Asks the Department of Education to approve a grant application by the Seattle School District for funding under the Magnet Schools Assistance Program.

Urges the Dept. Of Education to provide $500,000 for workshops in aquaculture/education for high school students and teachers in Hawaii.

Favors the expansion of Native Hawaiian agriculture partnerships and stresses that the Hawaii Institute of Tropical Agriculture and Human Resources is especially suited to assist in the expansion of this program.

Urges that assistance should be made available for a partnership between Partners in Development (a Hawaii nonprofit corporation) and an appropriate nonprofit organization with expertise in sustainable waste treatment methods.

Urges the Dept. Of Education to provide $1.8 million for children with disabilities, particularly in the Mississippi River Delta.

Urges the Department to provide $1 million to support assisted living programs at The Good Shepherd Rehabilitation Hospital in Lehigh County, PA.

Urges the Department to use $1.5 million for a demonstration program to develop work force skills for audio visual communications. The Educational Communications Foundation should carry out this project.

Urges the Dept to provide $1 million for a competition among post secondary institutions. Pennsylvania Institute of Technology would be well suited to administer such a competition.

Urges the director of the Institute of Museum and Library Services to provide $1 million for an Internet demonstration project to be done by the University of Montana and Montana State University.

Urges $1 million for a digitalized card catalog for the New York Public Library.

Urges funds be provided for museums in Philadelphia, Baltimore, and Boston. The Committee urges $4 million for such programs.

Urges $800,000 be provided to assist in cataloging and preserving Pennsylvania's library of anthracite coal region.

Urges the Social Security Administration of North Carolina to maintain a physical presence in the office in Statesville, NC for a minimum of 2 days.

Urges the Department of Education to provide the following:

$1 million to Prairie View A&M University in Texas for incoming college freshmen who are at risk of not finishing college.

$1 million to The Vermont Science and Education Center in St. Albans, VT.

$2 million to the Community College in Onslow County, NC and the University of North Carolina at Wilmington.

$2 million for the Empire State College in New York and Rutgers University in New Jersey.

$180,000 to North Dakota State University.

$1 million to a consortium of Kansas universities.

$1 million to Bryant College in Smithfield, RI.

$300,000 for the University of New Mexico.

$2 million to Missouri State University.

$500,000 to the Advanced Technical Center in Mexico, MO.

$2 million to the Pennsylvania Telecommunications Exchange Network.

$1 million for a joint venture between the Newport News Public Schools System and the city of Newport News.

$1 million to the University of Pennsylvania.

$1 million for science enrichment for 9th and 10th grade minority girls.

$3 million to several Iowa school districts.

$5 million for the State of Washington Office of the Superintendent of Public Instruction.

$2 million for the Pennsylvania Consortium for Higher Education.

$1 million to the National Science Center Foundation in Augusta, GA.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

SMALL BUSINESS REAUTHORIZATION ACT OF 1997

Mr. BOND. Mr. President, with sincere thanks to my colleague from Washington, I ask unanimous consent that the Senate proceed to the consideration of S. 1139.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1139) to reauthorize the programs of the Small Business Administration, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 1124

Mr. BOND. Mr. President, on behalf of myself and Senator KERRY, I have an amendment at the desk, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mr. Missouri [Mr. BOND], for himself and Mr. KERRY, proposes an amendment numbered 1124.

Mr. BOND. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is located in today's RECORD under ''Amendments Submitted.'')

Mr. BOND. Mr. President, I rise today in support of S. 1139, the Small Business Reauthorization Act of 1997. This bill is the product of the hard work of the members of the Committee on Small Business. In particular, Senator JOHN KERRY, the committee's ranking member, has been extremely helpful and supportive in our joint efforts to produce this legislation.

The Small Business Reauthorization Act of 1997 reauthorizes most of the credit and noncredit programs at the Small Business Administration. On June 26, 1997, the committee conducted a markup of this bill and voted 18 to 0 to report the bill favorably to the full Senate.

In addition to reauthorizing the SBA programs that we are most familiar with, S. 1139 addresses two significant issues: Federal contract bundling and the HUBZone Program.

The bundling of Federal Government contracts requirements is a trend that is increasing in the Federal procurement system. Small business owners have testified before the Committee on Small Business about the negative impact contract bundling is having on their ability to bid on Government contracts. The manager's amendment to the bill includes an amended version of the contract bundling section that was worked out in close consultation with Senator THOMPSON and Senator GLENN, the chairman and ranking member of the Committee on Governmental Affairs.

The manager's amendment clears up any misunderstanding over what is a bundled contract. The legislation makes clear that a bundled contract solicitation is one in which ''two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts'' are consolidated into one larger, bundled contract. This language covers contracts that were previously performed by a small business and those that were suitable for award to small business concerns.

The amended contract bundling section builds on the authority of the Small Business Administration to challenge a Federal agency's decision to consolidate or bundle two or more contracts into a large contract. In 1989, Congress gave specific authority to SBA's procurement center representatives to challenge a decision to bundle multiple contract actions. Importantly, under the 1989 law, the SBA Administrator was given the authority to appeal a decision to bundle contract actions directly to a Cabinet Secretary or agency head if the SBA representative and the contracting agency are not able to resolve their differences. The manager's amendment to S. 1139 adds some additional features and procedures, and today's legislation does not weaken or displace the fundamental authority of SBA.

I thank both Senator THOMPSON and Senator GLENN and their staffs for their cooperation in helping us to address certain issues within the jurisdiction of the Governmental Affairs Committee relating to the Federal procurement system and governmentwide acquisition policy. I believe the contract bundling section included in the manager's amendment will help our efforts to be fair to small businesses by limiting contract bundling where it is unnecessary and unjustified.

S. 1139 also includes the full text of S. 208, the HUBZone Act of 1997, in the form in which it was approved by a unanimous 18 to 0 committee vote. This initiative is designed to stimulate economic development in America's most disadvantaged urban and rural communities and make welfare to work a reality.

The HUBZone provisions will make it easier for small businesses located in and hiring employees from economically distressed regions across the country to obtain Government contracts. The measure will benefit entire communities by creating meaningful incentives for small businesses to operate and provide employment within our Nation's most disadvantaged inner-city neighborhoods and rural areas.

