

FULL COMMITTEE MARKUP OF ENTREPRENEURIAL DEVELOPMENT LEGISLATION

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**FULL COMMITTEE MARKUP OF
ENTREPRENEURIAL DEVELOPMENT
LEGISLATION**

WEDNESDAY, MAY 23, 2007

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 10:00 a.m., in Room 2360 Rayburn House Office Building, Hon. Nydia Velázquez [Chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Jefferson, Shuler, Gonzalez, Grijalva, Michaud, Cuellar, Moore, Altmire, Braley, Clarke, Ellsworth, Sestak, Chabot, Bartlett, Graves, Fortenberry, Heller, Davis, Fallin, Buchanan and Jordan.

OPENING STATEMENT OF CHAIRWOMAN VELÁZQUEZ

Chairwoman VELÁZQUEZ. I am pleased to call to order today's markup.

Today's markup addresses two very important issues for small firms—energy and the SBA's entrepreneurial development programs. Because they provide three out of every four new jobs, there is no question that high-quality technical assistance and energy efficient resources should be available to small business owners.

One of the most important objectives of the SBA is to provide direction and resources to those looking to start and grow their businesses. To do this, the agency has a number of initiatives that were designed to meet the needs of small business owners. However, as the economy has changed, so have the challenges facing this nation's entrepreneurs. At the top of this list is the need for relief from rising energy costs. In fact, two-thirds of small business owners anticipate a decrease in profits due to the current price of energy.

The bills before us today provide SBA's entrepreneurial development programs with the capacity to ensure small businesses can address the specific issues they face in current economic conditions. In addition, entrepreneurs will have access to the tools necessary to address their energy needs. I want to thank my colleagues for working on these issues and for the solutions they have developed.

Today's environment for small business is not easy. We hear constantly of the barriers that stand in the way of their success. With the contributions they make to this country, it is important that we give small firms the resources they deserve. All members of the Committee should be commended for their work towards this goal.

At the conclusion of today's markup, this Committee will have moved 10 separate pieces of legislation, 5 of which have already passed the House. We could not have done this without everyone's cooperation, and I appreciate the members' willingness to work together. I especially want to thank Ranking Member Chabot for all of his construction feedback.

What the Committee has been able to do so far represents significant progress. I want to make it clear that this is not because of one person's or one side's agenda, but because of the bipartisan collaboration we have maintained. While we have accomplished a lot, we have much more to do, if our goal is to improve the environment for entrepreneurs.

I look forward to continuing to work together in a way that best serves the needs of our nation's small businesses. I would now like to yield to Ranking Member Chabot for his opening remarks.

OPENING STATEMENT OF MR. CHABOT

Mr. CHABOT. I would like to thank the Chairwoman for holding this markup and for her remarks here this morning—this markup on this important set of bills. The Committee has not examined legislation concerning the outreach and technical assistance programs of the Small Business Administration in almost four years, and Congress has not considered a general overall of such programs since the reauthorization in 2000.

Of the 28 million small businesses in the United States, the vast majority do not have the financial wherewithal to hire sophisticated management consultants or retain large numbers of in-house staff to address the myriad issues that their businesses face. The vast spectrum of businesses and the potential needs of their owners require an equally broad array of technical advice services to help them prosper.

This advice might range from the simplicity of preparing a cashflow chart for a home-based business to compliance with the Environmental Protection Agency's latest maximum achievable control standard for air pollutants. Given the need, Congress authorized a wide variety of public-private partnerships overseen by the Small Business Administration to offer technical advice that larger businesses can obtain from either their own personal or through the retention of consulting firms.

These programs run the gamut from general outreach programs offered by volunteer executives to programs designed to target assistance at groups that normally might not even consider that the government has programs to assist them in the operation of their businesses. No one can deny the effectiveness of these programs.

As we heard during testimony last week, the technical assistance provided has helped Native Americans start businesses despite numerous bureaucratic hurdles, and an immigrant woman create a thriving handbag manufacturing company. With continued rapid changes in the American economy, the technical assistance programs must be able to respond in a similarly agile manner.

