 10.—Washington, Alaska,
21 Idaho, and Oregon.

22 (5) CONSULTATION.—If small business develop-
23 ment centers have formed an association to pursue
24 matters of common concern as authorized under sec-
25 tion 21(a)(3)(A) of the Small Business Act (15

1 U.S.C. 648(a)(3)(A)), the Administrator shall con-
2 sult with such association and give substantial
3 weight to the recommendations of such association
4 in selecting the grant recipients.

5 (6) DEADLINE FOR INITIAL SELECTIONS.—The
6 Administrator shall make selections under paragraph
7 (1) not later than 60 days after the promulgation of
8 regulations under section 4.

9 (c) USE OF FUNDS.—An eligible entity that receives
10 a grant under the pilot program shall use the grant to—

11 (1) identify second-stage small business con-
12 cerns in the service delivery areas of the eligible enti-
13 ty; and

14 (2) establish and conduct peer learning oppor-
15 tunities for such second-stage small business con-
16 cerns.

17 (d) AMOUNT OF GRANT.—

18 (1) IN GENERAL.—Except as provided in para-
19 graph (2), a grant under the pilot program shall be
20 in an amount that does not exceed the product ob-
21 tained by multiplying—

22 (A) the amount made available for grants
23 under the pilot program for the fiscal year for
24 which the grant is made; and

1 (B) the ratio that the population of the
2 State in which the eligible entity is located
3 bears to the aggregate population the States in
4 which eligible entities receiving grants for that
5 fiscal year are located.

6 (2) MINIMUM AMOUNT OF GRANT.—A grant
7 under the pilot program shall be in an amount not
8 less than \$50,000.

9 (e) MATCHING REQUIREMENT.—As a condition of a
10 grant under the pilot program, the Administrator shall re-
11 quire that a matching amount be provided from sources
12 other than the Federal Government that—

13 (1) is equal to the amount of the grant;

14 (2) is not less than 50 percent cash;

15 (3) is not more than 50 percent comprised of
16 indirect costs and in-kind contributions; and

17 (4) does not include any indirect cost or in-kind
18 contribution derived from any Federal program

19 (f) QUARTERLY REPORT TO ADMINISTRATOR.—

20 (1) IN GENERAL.—Each eligible entity that re-
21 ceives a grant under the pilot program shall submit
22 to the Administrator a quarterly report that in-
23 cludes—

1 (A) a summary of the peer learning oppor-
2 tunities established by the eligible entity using
3 grant funds;

4 (B) the number of second-stage small busi-
5 ness concerns assisted using grant funds; and

6 (C) in the case of an eligible entity that re-
7 ceives a grant for a second fiscal year or any
8 subsequent fiscal year—

9 (i) any measurable economic impact
10 data resulting from the peer learning op-
11 portunities established using grant funds;
12 and

13 (ii) the number of peer learning op-
14 portunities established by the eligible enti-
15 ty that have transitioned from operating
16 using Government funds to operating with-
17 out using Government funds.

18 (2) FORM OF REPORT.—The report required
19 under paragraph (1) shall be transmitted in elec-
20 tronic form.

21 (g) DATA REPOSITORY AND CLEARINGHOUSE.—In
22 carrying out the pilot program, the Administrator shall act
23 as the repository of and clearinghouse for data and infor-
24 mation submitted by the eligible entities.

1 (h) ANNUAL REPORT ON PILOT PROGRAM.—Not
2 later than November 1 of each year, the Administrator
3 shall submit to the President and to Congress, a report
4 evaluating the success of the pilot program during the pre-
5 ceding fiscal year, which shall include the following:

6 (1) A description of the types of peer learning
7 opportunities provided with grant funds.

8 (2) The number of second-stage small business
9 concerns assisted with grant funds.

10 (3) For fiscal year 2007 and each subsequent
11 fiscal year of the pilot program—

12 (A) data regarding the economic impact of
13 the peer learning opportunities provided with
14 grant funds; and

15 (B) the number of peer learning opportuni-
16 ties established by grant recipients that have
17 transitioned from operating using Government
18 funds to operating without using Government
19 funds.