To be eligible for special Federal contract consideration, a business must be small, must be located in a historically underutilized business zone [HUBZone], and must hire not less than 35 percent of its work force from a HUBZone. For these distressed areas, HUBZones would result in the immediate infusion of sorely needed capital as more and more businesses—both startups and existing enterprises—relocate into HUBZone areas in order to improve their chances of receiving Federal contract awards.

Importantly, the HUBZone Program will help accomplish an important objective of welfare reform by providing jobs for individuals who want to move from welfare to work in the very neighborhoods where many public aid recipients currently live.

The Small Business Reauthorization Act of 1997 is the culmination of hearings held by the Committee on Small Business beginning in early 1995, and continuing into June 1996, just prior to the committee markup. The bill includes new authorization ceilings for the credit programs, including the 7(a) Business Loan Program, the Small Business Investment Company [SBIC] Program, and the 504 Certified Development Company Program. In addition, the bill makes the Microloan Program permanent, while extending the guaranteed loan pilot for 3 years.

S. 1139 will make important changes in the SBIC Program to permit manageable program growth while strengthening SBA's oversight of the program. The bill gives SBA the option to make 5 year leverage commitments, which would conform the program to typical investment strategy patterns. In addition, the bill permits SBA to use fees collected from SBICs for licensing and examinations to offset the agency's costs to perform these necessary functions.

The bill also sets fees to be paid by borrowers and lenders under the 504 Development Company Program. These fees are paid in lieu of Congress appropriating public funds to compensate for the Government's loss exposure as determined by the credit subsidy rate. S. 1139 provides that the fees paid by the borrowers will be reduced should the credit subsidy rate decline.

The committee's report addresses some of the operational problems confronting the popular 7(a) Guaranteed Business Loan Program. Since I became chairman of the Committee on Small Business over 2½ years ago, the credit subsidy rate, which determines the level of Government loss exposure for loans guaranteed under this program, has fluctuated widely. Information and calculations which determine the subsidy rate are often not provided to Congress, the Congressional Budget Office [CBO], or the public. SBA and the Office of Management and Budget must do a more thorough and accurate job in determining subsidy rate estimates. With this improved flow of documentation, CBO needs to become much more engaged early in the process when SBA and OMB make initial subsidy rate estimates in order that Congress can be assured that the annual estimates submitted with each fiscal year's budget request are accurate and reflect that best available data and assumptions.

S. 1139 recognizes the growing contributions women-owned small businesses are making in our economy. Testimony before the Committee on Small Business has highlighted the importance of business loans and venture capital to ensure the growth of women-owned businesses. Additionally, testimony and evidence brought to the attention of the committee also indicates the failure of the Federal Government to meet the annual 5 percent goal for awarding prime contracts to women-owned small businesses. In fact, over the past 2 fiscal years, the volume of these contracts has decreased.

The Small Business Reauthorization Act of 1997 strengthens the role of key Federal organizations that are supposed to help women business owners: SBA's Office of Women's Business Ownership, the National Women's Business Council, and the Interagency Committee on Women's Business Enterprise.

The bill expands the list of Federal agencies and departments that serve on the Interagency Committee, and each agency's designee to the committee is required to report directly to the agency head on the committee's activities.

The bill seeks to reinvigorate the role of the Women's Business Council, which is designed to advise Congress and the executive branch, by involving more closely the Senate and House of Representatives in the activities of the council. The number of members on the council is expanded to 14 members from 9 members, with attention placed on rural as well as urban representation on the council.

Most significantly, the bill adopts the text of S. 888, the Women's Business Centers Act of 1997, introduced by Senator DOMENICI and of which I was a principal cosponsor, along with Senator KERRY. The bill increases the program authorization level for creating new Women's Business Centers to $8 million per year from $4 million per year. In addition, it will permit grantees receiving funds under the program to remain in the program for 5 years, an increase of two years over the existing program. In adopting this program, the committee recognized there are many states with Women's Business Center sites, and the expanded program is designed to give SBA the flexibility to fund sites in those states.

The bill recognizes the central role played by SBA's Office of Women's Business Ownership in overseeing and coordinating Government support for women-owned small businesses. In addition to overseeing the expanded Women's Business Centers grant program, the OWBO and staff in each district and branch office within SBA serve critical roles in focusing on the problems confronted by women business owners.

The bill recognizes the expanding role of the Small Business Development Center program by increasing its responsibilities to assist small businesses to understand better how to deal with regulatory questions and problems. In addition, the bill provides increases in the base funding levels for SBDCs and sets a minimum floor for Federal funding of $500,000 annually for each SBDC.

S. 1139 also extends other important SBA programs, such as SCORE, which provides counseling opportunities for small businesses by retired executives, the Small Business Technology Transfer [STTR] Program, the Small Business Competitiveness Demonstration Program, the Preferred Surety Bond Program, and SBA's cosponsorship authority.

Mr. President, this is an important bill for all our small businesses in the United States, and I urge my colleagues' strong support for its final passage.

Mr. KERRY. Mr. President, I rise in support of the passage of the Small Business Reauthorization Act of 1997. With the passage of this bill the Senate will show its support for the very important work of the U.S. Small Business Administration. Each year SBA programs assist more than 1 million American small businesses through direct loans, loan guarantees, business counseling and training, and procurement assistance. Following a series of hearings this spring, the Committee on Small Business voted unanimously for the provisions contained in this bill on earlier this summer. There is much in this bill that we can all be proud of and happy to support. In addition to the continued support of such SBA programs as the 504 Community Development Company and 7(a) Guaranteed Business Loan Programs, the Committee has elevated the SBA's Microloan Program from demonstration to permanent status and introduced new provisions that will benefit small businesses: the HUBZone Act and the Microloan Welfare-to-Work pilot project.

Title I includes the authorization levels for the various programs being reauthorized in this bill. Title II addresses the Microloan, Small Business Investment Company, and Certified Development Company programs. Title III deals with a very important sector of small businesses, women's business enterprises. Included in this section is a provision increasing the authorization for women's business centers. Title IV addresses the Small Business Competitiveness Demonstration Program and a critical issue for small businesses: procurement opportunities. Title V contains provisions supporting the Small Business Technology Transfer (STTR) Program, Small Business Development Centers, and the pilot preferred surety bond guarantee program. Finally, Title VI creates a new

SBA program, the HUBZone Program that extends contracting opportunites to small businesses located in the poorer areas of our country.