The bills that we are considering today are an excellent start in maintaining the quality of these programs while ensuring that they meet any objectives related to reaching their targeted audiences. In addition, the bills will reduce bureaucratic red tape facing the pri-

vate partners while providing and improving oversight of these programs. Given the benefits that these programs provide to small businesses and entrepreneurs, I think we all support them.

I must make a few comments about the scope of the bill on small business development centers. As I noted in my opening statement when Mr. Preston testified on the President's budget for the SBA, it seems fair that the small business development centers, SBDCs, should get an increase to cover inflation, if the SBA gets a similar increase. So an authorization increase is useful.

However, I am less than convinced of the need for the multiplicity of additional targeted competitive grant programs for the SBDCs. I recognize that none of these programs will reduce the core funding for the program and will require separate appropriate. Despite this, I think we need to work in a bipartisan manner to think about ways that the size of this authorization for the various targeted programs might be further reduced.

Finally, I must address one bill before us today that is not directly related to the SBA's entrepreneurial development programs. No one can doubt that rising energy costs are a problem for America's businesses. The ultimate solution probably requires a mix of developing more energy resources within the control of the United States while also using these resources more efficiently.

Small businesses are innovators, and rising energy costs certainly constitutes the necessity that is the mother of innovation. To the extent that the bill we are considering today assists small businesses, both as producers of energy resources and teaches them new ways to use energy more efficiently, I find no reason to oppose the bill.

The modifications in this bill to Title III of the Small Business Investment Act of 1958 may have some utility, and, as drafted, do not increase any spending. Nevertheless, I am concerned that the appropriators may interpret the authorization from this Committee as the go-ahead to appropriate before allowing the program to operate a zero subsidy and see whether there is even a need for federal funding of venture capital for small businesses constructing renewable fuel plants.

But, again, although we do have some reservations on some aspects in some areas, overall we think all of these bills move us in the right direction, and I want to again commend the Chairwoman for working in a bipartisan manner and including members on both sides who have offered bills that will be addressed here this morning.

And, again, thank you, Madam Chair, for your cooperation. And I yield back.

Chairwoman VELÁZQUEZ. Thank you, Ranking Member Chabot.

Are there any other members that wish to be recognized for the purpose of opening remarks? I now recognize the gentleman from Maine for the purpose of a colloquy.

OPENING STATEMENT OF MR. MICHAUD

Mr. MICHAUD. Thank you very much, Madam Chairwoman, Mr. Ranking Member. I was going to offer amendments to the bills this morning that create new grant programs today. While I have decided not to offer them, my goal was to protect the core funding of

the small business development center program. And it was to ensure that the creation of any new grant programs do not reduce the core funding for SBDC programs.

Will the Chair and Ranking Member work with me to protect the core funding as we move forward on the authorization and appropriation process?

Chairwoman VELÁZQUEZ. I thank the gentleman for raising this important issue, and I agree that we need to address this, and I will make a commitment to work with you and your staff on this matter as Congress considers the funding for the core SBDC program.

Mr. MICHAUD. Thank you, Madam Chairwoman. I also would like to ask unanimous consent to allow the Association of Small Business Development Centers to submit a letter for the record dealing with this issue.

Chairwoman VELÁZQUEZ. Without objection.

Mr. MICHAUD. Thank you.

Chairwoman VELÁZQUEZ. Are there any other members that wish to be recognized for the purpose of opening remarks? Mr. Shuler?

OPENING STATEMENT OF MR. SHULER

Mr. SHULER. Madam Chair, thank you, and thank Ranking Member Chabot for the hard work and the dedication of holding this markup today.

I am particularly pleased that we are considering the Small Energy Efficiency Business Act. Small businesses are the first to be affected by rising energy prices. The small businesses will be the first to find the solutions. This bill will give them the tools that they need to lead our nation to energy efficiency and independence, and I urge my colleagues to support this bill.

And, once again, just a special thanks to Ranking Member Chabot and to Chairwoman Velázquez for their hard work and dedication. And, truly, of all the committees, this is certainly a very bipartisan support, and I commend both of you for that.