20 (i) PRIVACY REQUIREMENT.—

21 (1) IN GENERAL.—A small business develop-
22 ment center, consortium of small business develop-
23 ment centers, or contractor or agent of a small busi-
24 ness development center shall not disclose the name,
25 address, or telephone number of any individual or

1 small business concern receiving assistance under
2 this section without the consent of such individual or
3 small business concern, unless—

4 (A) the Administrator is ordered to make
5 such a disclosure by a court in any civil or
6 criminal enforcement action initiated by a Fed-
7 eral or State agency; or

8 (B) the Administrator considers such a
9 disclosure to be necessary for the purpose of
10 conducting a financial audit of a small business
11 development center, but a disclosure under this
12 subparagraph shall be limited to the informa-
13 tion necessary for such audit.

14 (2) ADMINISTRATOR USE OF INFORMATION.—
15 The privacy requirement under this subsection shall
16 not—

17 (A) restrict Administrator access to pro-
18 gram activity data; or

19 (B) prevent the Administrator from using
20 client information to conduct client surveys.

21 (j) EVALUATION AND REPORT.—Not later than 3
22 years after the establishment of the pilot program, the
23 Comptroller General of the United States shall—

24 (1) conduct an evaluation of the pilot program;
25 and

1 (2) transmit to Congress and the Administrator
2 a report containing the results of such evaluation
3 along with any recommendations as to whether the
4 pilot program, with or without modification, should
5 be extended to include the participation of all small
6 business development centers.

7 (k) **TERMINATION.**—The pilot program shall termi-
8 nate on September 30, 2009.

9 **SEC. 4. REGULATIONS.**

10 After providing notice and an opportunity for com-
11 ment and after consulting with the association described
12 in section 3(b)(5) (if any such association has been
13 formed), the Administrator shall promulgate final regula-
14 tions to carry out this Act, including regulations that es-
15 tablish—

16 (1) standards relating to the establishment and
17 conduct of peer learning opportunities to be provided
18 by grant recipients, including the number of individ-
19 uals that may participate in a peer group that is
20 part of a peer learning opportunity;

21 (2) standards relating to the educational, tech-
22 nical, and professional competency of any facilitator
23 who delivers peer learning opportunities under the
24 pilot program; and

1 (3) requirements for transitioning peer learning
2 opportunities funded under the pilot program to
3 non-governmental funding.

4 **SEC. 5. DEFINITIONS.**

5 In this Act:

6 (1) The term “Administrator” means the Ad-
7 ministrator of the Small Business Administration.

8 (2) The term “peer learning opportunities”
9 means formally organized peer groups of owners,
10 presidents and chief executive officers in non-com-
11 peting second-stage business concerns, meeting regu-
12 larly with a professionally trained facilitator.

13 (3) The term “second-stage small business con-
14 cern” means a small business concern that—

15 (A) has—

16 (i) more than 6 and not more than 99
17 employees; or

18 (ii) annual revenue or working capital
19 or more than \$750,000 and not more than
20 \$18,000,000; and

21 (B) has experienced high growth dem-
22 onstrated by—

23 (i) an average annual revenue or em-
24 ployee growth rate of at least 15 percent
25 during the preceding 3 years; or

1 (ii) any 3 of the following:

2 (I) Owning proprietary intellec-
3 tual property.

4 (II) Addressing an underserved
5 or growing market.

6 (III) Having a sustainable com-
7 petitive advantage.

8 (IV) Exporting goods or services
9 outside of its community.

10 (V) Having a product or service
11 that is scalable to a large market.

12 (4) The term “small business concern” has the
13 meaning given that term under section 3 of the
14 Small Business Act (15 U.S.C. 632).

15 (5) The term “State” means each of the several
16 States, the District of Columbia, the Commonwealth
17 of Puerto Rico, the Virgin Islands, Guam, and
18 American Samoa.

19 **SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

20 (a) IN GENERAL.—There is authorized to be appro-
21 priated to carry out this Act \$1,500,000 for each of fiscal
22 years 2006 through 2009.

23 (b) LIMITATION ON USE OF OTHER FUNDS.—The
24 Administrator shall carry out this Act using only amounts

- 1 appropriated in advance specifically for the purpose of car-
- 2 rying out this Act.