Mr. President, it is a fact that small business owners often are not served by traditional lending services. SBA operates several programs designed to fill this lending void and extend assistance to this critical segment of the American economy. From the Microloan Program which makes loans only in amounts of less than $25,000 to the 504 program where loan guarantees can be as high as $1,250,000, SBA programs meet a critical need for our country's entrepreneurs. Accordingly, I am pleased with the support the committee has shown by authorizing adequate funding levels for most SBA programs. The 7(a), 504, Small Business Investment Company, Delta and SCORE programs were all authorized at or above the administration's requests. All of these programs are critical to the continued effectiveness of the Small Business Administration and for the future of small business development in our country.

The SBA's Microloan Program has been a tremendous success since its inception in 1991. Since its authorization, this program has provided technical assistance and made over 5,800 loans totaling over $60 million to small businesses in our country. The Microloan Program authorizes intermediary lenders to provide loans under $25,000 to small businesses and to provide the business owners with technical assistance on how to run their business more effectively. There are 103 Microloan intermediaries located in 46 of our 50 States, including 5 in my home State of Massachusetts. Forty-three percent of microloans go to women-owned businesses, 39 percent to minority-owned businesses, and 11 percent to veteran-owned businesses.

The results could not be more stunning. The Microloan Program has been so successful that there has only been one default of a loan to an intermediary in the years it has been in operation. Because of its demonstrated success, the committee chose to elevate the Microloan Program from demonstration status to a permanent part of the SBA portfolio of programs and to authorize $28 million per year for each of the next 3 years for the essential technical assistance grants. After listening to the testimonies of witnesses on the importance of technical assistance to microloan borrowers, it is clear that the support of the direct loan portion of the program requires supporting the technical assistance portion. The borrowers will not be able to utilize the direct loans properly without first learning how to manage their businesses. I am pleased that the Microloan Program is receiving support from the committee and hope that we will continue to support the important technical assistance component in the future.

Another section of this bill will assist many small businesses nationwide. The Women's Business Center provision was originally introduced by Senator DOMENICI and cosponsored by Chairman BOND and myself along with all the Democratic members of the Small Business Committee. Section 306 makes the Women's Business Center program permanent, doubling the funding for the program to $8 million dollars for each of the next 3 years, and extends eligibility for awardees from 3 to 5 years. Women-owned businesses comprise one-third of all American companies, contribute more than $1.5 trillion dollars to the U.S. economy and employ more people than Fortune 500 companies. The changes made by this bill will better enable organizations, such as the Center for Women & Enterprise, Inc., in Boston, to continue offering the services that help women-owned businesses thrive.

This bill also reauthorizes the Small Business Technology Transfer [STTR] Program for 6 more years. In July, I had the opportunity to cohost with the Small Business Administration a conference on STTR in Cambridge, MA, with representatives of my State's high-technology small business companies. These businesspeople expressed their belief that the STTR Program has been an unqualified success in meeting the goals established for it by Congress 5 years ago: to ensure that the federally funded research conducted in America's nonprofit institutions is given an outlet through small businesses to be turned into commercial products. That commercialization increases the American job base, helps our economy, and allows American businesses to compete with overseas rivals. I was proud to be the sponsor of the original legislation reauthorizing the STTR Program for 6 more years and I'm very happy that it has been included in this bill.

Many sections of the Small Business Reauthorization Act establish new levels of flexibility for the SBA to administer their programs. For example, investment restrictions on Small Business Investment Companies [SBIC's] have been relaxed to allow greater investment in the SBICs by commercial banks. SBIC's will also now be allowed to make quarterly distributions to its investors. This may not sound important to many people, but allowing quarterly distributions as opposed to yearly or biyearly makes it easier for the SBIC's investors to meet their quarterly tax requirements. Therefore, an investment in an SBIC is a more attractive investment. Attracting more investment helps the SBIC help more small businesses.

The committee has given SBA more authority in the selling of debentures. Instead of requiring a sale every 3 months, SBA now must sell only every 6 months but can hold sales earlier if adequate demand exists. This change is also aimed at making the SBA's assets more attractive to investors and therefore, at attracting more favorable market prices. Microloan lenders are also given more flexible rules for their loan loss reserves. After a Microloan lender has been in the program for at least 5 years, they will be allowed to carry a loan loss reserve equal to the greater of 10 percent or twice that lender's historical loan loss rate. This provision frees up more resources for many lenders to make more loans and provide a greater boost to the economy. All of these changes have been undertaken in an effort to allow the SBA to run in a more businesslike, market-responsive manner. I am pleased to support these changes and look forward to the progress that SBA will show in the coming years.

A new program authorized through this bill is the Welfare-to-Work Microloan Pilot Program. I originally introduced this legislation to build on the successes of the Microloan Program by providing additional training and support for some of today's welfare recipients so that they may be tomorrow's business owners. The bill authorizes $4, $5, and $6 million over each of the next 3 fiscal years for this purpose. At a hearing on the Microloan Program last month, members of the committee heard testimony that demonstrated how it is possible for welfare recipients to become successful entrepreneurs given the proper technical assistance training. At that same hearing, Mr. John Else of the Institute of Social and Economic Development in Iowa told the committee about the remarkable success rate they have with their Microloan clients. These clients, mostly welfare recipients and other low-income people, had a 70-percent success rate which is an astounding contrast to the high failure rate for startup businesses. So the committee believes the goals of the Welfare-to-Work Pilot Program are attainable. I believe it is time that we give welfare recipients across the country the opportunity to succeed by expanding the mission and scope of the Microloan Program.

Finally, I thank the chairman of the Senate Small Business Committee, Senator BOND, for his efforts throughout the reauthorization process that have resulted in a very productive and effective bill. His support for SBA programs is demonstrated through his willingness to make sure that the effectiveness of these programs continues by adequately funding them. A provision included in the reauthorization bill which was initiated by the chairman and which I cosponsored after the chairman agreed to certain improvements, is the historically underutilized business zone or HUBZone bill. Its stated purpose of assisting companies in economically depressed areas is a worthy goal that gained widespread support on the committee. Through HUBZones, more contracting opportunities will be available in the poorest areas of our country. This is definitely another strike against impoverished regions and a further opportunity for American small businesses. I am pleased that is was included in the committee bill.

Mr. President, our Nation's small businesses are the backbone of our economy. By supporting the Small Business Reauthorization Act, my colleagues have demonstrated their support for our Nation's small businesses and their commitment to our future.