Mr. CHABOT. A breath of fresh air, as we like to say.

Mr. SHULER. That it is.

Mr. CHABOT. Excellent.

Chairwoman VELÁZQUEZ. Are there any other members that wish to be recognized for the purpose of opening remarks?

Mr. CHABOT. Madam Chair?

Chairwoman VELÁZQUEZ. Yes.

Mr. CHABOT. If any of our members would like to speak, they are certainly welcome to speak or they can wait until we bring up the bill. We are going to bring up the bills individually?

Chairwoman VELÁZQUEZ. Yes.

Mr. CHABOT. Yes. They can speak at the bill at that time, if they would like.

Chairwoman VELÁZQUEZ. The first order of business is to consider the SBA's Veterans' Program Act of 2007, introduced by Representative Buchanan.

Today, more than 130,000 troops have already returned home from Iraq and Afghanistan. These men and women are increasingly

turning towards small business ownership. In fact, veteran business owners account for 14 percent of all self-employed in the U.S.

Mr. Buchanan's legislation ensures that those servicemen and women who are returning from Iraq or Afghanistan and transitioning into civilian life will have all the opportunities possible to pursue entrepreneurship, should they choose that career path. This bill strengthens and expands existing programs, providing counseling and necessary resources to veterans.

Veterans are an increasing portion of the small business sector. After the dedication they have demonstrated to this country, helping them achieve the American dream of entrepreneurship is the least that we can do.

I strongly urge support of this legislation. I now yield to the bill's sponsor, Mr. Buchanan, for his remarks.

STATEMENT OF MR. BUCHANAN ON H.R. 2366

Mr. BUCHANAN. Thank you, Madam Chair. And I would also like to say that I want to thank you. You don't just talk about bipartisanship spirit, you have reached out to me numerous times, called me. I appreciate that. I think a lot of freshmen coming in, we wanted to have that sense of that spirit, and I appreciate that leadership.

I would also like to thank the Ranking Member for working with me on this legislation, allowing for a swift consideration.

I want to also urge my colleagues on the Small Business Committee to join me in an effort to enact a good piece of legislation that will go a long way towards helping our veterans succeed in the small business world after their military service is over.

My bill, H.R. 2366, would create an important program within the Small Business Administration that will give our veterans not just a chance at success, but a real chance, and provide them with all of the help and assistance a grateful nation can offer. The legislation is intended to help veterans through grants, information services, and contacts with professionals in their field of endeavor.

This federal support will enhance the ability of a veteran to become an entrepreneur, his or her, in their own right. My bill would put an emphasis on providing veterans with market research, financial options, and technological training important to becoming a successful business owner.

H.R. 2366 not only expands the number and scope of veteran outreach centers, it ensures the openings of more doors and opportunities for our women veterans. Assisting our women returning from combat has been an area long overlooked, and it is high time we did something about it.

Today, our Committee will pass a bill that will help individuals make an important transition from being a veteran to a small business entrepreneur. I urge all my colleagues to support H.R. 2366.

Thank you, Madam, Chair.

Chairwoman VELÁZQUEZ. Thank you.

I now yield to Ranking Member, Mr. Chabot.

Mr. CHABOT. Thank you, Madam Chair. And in the interest of moving the markup along, I will be very brief. I just want to commend the gentleman from Florida for offering this helpful bill.

There is no group, I believe, who have earned our appreciation more than the veterans.

And we have, as we know, many of our military personnel are serving in Iraq and Afghanistan and other places around the world, and many of these military personnel are obviously women as well. So I want to commend the gentleman for offering this, and we appreciate his hard work on this Committee.

And I yield back the balance of my time.

Chairwoman VELÁZQUEZ. Thank you.

Are there any other members that wish to be recognized?

[No response.]

The Committee now moves to consideration of the bill H.R. 2366. The Clerk will report the title of the bill.

The CLERK. H.R. 2366, to reauthorize the Veterans' Entrepreneurial Development Programs of the Small Business Administration, and for other purposes.