Mr. COVERDELL. Mr. President, as the Senate considers the Small Business Reauthorization Act of 1997, S. 1139, I rise to express my thanks to Senator BOND for his leadership on behalf of small business. As many of us have stated in the Senate, small businesses today face the daunting task each day of meeting their payrolls, providing a quality work environment for their employees, and remaining competitive. All the while, they strive to comply with a myriad of regulations and struggle to satisfy the tax burden government imposes upon them.

The Committee on Small Business held a hearing earlier this year regarding women-owned business. The committee members heard testimony that, in 1996, women-owned businesses employed 1 out of every 4 workers, totaling 18.5 million employees. Last year, these businesses accounted for an estimated $2.3 trillion in sales. Increasingly, women are becoming small business owners and according to the National Foundation of Women Business Owners, the growth of these women-owned small businesses outpaced overall business growth nearly 2 to 1. In Georgia alone, there are 143,045 women-owned businesses, both full and part-time. Women are a vital force in our economy, and we need to do more to remove the obstacles that are in their way.

This leads me to think about Carolyn Stradley, a truly remarkable Georgian from Marietta. She offered testimony before the Small Business Committee where she described her experience as an entrepreneur. From humble beginnings, she started and built her own paving business over many significant obstacles. Unfortunately, chief among these obstacles was, and continues to be, the Federal Government.

I believe support for women-owned small businesses is important. Such entrepreneurship has provided a vital means for many to break the cycle of poverty created and sustained by the welfare state. As we strive for welfare reform, small businesses and entrepreneurship provide an important avenue for many.

Mr. President, at this point in my statement, I would like to take the opportunity also to thank Senator BOND for his cooperation and sensitivity to the concerns of women-owned small businesses. This legislation before us authorizes the National Women's Business Council with the resources it needs to help women entrepreneurs. I was pleased to have worked with my good friend and fellow Georgian, Senator MAX CLELAND, in committee to ensure the Council received this critical support.

Mr. President, I ask unanimous consent that a letter from Ms. Carolyn Stradley be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

C&S PAVING, INC.,
Marietta, GA, July 29, 1997.

Hon. PAUL COVERDELL,
U.S. Senate, Russell Senate Office Building, Washington, DC.

DEAR SENATOR COVERDELL: Thank you so much for your support of the National Women's Business Council. I truly appreciate your efforts.

As you know, women entrepreneurs rely on the Council to get a ''seat at the table'' in the decision making process. The Council has successfully raised the profile of women business owners and taken our views to the Senate, House and Administration. In addition, the Council has helped us build an infrastructure to support women's entrepreneurship and the growth of women owned enterprises. Until women business owners are fully integrated into the process, the role of the National Women's Business Council is critical to our growth and survival.

As a result of your advocacy, the Council received an increased budget authorization for fiscal year 1998. In addition, the amendment offered by you and Senator Cleland during the Small Business Committee markup of the Small Business Reauthorization bill granted the Council a research budget of $200,000. With these additional funds, the Council can continue to be an effective voice for women entrepreneurs within the federal government and engage in seriously needed research on women business owners.

It has been a pleasure working with Morris Goff. We have greatly appreciated his hard work and counsel throughout this process. Once again, thank you for your leadership on this issue. I knew we could count on you.

Sincerely,

CAROLYN STRADLEY,
President.

Mr. COVERDELL. Mr. President, I also thank Chairman BOND for including S. 925, the Women's Small Business Programs Act of 1997 that I introduced earlier this year, in the Small Business Reauthorization Act of 1997. My proposal will expand the pool of resources available to women-owned small businesses and would allow women business development centers to enter into contracts with other Federal agencies and departments to provide specific assistance to small business concerns.

Far too often our Government serves as a roadblock to small business men and women. Taxes are too high, regulations are too complex, the costs of doing business are through the roof. It is time we did something to help our Nation's working women.

Mr. CLELAND. Mr. President, I am proud to offer my support for the Small Business Administration reauthorization. I am extremely proud to be a part of the Small Business Committee and, I appreciate the work of my chairman and the ranking member for their hard work and for working together to resolve all of the outstanding differences on the details of the bill. I also thank so many of the staff for their hard work.

Mr. President, there are several things I want to highlight in this legislation. First, I want to offer my strong support for the Welfare-to-Work Microloan Pilot Program. Many times, good men and women have come to this floor in support of programs and opportunities that aspired to do great things for those who needed it most. Some of those initiatives have gone on to become great public endeavors. I am proud to support such an endeavor, one that I believe will inspire and offer hope to Americans that truly want to break the cycle of poverty and build a business of their own. This program puts our money where our mouths are. It provides upfront technical assistance for business planning, loan application assistance, and development of sound business skills for people who we can provide a ladder of opportunity rather than just the same old welfare system. If we want to stand strong behind the notion that public assistance should be a hand up, not a hand out, we must pro-actively seek out ways to provide meaningful job opportunities for welfare recipients. This program is a step in the right direction.

This program targets traditionally under-served Americans and gives them tools they can use to, not only take themselves off of the welfare rolls, but provide job opportunities in areas of the country that are desperate for job growth. This legislation has been tried and shown great promise. With 2.8 million Americans moving off of welfare, the potential for this program is obvious. It's the kind of investment that can return much, much more than what we put in. Let me add just a few more points. The average microloan to an individual is $10,800, not a lot of money by Washington standards, but to the man or woman who just wants an opportunity to change the direction of their life and that of their loved ones, it may make all the difference in the world.

I also offer my support for the SBA's Small Business Technology Transfer Pilot Program. This important program builds on past successes of further advancing increased commercialization of federally funded research projects.

Finally, Mr. President, I want to say how proud I am of the National Women's Business Council and the work that they have done. I am honored to have worked with Senator COVERDELL and thank him for helping to obtain funding for this important organization and the work that they do on behalf of women. I further add that Anita Drummond on the minority staff and Suey Howe on the majority side were particularly helpful in this effort and should be commended for a job well done.

All in all, there are many provisions in this legislation that I am proud to have had a part in crafting. I look forward to even more success on a bipartisan basis from within the committee, from the SBA and from the small business community in tackling the problems facing small businesses. I look

forward to the work ahead. I thank my colleagues and I thank the chair.

Mr. DOMENICI. Mr. President, I submit for the RECORD a cost estimate prepared on August 8, 1997 by the Congressional Budget Office for S. 1139, the Small Business Reauthorization Act of 1997, which was reported on August 19, 1997. The report of the Committee on Small Business states that the committee does not agree with the CBO estimate and therefore the committee did not include the CBO estimate in its report. The Congress and the Budget Committees must rely on independent cost estimates from the Congressional Budget Office for reported legislation. From time to time, I too have disagreed with CBO cost estimates. I ask unanimous consent to print in the RECORD the official CBO estimate for S. 1139.

There being no objection, the estimate was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

SMALL BUSINESS REAUTHORIZATION ACT OF 1997

Summary: The bill would authorize appropriations for fiscal years 1998 through 2000 for the Small Business Administration (SBA) and would make a number of changes to SBA loan programs and programs establishing preferences for government contracting.

Assuming appropriation of the necessary amounts, CBO estimates that enacting this legislation would result in new discretionary spending of at least $4.4 billion over the 1998–2002 period. Of this total, $570 million is from amounts specifically authorized in the bill for SBA programs—primarily for administrative expenses. The remaining $3.8 billion would be primarily for the subsidy costs of SBA loan programs.

The costs include $13 million over the 1998–2002 period for other federal agencies to carry out existing federal procurement programs reauthorized by the bill. Implementing the HUBZone program that the bill would create would also increase costs to other federal agencies. While we cannot precisely estimate the impact of the new program at this time, its costs could be at least several million dollars annually.

CBO estimates that enacting the bill also would result in an increase in direct spending of $1 million in fiscal year 1998 and $5 million over the 1998–2002 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) of 1995 and would impose no costs on state, local, or tribal governments.

Description of the bill's major provisions: Title I would establish maximum levels for small business loans to be made by the SBA in 1998, 1999, and 2000. It also would authorize appropriations for the Service Corps of Retired Executives (SCORE), technical assistance grants to microloan recipients, and certain activities of the Small Business Development Centers (SBDCs). Title I also would authorize such sums as may be necessary for the disaster loan program and for administrative expenses necessary to carry out the Small Business Act and the Small Business Investment Act.

Title II would establish a Welfare-to-Work Microloan Pilot Program and would authorize the appropriation of $12 million of the 1998–2000 period for the SBA to carry out the program. The title also would convert the direct microloan program from a demonstration program to a permanent program and would extend the authorization for the microloan guarantee program through fiscal year 2000. (The microloan program provides technical assistance and loans ranging from $100 to $25,000 to very small businesses.) In addition, Title II would modify several SBA guaranteed loan programs and would allow the SBA to charge fees to certain borrowers.

Title III would authorize the appropriation of $1.2 million over the 1998–2000 period for the operations of the Interagency Committee on Women's Business Enterprise and the National Women's Business Council. The title would require the National Women's Business Council to conduct two studies on federal procurement practices and would authorize the appropriation of $200,000 to carry out the studies. In addition, the title would authorize appropriations of $8 million per year for grants to Women's Business Centers.

Title IV would extend the authorization for the Small Business Competitive Demonstration Program and the Small Business Participation in Dredging Program through fiscal year 2000. The title also would modify the Small Business Procurement Opportunities Program to require federal agencies to review their attainment of small business participation goals and the effects of contract bundling on small businesses.

Title V would extend the Small Business Technology Transfer (STTR) Program through fiscal year 2003. Title V also would authorize the appropriation of $2 million in each of fiscal years 1998 through 2000 for the SBA to assist small businesses in certain states in securing Small Business Innovation Research and STTR awards. In addition, this title would make numerous changes to the SBDC program and would authorize the appropriation of $460 million over the 1998–2002 period for the SBDC program.

Title VI would create a new program, to be administered by the SBA, to provide federal contracting set-aside and preferences to qualified small businesses located in designated, economically distressed, urban and rural communities, or HUBZones. The bill would establish goals for awarding a percentage of all prime federal government contracts (beginning at 1 percent in 1999 and increasing to 3 percent in 2003 and subsequent years) to eligible HUBZone businesses. Title VI would authorize appropriations totaling $15 million for fiscal years 1998 through 2000 for SBA to carry out this program.

Estimated cost to the Federal Government: The estimated budgetary impact of implementing most of the bill's provisions is shown in Table 1. Estimated additional outlays total $4.4 billion over the 1998–2002 period. Nearly all of that amount is for SBA spending that is subject to appropriation. In addition, implementing the bill would increase other federal agencies' contracting costs to comply with the HUBZone provisions (Title VI), but CBO cannot estimate those additional costs with precision at this time.

Basis of estimate: For the purposes of this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 1997 and that both the authorized and additional necessary amounts will be appropriated by the start of each fiscal year. Outlay estimates are based on historical spending rates for existing or similar programs.

Spending subject to appropriation

Most of the bill's budgetary effects would come from reauthorizing existing SBA programs (primarily for the subsidy costs of direct and guaranteed loans). The estimated amounts would be subject to appropriation action.

Loan programs

The bill would permit the SBA to make direct loans totaling $60 million in each of fiscal years 1998 through 2000. It would permit the SBA to (1) guarantee business loans totaling about $18 billion in 1998, $20 billion in 1999, and $23 billion in 2000, (2) make direct loans totaling $60 million in each of fiscal years 1998 through 2000, and (3) make an indefinite amount of disaster loans over the 1998–2000 period. Table 2 shows the loan levels authorized by the bill for SBA's business and disaster loans as well as the estimated subsidy cost and administrative expenses for those loans.

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF THE SMALL BUSINESS REAUTHORIZATION ACT OF 1997

	By fiscal years in millions of dollars—					
	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION [1]						
Spending Under Current Law:						
Budget Authority [2]	873	0	0	0	0	0
Estimated Outlays	820	299	65	21	9	0
Proposed Changes:						
Specified Authorization Level	0	151	157	163	103	103
Estimated Authorization Level	0	1,226	1,274	1,327	13	13
Total Authorization Level	0	1,377	1,431	1,490	116	116
Estimated Outlays	0	871	1,276	1,444	583	189
Spending Under The Bill:						
Authorization Level [2]	873	1,377	1,431	1,490	116	116
Estimated Outlays	820	1,171	1,341	1,465	592	189
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	1	1	1	1	1
Estimated Outlays	0	1	1	1	1	1

[1] All but approximately $15 million of the estimated amounts are for projected spending by the SBA. In addition to the amounts shown in the table, CBO expects that Title VI (HUBZone program) would impose significant costs on agencies other than the SBA, but we cannot estimate those costs at this time.