Chairwoman VELÁZQUEZ. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Seeing no amendments, the question is on reporting H.R. 2366. All those in favor, say aye.

[Ayes.]

Those opposed, say no.

[No response.]

The ayes have it. The bill is adopted and reported.

The next order of business is to consider the Small Energy Efficient Business Act, introduced by Representative Shuler.

Currently, the leading concern for small business owners is the high cost of energy. Gas prices are now reaching an average of \$3.10, up 77 cents from the beginning of the year. There is no question that this is having an impact on entrepreneurs.

Given that small businesses already have limited margins, the last thing they need is additional costs adding to their bottom line. H.R. 2389 will help small businesses by providing new financing options for the purchase of more energy efficient products.

For example, a small business owner could save 20 percent of its energy costs by installing a solar water heating system that has an upfront cost of \$160,000. But with a savings in energy use, it will pay for itself in five years. Clearly, any assistance we can provide to help small businesses purchase such products is well worth the investment.

This legislation not only helps small firms reduce energy consumption, but also recognizes the pivotal role they play in the development of energy efficient technology. Entrepreneurs are leading the way, accounting for more than 70 percent of renewable fuel producers. H.R. 2389 ensures that this will continue by creating equity investment tools specifically targeting the development of the next generation of renewable fuels.

Today, through the Small Energy Efficient Business Act, we have an opportunity to address the energy concerns of entrepreneurs and to provide them with some relief. I urge support of this legisla-

tion, and now I recognize or yield to the bill's sponsor, Mr. Shuler, for this remarks.

STATEMENT OF MR. SHULER ON H.R. 2389

Mr. SHULER. Madam Chair, thank you. And as I made reference to in my opening remarks, you know, our small businesses are—is a business that is affected mostly, and with—as you say, the margins are so close in our small business, we have got to do all that we can to protect them and to ensure their longevity, and the small business continues to be the backbone of our community throughout our country.

And helping them with this legislation will certainly be able to help them gain some of the funding that is necessary for them to cut down on their costs and be more energy efficient and lead the way. And I just urge my colleagues to support this bill.

I yield back.

Chairwoman VELÁZQUEZ. I yield to Mr. Chabot for his remarks.

Mr. CHABOT. Thank you, Madam Chair. Once again, I will be brief. I want to commend the gentleman from North Carolina for his leadership in offering this piece of legislation. There is no question that the small business community faces a number of challenges, probably the top challenge being the high cost of health care, but no question number two is probably the high cost of energy, and it has been going nowhere but up.

So this legislation hopefully will move us in the right direction, and I want to commend the gentleman for offering it.

I yield back the balance of my time.

Chairwoman VELÁZQUEZ. Are there any other members that wish to be recognized on H.R. 2389?

[No response.]

The Committee now moves to consideration of the bill H.R. 2389. The Clerk will report the title of the bill.

The CLERK. H.R. 2389, to help small businesses to develop, invest in, and purchase energy efficient buildings, fixtures, equipment, and technology.

Chairwoman VELÁZQUEZ. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Seeing no amendments, the question is on reporting H.R. 2389. All those in favor, say aye.

[Ayes.]

Those opposed, say no.

[No response.]

The ayes have it. The bill is adopted and reported.

The next piece of legislation that we will consider is the SBA's Women's Procurement Act of 2007, introduced by Representative Fallin.

Women-owned small businesses have increased at nearly double the rate of all firms. There is no doubt that women's business centers, with their technical assistance and counseling initiatives,

have played a key role in facilitating this phenomenal growth. Representative Fallin's legislation will provide needed stability while redirecting the program back to its original mission of helping develop entrepreneurship around low-income and economic disadvantaged areas.

We often talk about moving women from welfare to work. Women business centers have the potential to move women from welfare to entrepreneurship. With Ms. Fallin's bill, we will build on the strong track record of this program.

I now urge the support of this legislation and yield to Ms. Fallin for her remarks.

STATEMENT OF MS. FALLIN ON H.R. 2397

Ms. FALLIN. Thank you, Madam Chair. I appreciate your support, and I also want to say how much I appreciate your commitment to startup businesses, growing businesses, creating jobs and creating an environment for entrepreneurship and working together as a team on this Committee.