[2] The 1997 level is the amount appropriated for that year.

The costs of this legislation fall within budget functions 370 (housing and commerce credit) and 450 (community and regional development).

TABLE 2.—SBA LOAN LEVELS, SUBSIDY COSTS, AND ADMINISTRATIVE COSTS

	By fiscal years, in millions of dollars—				
	1998	1999	2000	2001	2002
AUTHORIZED LOAN LEVELS					
Guaranteed and Direct Business Loans	18,200	19,950	22,650	0	0
Disaster Loans	1,543	1,543	1,543	0	0
LOAN SUBSIDY COSTS					
Guaranteed and Direct Business Loans:					
Estimated Authorization Level	350	380	421	0	0
Estimated Outlays	225	348	390	133	8
Disaster Loans:					
Estiamted Authorization Level	459	459	459	0	0
Estimated Outlays	230	413	459	230	46
LOAN ADMINISTRATION COSTS					
Guaranteed and Direct Business Loans:					
Estimated Authorization Level	94	97	100	0	0
Estimated Outlays	94	97	100	0	0
Disaster Loans:					
Estimated Authorization Level	164	169	174	0	0
Estimated Outlays	164	169	174	0	0

The Federal Credit Reform Act of 1990 requires appropriation of the subsidy costs and administrative costs for operating credit programs. (The subsidy cost is the estimated long-term cost to the government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs.) The bill does not provide an explicit authorization for either the subsidy or administrative costs for the guaranteed, direct, or disaster loans.

Based on information from the SBA and on historical data for these loan programs, CBO estimates that the subsidy costs of guarantees for the authorized levels of business loans would be $344 million in 1998, $374 million in 1999, and $415 million in 2000. We estimate that the subsidy costs of the direct business loans would be $6 million for each of fiscal years 1998 through 2000. Based on recent administrative costs for the SBA's loan programs, CBO estimates that the administrative costs for the business loan programs would be about $94 million in fiscal year 1998, $97 million in fiscal year 1999, and $100 million in fiscal year 2000.

The estimated subsidy rates for business loans and guarantees range from 0.5 percent to 8.1 percent, but most are at 2 percent or less and the average for this estimate is 1.9 percent. The estimated subsidy rate for disaster loans is about 30 percent.

Assuming that demand for SBA's disaster loans over the next three years will be at the average historical rate for the past six years, CBO projects that the SBA would make disaster loans totaling about $1.5 billion in each fiscal year over the 1998–2000 period. CBO estimates that the subsidy costs of these loans would be $459 million in each fiscal year and that the administrative costs for the disaster loan program would be about $164 million in 1998, $169 million in 1999, and $174 million in 2000.

SURETY BONDS

The bill would authorize the SBA to guarantee up to $2 billion in surety bonds for small businesses in each of the fiscal years 1998, 1999, and 2000. Such guarantees are not considered loan guarantees under the definition in the Federal Credit Reform Act of 1990, and annual appropriations are required only to cover the net cash losses to the program within a given year. Based on information from the SBA, CBO estimates that the authorized level of activity would result in outlays of $4 million each year over the 1998–2000 period.

GOVERNMENT CONTRACTING PROGRAMS

The legislation would modify a number of government contracting programs administered by the SBA that provide set-asides or other incentives for small businesses competing for government procurement contracts. The costs to the SBA to administer these programs are generally small or insignificant but the programs result in additional costs to the Office of Federal Procurement Policy (OFPP) and various federal agencies.

Small Business Competitive Demonstration Program. The bill would reauthorize the Small Business Competitive Demonstration Program through fiscal year 2000. This program requires 10 federal agencies to establish contracting goals for small businesses in certain industries. CBO estimates that extending this program would cost each of the 10 participating agencies and the SBA less than $100,000 a year to report and compile the required data, assuming appropriation of the necessary amounts. Hence, we estimate a total annual cost of about $1 million for each year that the program is extended.

Small Business Participation in Dredging Program. Based on information from the Army Corps of Engineers, CBO estimates that extending the Small Business Participation in Dredging Program would cost less than $500,000 annually over the 1998–2000 period.

STTR Progam. The bill would extend this program's expiration date from 1998 through 2000. The STTR program requires federal agencies with annual appropriations for extramural research of more than $1 billion to set aside a specified percentage of their extramural research budget for cooperative research between small businesses and a federal laboratory or nonprofit research center. The costs of the STTR program to the participating agencies consist primarily of personnel, overhead, printing, and mailing expenses. Based on information from the affected agencies, CBO estimates that the costs of administering the awards would be about $1 million a year over the 1998–2000 period, assuming appropriation of the necessary amounts.

Small Business Procurement Opportunities Program. The bill would require federal agencies to follow certain procedures when bundling procurement contracts. Based on information from the OFPP, the SBA, and several other federal agencies, CBO estimates that the government would incur costs of about $2.5 million in fiscal year 1998 and $1.5 million a year in 1999 and 2000 to follow the procedures established by the bill. The costs to the federal government would be slightly higher in fiscal year 1998 because each federal agency would incur expenses to modify its reporting systems in order to track information on contract building.

HUBzone Program. The contracting goals and requirements that would be established by Title VI would apply to specified federal agencies, which make over 90 percent of all federal contract obligations (as of 1996). Assuming the federal agencies would attempt to meet the government-wide contracting goals establishing in the bill, and assuming appropriation of the amounts necessary to meet the increase in costs, implementing the HUBZone program would significantly increase discretionary spending. Such costs could total tens of millions of dollars each year, but CBO cannot estimate such costs precisely. The additional costs would stem from both additional administrative responsibilities for the SBA and other federal agencies, and increased use of sole-source contracting.

Based on information from the SBA, we estimate that implementing the HUBZone program would cost the SBA $6 million in fiscal year 1998 and $12 million in each subsequent year, assuming appropriation of the necessary amounts. Thus, implementing the HUBZone program would result in new discretionary spending by the SBA of $54 million over the 1998–2002 period. Of this amount, $15 million is specifically authorized in the bill for SBA to implement the program. In addition to the authorized amounts, CBO estimates that SBA would require another $39 million over the 1998–2002 period to carry out the HUBZone program.

The other federal agencies affected by Title VI would have additional administrative costs for reviewing contracts, reprogramming computer systems, and reporting to the SBA. However, CBO cannot estimate how much those new responsibilities may increase spending because we do not have sufficient data to project how many contracts would be awarded under the HUBZone program or what administrative resources would be required to carry out the program.

The HUBZone program would raise the government-wide goal for awarding contracts to small businesses from 20 percent to 23 percent of all prime federal contracts, which would likely increase the incidence of sole-source contracting. Federal contract obligations total almost $200 billion a year, of which about 19 percent is provided through sole-source contracts. Although CBO cannot project a specific increase in sole-source contracting, any increase resulting from the HUBZone program would result in new federal costs because the lack of competition often results in a higher price for the product or service. While we cannot estimate precise costs for the likely increase in sole-source contracting under the HUBZone program, such costs could total at least several million dollars annually.

Other programs

The bill would provide specific authorizations of appropriations for SBDCs, SCORE,

the Welfare-to-Work Microloan Program, and various women's business programs. CBO estimates that these programs would result in spending by the SBA of $555 million over the next five years.

In addition, the bill would authorize such sums as may be necessary to cover the SBA's costs of carrying out the Small Business Act and the Small Business Investment Company Act. CBO estimates that the general administrative costs to carry out these acts would be $149 million in fiscal year 1998, $154 million in fiscal year 1999, and $158 million in fiscal year 2000, assuming appropriation of the necessary amounts. (The estimate of general administrative costs excludes the program-specific administrative expenses for business and disaster loans.)

Direct spending

The bill would authorize the SBA to spend without further authorization the Small Business Investment Company (SBIC) examination fees currently collected by the agency but not available for spending unless authorized in advance in an appropriation act. Based on information from the SBA, CBO estimates that the agency would collect and spend about $1 million annually in examination fees.

Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 2007. CBO estimates that enacting the bill would increase direct spending by $1 million a year because SBA would be able to spend SBIC examination fees without appropriation action.

Estimated impact on State, local, and tribal governments: The bill contains no intergovernmental mandates as defined in UMRA, and would not impose any costs on State, local, or tribal governments. The bill would, however, authorize additional grant funds for State and local governments. It would authorize $2 million annually (for fiscal years 1998 through 2000) to create a pilot program that would provide grants to eligible states to assist small businesses located in the state. The bill would also authorize an increase in funding of $5 million in fiscal year 1999 and $10 million thereafter for the Small Business Development Center Program. The program provides grants to state and local governments, public and private institutions of higher education, and state-chartered development corporations to establish and operate small business development centers.

Estimated impact on the private sector: This bill would impose no new private-sector mandates as defined in UMRA.

Estimate prepared by: Federal Costs: Rachel Forward and Lisa Daley. Impact on State, Local, and Tribal Governments: Marc Nicole.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

Mr. BOND. Mr. President, I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1124) was agreed to.

Ms. SNOWE. Mr. President, I rise today to support a critically important piece of legislation affecting small businesses across our Nation—S. 1139, the Small Business Reauthorization Act of 1997. I would like to begin by thanking Chairman BOND and ranking member KERRY for their leadership and perseverance on this bill. We would not be here today considering S. 1139 if it were not for their dedication to the small business community.

As a Senator from Maine, a State whose future economic well-being is dependent on small business enterprise, I am extremely supportive of the role the Small Business Administration [SBA] plays in promoting small business development and growth. The Small Business Committee, of which I am a member, held five hearings this past year on SBA's finance, noncredit, and Microloan programs. As a direct result of testimony given during those hearings by small businesses, the SBA and various industry organizations, the committee drafted a comprehensive bill that reauthorizes and improves upon even the most successful of SBA's programs.

I am particularly pleased that the committee accepted an amendment that I offered regarding the Small Business Development Center [SBDC] Program. The SBDC Program is a public-private partnership that leverages Federal dollars with State, local, university, and private resources to provide one-stop management and technical assistance to small businesses.

My amendment increases the SBDC minimum Federal contribution so that no State will receive less than $500,000. This will ensure that small State SBDC's will continue to be able to provide quality business management assistance, which is essential to the future successes of America's small businesses. If entrepreneurs are not sufficiently prepared with the financial, managerial, and technical knowledge needed to own and operate a business, then our Nation's future businesses have failed before they have been given the opportunity to succeed.

One of the many reasons I support the SBDC program is because it serves as a successful example of what can be achieved when the private sector, the educational community and Federal, State and local governments work together. In fact, the SBDC program generates more in tax revenues that it costs to run the program itself. For example, in my home State of Maine, $6.15 in new Federal, State and local tax revenues is generated for every $1.00 invested in our state's SBDC. Nationally, the return is $4.53.

While my amendment provides only a modest funding increase at the Federal level, the additional resources provided to a small State like Maine will have a disproportionately large and positive impact on Maine's economy. And I thank Chairman BOND for including my amendment in the Small Business Reauthorization Act.

I would also like to thank Chairman BOND for his leadership on S. 208, the HUBZone Act of 1997, because the revitalization and community development of economically distressed regions with significant unemployment is a critical challenge confronting this Congress. It is essential that we discover ways to stimulate business and residential activity within these economically and socially distressed communities, which is why I believe that it is so important that the HUBZone Act was incorporated into the Small Business Reauthorization Act.

The HUBZone Act will provide Federal contracting opportunities to small businesses located in historically impoverished urban and rural areas known as HUBZones. This bill will create a new class of small businesses that employ at least 35 percent of its workforce from a HUBZone eligible for Federal Government contract preferences. The purpose of the bill is to create incentives for small businesses to locate and operate in our country's most economically disadvantaged inner-cities and rural counties. At the same time, these businesses will foster job creation and community development in these economically underutilized areas.

In Maine, Washington County with an extremely high unemployment rate of 12.5 percent—7.6 percent above the national average—will qualify as a HUBZone. Qualified small businesses located in this county will not only receive Federal contracting set-asides but also will play a vital role in revitalizing this distressed area by encouraging job creation.