And I also want to commend Ranking Member Chabot's comments about targeted assistance to groups, because that is what I am hoping to accomplish in this legislation. He also mentioned about maintaining quality of our federal programs and reaching our objectives in the areas that we target, and that is what I am hoping to do in this legislation.

Women business centers are an important part of grant programs that are funded by the Small Business Administration. Today, women business centers all across the country are providing women entrepreneurs with much needed technical assistance in starting and operating their small businesses.

In the mid-'90s, the Federal Government began awarding grants to women business centers that were operating as non-profit organizations in conjunction with institutions of higher learning. Originally, these grants were intended to be awarded to business centers in their first five years with the understanding that after this five-year period had ended the center would be financially self-sustaining.

Although many women business centers did meet this goal, some have not, and for a variety of reasons. As a result, a greater percentage of the funding for this program has been consumed by operating costs at potentially unviable centers rather than the intended purpose of establishing new business centers. The result is a drag upon the system and viable business centers that are not truly serving an unmet need in their communities, and this jeopardizes the effectiveness and viability of the entire program.

H.R. 2397, the SBA Women's Business Programs Act of 2007, restores the original priorities held by the Federal Government when this program was created. By offering a three-tier system of funding and lower caps on assistance for older business centers, we can ensure a balanced percentage of funding, and that it is used to support both new and existing business centers.

The first tier requires at least 40 percent of the total funds to be reserved for the purpose of establishing and supporting new women business centers during their first five years in existence. The second tier will be used—that is 20 percent of total funds—to

sustain the centers that have successfully existed during the first five years. And, lastly, the third tier will use a maximum of 40 percent of the funds to continue supporting centers that have existed already for eight years or more, and have met necessary benchmarks set forth by the SBA to receive this funding.

This three-tier system will offer a helping hand to the newly-established centers while slowly weaning the older centers off dependency of federal grant funds. It is important to realize that this legislation does not affect the overall funding level for this program. Rather, it just rearranges the distribution of funds to reflect the original intention of these grants and to offer temporary assistance, rather than one that has permanent dependency on the Federal Government.

And this legislation will ultimately restore accountability, it will add benchmarks and efficiency to a program that, while it is well intentioned, has become weighed down by inefficiency.

So, Madam Chairman, I urge all members to join me in support of the Women's Business Act of 2007, and I yield back my time. Thank you.

Chairwoman VELÁZQUEZ. Thank you.

I now yield to Ranking Member Chabot.

Mr. CHABOT. Thank you, Madam Chair. Once again, I will be brief. I want to thank the gentlelady from Oklahoma for offering this excellent bill. The gentlelady, before she came here to Congress, was the Lieutenant Governor of Oklahoma and had considerable expertise in the area of small business, so she has brought I think that expertise and experience to this Committee, and this bill is an example of a piece of legislation that I think will help not only this Committee but the country as well.

So thank you for offering it, and I would encourage my colleagues to support it.

Chairwoman VELÁZQUEZ. Are there any other members who wish to be recognized at this point?

[No response.]

The Committee now moves to consideration the bill H.R. 2397. The Clerk will report the title of the bill.

The CLERK. H.R. 2397, to reauthorize the Women's Entrepreneurial Development Programs of the Small Business Administration, and for other purposes.

Chairwoman VELÁZQUEZ. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Seeing no amendments, the question is on reporting H.R. 2397. All those in favor, say aye.

[Ayes.]

Those opposed, say no.

[No response.]

The ayes have it. The bill is adopted and reported.

The next order of business is to consider the Native American Small Business Development Act of 2007, introduced by Representative Udall.

There is no doubt small businesses spur economic growth and play a major role in the development and revitalization of neighborhoods across the country. A tremendous need exists in our Native American populations. These communities are among the most impoverished, with almost half of the residents on reservations unemployed and with very few opportunities to improve their situation.

While many are clearly struggling, there is a strong desire to engage in entrepreneurship. The good news is that the Native American businesses are growing at a rate of 84 percent. Small business ownership is one of the strongest anti-poverty tools we have. If we want this trend to continue, budding entrepreneurs must receive the counseling and technical assistance necessary to create successful ventures.

H.R. 2284 ensures Native American populations have access to the assistance they need to start or expand their businesses. This will be accomplished by a three-year pilot project that establishes Native Americans counseling centers through SBDCs. Enabling entrepreneurship to thrive and economic opportunity to grow in some of the most disadvantaged areas of this country is critical. This approach will ensure that the unique needs of these tribes are taken into account.

The Native American Small Business Development Act of 2007 encourages a comparative relationship between the state SBDC and the Native American population by requiring consultation with local tribe councils on how best to assist entrepreneurial development.

This bill has enjoyed bipartisan support in the past and has passed the House in previous Congresses. It is my hope that with this Congress it can finally become law and expand the right to business ownership.

I now yield—I encourage all the members to support this legislation, and I yield to Mr. Chabot for his remarks.

Mr. CHABOT. Thank you, Madam Chair. I, once again, will be brief. I want to commend Mr. Udall for his hard work on behalf of Native Americans and other groups in this country and this legislation and urge its adoption.

I yield back.

Chairwoman VELÁZQUEZ. Are there any other members who wish to be recognized? Mr. Grijalva.

STATEMENT OF MR. GRIJALVA ON H.R. 2284

Mr. GRIJALVA. Thank you, Madam Chair, and I, as a co-sponsor of this legislation, thank Mr. Udall and associate myself with the comments that you made in describing this legislation. It is vital that on tribal lands that there be a diversification of the economies of that land and of the people on that land, and I think this legislation goes a long ways toward bringing technical assistance, bringing a survival—higher survival rate for businesses on tribal land.

And the important point I think that you mentioned, Madam Chair, is the consultation. The state must consult with tribal leadership and tribal councils to assure that the strategies and the training is going to be appropriate. I think this is a huge step toward diversifying the economies on reservations and tribal lands,

and I want to applaud the sponsor of the legislation and you, Madam Chair, for bringing this bill to us so rapidly.

Thank you very much.

Chairwoman VELÁZQUEZ. Are there any other members that wish to be recognized on H.R. 2284?

[No response.]

The Committee now moves to consideration of the bill H.R. 2284. The clerk will report the title of the bill.

The CLERK. H.R. 2284, to amend the Small Business Act, to expand and improve the assistance provided by Small Business Development Centers to Indian Tribe Members, Alaska Natives, and Native Hawaiians.

Chairwoman VELÁZQUEZ. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any member seek recognition for the purpose of offering an amendment?

[No response.]

Seeing no amendments, the question is on reporting H.R. 2284. All those in favor, say aye.

[Ayes.]

Those opposed, say no.

[No response.]

In the opinion of the chair, the ayes have it. The bill is adopted and reported.

Today's last order of business is the consideration of the SBA's Entrepreneurial Development Programs Act of 2007, sponsored by Vice Chairman Sestak.

Technical assistance is one of the most often overlooked but most important services that can be provided to a small business owner. It has been well documented that businesses that receive this type of assistance are twice as likely to succeed. Mr. Sestak's bill not only enhances SBA entrepreneurial development programs, but also modernizes them to address many of the new challenges small businesses face today.

While focusing on these types of concerns, the legislation provides much needed tools for entrepreneurs. It allows them to remain competitive in today's market and adapt to changing economic conditions. I strongly urge support of this legislation, and I yield to the sponsor of the bill, Mr. Sestak, for this remarks.

STATEMENT OF MR. SESTAK ON H.R. 2359

Mr. SESTAK. Thank you, Madam Chair, and thank you and to your staff for the great support in this bill. And to the Ranking Member, thank you for your continued support of this and the other efforts I have tried to do through this Committee.

I appreciate the opportunity to speak about this Entrepreneurial Development Program Reauthorization Act, which impacts two specific programs—the SBDC, small business development centers, and the Service Corps for Retired Executives, SCORE. First, the core SBDC program has been extremely effective, but there are certain operational improvements that can make it better in terms of flexibility.

To this end, the changes that are proposed here will, first, ensure the quality of grant recipients to host SBDCs. Second, it will help SBDCs maintain their autonomy from undue SBA interference. Third, it will strengthen confidentiality protections for clients who come to the SBDC.

Fourth, it will ensure that taxpayer dollars used to fund SBDC programs are kept solely for business development instead of other administrative functions. And, last, it will allow exemptions to the current cap on non-matching portability grants in the event of natural or human-caused disasters.

It also has several new grant programs that are focused upon the particular needs of business constituencies, and I will just mention a few in view of time. First is the Capital Access Initiative, to establish grants to assist entrepreneurs in processing loan applications. Second is the Innovation and Competitiveness Initiatives that allow SBDCs to become technology centers to help market technologies and advance projects.

Third is the older entrepreneurial assistance programs targeting older Americans interested in transitioning to business owners. There are others, but the last that I would like to mention is the Affordability Health Care Initiative—such a burden, right up there with the energy cost, that help—in order to help small businesses provide in the future affordable health care insurance options to their employees.

And then, there is the SCORE Program included in this, which I am pleased at, in the sense that I believe it can even be stronger, with the provision in this bill that will actively recruit volunteer mentors who will reflect the changes socially and economically in the diversity throughout America, in particular with women and underrepresented minorities.

So, again, thank you to both of you, and, Madam Chair, for allowing me to speak for a few moments on what I am very pleased will help throughout this nation, and I know will help my district.

Chairwoman VELÁZQUEZ. Thank you.

I now yield to Mr. Chabot.

Mr. CHABOT. Thank you, Madam Chair, and, again, I will be brief.

I want to thank the gentleman from Pennsylvania for offering this Entrepreneurial Development Programs Act. I think there are some changes and some modifications in here that are helpful and that will benefit small businesses, not only in Pennsylvania but around the country, and I commend the gentleman for offering it.

Yield back.

Chairwoman VELÁZQUEZ. Are there any other members that wish to be recognized on H.R. 2359?

[No response.]

The Committee now moves to consideration of the bill H.R. 2359. The clerk will report the title of the bill.

The CLERK. H.R. 2359, to reauthorize programs to assist small business concerns, and for other purposes.

Chairwoman VELÁZQUEZ. I ask unanimous consent that the bill in its entirety be open for amendments at this time. Does any

member seek recognition for the purpose of offering an amendment?

[No response.]

Seeing no amendments, the question is on reporting H.R. 2359. All those in favor, say aye.

[Ayes.]

Those opposed, say no.

[No response.]

The ayes have it. The bill is adopted and reported.

I ask unanimous consent that the Committee is authorized to correct section numbers, punctuation, and cross references, and to make other necessary technical and conforming corrections on the bills considered today.

Without objection, so ordered.

This markup is adjourned. Thank you.

[Whereupon, at 10:45 a.m., the Committee was adjourned.]

STATEMENT
of the
Honorable Nydia M. Velázquez, Chair
House Committee on Small Business
Markup on SBA Entrepreneurial Development Programs
May 23, 2007

Today's markup addresses two very important issues for small firms—energy and the SBA's entrepreneurial development programs. Because they provide 3 out of every 4 new jobs, there is no question that high quality technical assistance and energy efficient resources should be available to small business owners.

One of the most important objectives of the SBA is to provide direction and resources to those looking to start and grow their firms. To do this, the agency has a number of initiatives that were designed to meet the needs of small business owners. However, as the economy has changed, so have the challenges facing this nation's entrepreneurs.

At the top of this list is the need for relief from rising energy costs. In fact, two-thirds of small business owners anticipate a decrease in profits due to the current price of energy.

The bills before us today provide SBA's entrepreneurial development programs with the capacity to ensure small businesses can address the specific issues they face in current economic conditions. In addition, entrepreneurs will have access to the tools necessary to address their energy needs.

I want to thank my colleagues for working on these issues and for the solutions they have developed.

Today's environment for small business is not easy. We hear constantly of the barriers that stand in the way of their success. With the contributions they make to this country, it is important that we give small firms the resources they deserve. All members of the committee should be commended for their work towards this goal.

At the conclusion of today's markup this committee will have moved 10 separate pieces of legislation, 5 of which have already passed the House. We could not have done this without everyone's cooperation, and I appreciate the members' willingness to work together. I especially want to thank Ranking Member Chabot for all of his constructive feedback.

What the committee has been able to do so far represents significant progress. I want to make it clear that it is not because of one person or one side's agenda, but because of the bipartisan collaboration we have maintained.

While we have accomplished a lot, we have much more to do if our goal is to improve the environment for entrepreneurs. I look forward to continuing to work together in a way that best serves the needs of our nation's small businesses.

Opening Statement for Committee Markup
Steve Chabot
Ranking Member
Committee on Small Business
United States House of Representatives
Washington, DC
May 23, 2007

I would like to thank the Chairwoman for holding a markup on these important bills. The Committee has not examined legislation concerning the outreach and technical assistance programs of the Small Business Administration in almost four years and Congress has not considered a general overhaul of such program since the reauthorization in 2000.

Of the 28 million small businesses in the United States, the vast majority do not have financial wherewithal to hire sophisticated management consultants or retain large number of in-house staff to address the myriad of quotidian operational issues that their businesses face. The vast spectrum of businesses and the potential needs of their owners require an equally broad array of technical advice services to help them prosper. This advice might range from the simplicity of preparing a cashflow chart for a home-based business to compliance with the Environmental Protection Agency's latest maximum achievable control standard for air pollutants.

Given the need, Congress authorized a wide variety of public-private partnership overseen by the Small Business Administration (SBA) to offer technical advice that larger businesses can obtain from either their own personnel or through the retention of consulting firms. These programs run the gamut from general outreach programs offered by volunteer executives to programs designed to target assistance at groups that normally might not even consider that the government has programs to assist them in the operation of their businesses.

No one can deny the effectiveness of these programs. As we heard during testimony last week, the technical assistance provided have helped Native Americans start businesses despite numerous bureaucratic hurdles and an immigrant woman create a thriving handbag manufacturing company. With continued rapid changes in the American economy, the technical assistance programs must be able to respond in a similarly agile manner.

The bills that we are considering today are an excellent start in maintaining the quality of these programs while ensuring that they meet any objectives related to reaching their targeted audiences. In addition, the bills will reduce bureaucratic red-tape facing the private partners while providing and improving oversight of these programs. Given the benefits of that these programs provide to small businesses and entrepreneurs, I support them.

I must make a few comments about the scope of the bill on small business development centers. As I noted in my opening statement when Mr. Preston testified on the President's budget for the SBA, it seems fair that the Small Business Development Centers (SBDCs) should get an increase to cover inflation if the SBA gets a similar increase. So an authorization increase is useful. However, I am less than convinced of the need for the multiplicity of additional, targeted competitive grant programs for the SBDCs. I recognize that none of these programs will reduce the core funding for the program and will require a separate appropriation. Despite this, I think we need to work in a bipartisan manner to think about ways that the size of this authorization for the various targeted programs might be further reduced.

Finally, I must address the one bill before us today that is not directly related to the SBA's entrepreneurial development programs. No one can doubt that rising energy costs are a problem for America's small businesses. The ultimate solution probably requires a mix of creating more energy resources within the control of the United States while also using those resources more efficiently. Small businesses are innovators and rising energy costs certainly constitutes the necessity that is the mother of innovation. To the extent that the bill we are considering today assists small businesses, both as producers of energy resources and teaches them new ways to use energy efficiently, I find no reason to oppose the bill. The modifications in this bill to title III of the Small Business Investment Act of 1958 may have some utility and as drafted do not increase any spending. Nevertheless, I am concerned that the appropriators may interpret the authorization from this Committee as the go-ahead to appropriate before allowing the program to operate at a zero subsidy and see whether there is even a need for federal funding of venture capital for small businesses constructing renewable fuel plants.