Additionally, because of an amendment Senator ENZI and I offered, both Aroostook and Somerset Counties with a 10.4 percent and 9 percent unemployment, respectively, will qualify as rural HUBZones. The Enzi-Snowe amendment establishes that economically distressed regions with extremely high unemployment rates will quality as HUBZones and receive much-needed relief. We must take action to stimulate business activity within these areas that face high unemployment rates and I believe that the HUBZone Act of 1997 does just this.

The Small Business Reauthorization Act also includes another important piece of legislation, the Welfare-to-Work Microloan Pilot Program Act of 1997, of which I am an original cosponsor. This innovative pilot program will provide grants to community-based organizations, known as Microloan intermediaries, to help welfare recipients start their own small businesses. These intermediaries will provide technical assistance to potential small entrepreneurs who are on public assistance.

This program is unique because it will provide up-front business assistance before a participant receives a loan. The future entrepreneur will learn basic business skills—how to develop a business plan, start a business and apply for small loans.

In addition to this technical assistance, program participants will receive assistance with the high cost of child care and transportation, both of which are directly related to program participation. If a mother is unable to afford to put her child in day care or if she does not have the money to get to the

training sessions, she simply will not go.

The combination of business training and child care and transportation assistance will assure greater success for the participants receiving public assistance. This approach has been successfully piloted in several state programs. Iowa, for example, has a success rate of 70 percent in contrast to a national small business failure rate average of 80 percent. I believe that these programs are successful because they target the true cause of the high failure rate of small businesses—lack of business education.

Small businesses are playing an increasingly important role in America's future prosperity, and they should play a vital role in any effort to revitalize our urban and rural communities and to solve the long-term problem of getting individuals off, and keeping them off, public assistance. This is exactly why I am a cosponsor of the HUBZone Act and an original cosponsor of the Welfare-to-Work Microloan Pilot Program. And, that is why I strongly support the Small Business Reauthorization Act of 1997 and encourage my distinguished colleagues to join me in supporting this critically important bill.

Mr. WELLSTONE. Mr. President, I am extremely pleased that we are passing this bill to reauthorize Small Business Administration programs. I commend Senators BOND and KERRY, the chairman and ranking member of the Small Business Committee, respectively, for their work. It is an excellent bill, providing adequate loan-guaranty authorization levels for SBA's two principle credit programs—the 7(a) and the 504 programs. The bill also expands and makes permanent the microloan demonstration program, which is extremely important. All three programs are popular and successful in Minnesota. Our committee held a number of hearings this year to prepare for this reauthorization bill, and as usual we have worked in a productive, bipartisan way.

Our committee passed a very good bill, highlights of which I will mention momentarily. I would first like to note, however, two items which I am grateful could be included in the managers' amendment. The first is a provision clarifying SBA's policy regarding collateral in the 504 Program.

The 504 Program is an excellent program. It operates through collaboration between certified development companies (CDCs), private lenders and small business borrowers. 504 loans are for larger projects than SBA's 7(a) guaranteed loans. They generally are for property, plant and equipment purchases. It is the only SBA program with job-creation and economic development as its explicit primary objective. I am proud to point out that Minnesota CDCs made 359 loans worth $122 million last year, tops in the nation for the third or fourth year in a row.

I appreciate steps that were taken by SBA officials in a recent policy guidance on this matter of collateral. That policy guidance assures certified development companies that collateral is only one factor evaluated in the credit determination of a small business in the program. Furthermore, the guidance establishes that collateral in addition to a subordinate lien position on the property being financed will be required only on a case-by-case basis as determined by the Administrator.

The provision now included in this bill relating to collateral simply codifies that SBA policy guidance in statute. I thank the bill's managers for including the provision at my request in their amendment. As I mentioned to my colleagues on the committee during our markup of the bill, it is occasionally necessary for Small Business Committee to save SBA from itself when it comes to policy proposals concerning its loan programs. Not too many years ago, SBA wanted to eliminate all subsidy and appropriation for the 7(a) program. We on the committee and in Congress were right in preventing them from doing so.

Subsidy rate questions in the 504 Program remain somewhat unresolved. The simple fact is that demand for the 504 program has been down significantly this year. It is down even after we discount for the burst of activity last September, just before new fees went into effect, putting many deals that normally would have been done this year into last year's volume. I am pleased to say that the program's subsidy rate, which a witness from Minnesota told our committee earlier this year is ''out of whack,'' is now finally being seriously examined by the Administration despite the existence for some time of evidence that it has been based on methodology or calculations that keep the subsidy rate too high. That matters because it appears that the new fees which we have had to impose on borrowers and lenders, required by the high subsidy rate, suppressed demand for the program, exactly as both the Chairman and I said we feared might happen.

That is the main reason for the amendment, which would keep collateral for 504 deals valued at market value. That is rather than at liquidation value, as had at one point been suggested by some within the Administration. The amendment does not change current SBA policy. Rather, it prevents a suggested change, which in my view would certainly have led to a further weakening of the 504 loan guaranty program.

Here is the issue. Under current SBA policy, in a project valued at $1 million, 90 percent of the value of a 504 project can be financed by a CDC and a bank together in the form of loans. The remaining 10 percent is required to be provided as equity by the assisted small business. Loan collateral is limited ''generally to the assets being financed.'' This allows the program to offer attractive, 90-percent loan-to-value financing. It seems like a good deal, and it is, for borrowers and lenders.

But it's also a good deal for taxpayers because this program creates jobs with no appropriation. That's why I want to keep that policy working the way it is. If we had allowed the Administration to change that policy, by switching to a ''liquidation value'' approach for collateral, as had been suggested by some within the Administration, then assisted small business people could have been required to provide up to $300,000 of their own equity as collateral, on top of the $100,000 equity already required. When demand for this program already is being suppressed by high fees brought on by high subsidy rates—whether justified or not—this new blow to the program could have seriously harmed it. The National Association of Development Companies, which represents CDC's around the country, told some of us it felt the program could have been ''destroyed.'' So I am pleased we could address this concern in the bill.

The second provision I would like to mention immediately is a matter upon which I am pleased to have collaborated with Senator ABRAHAM. The managers also have included this provision in their amendment. It will allow microloan intermediaries to use up to 25 percent of the grants provided to them by SBA for the provision of technical assistance to provide such technical assistance to prospective borrowers—that is, not only small enterprises which are already borrowers, but to prospective borrowers, as well. I appreciate the inclusion of this provision, which allows needed flexibility on the part of microloan intermediaries. Minnesota has four microlending intermediaries, and staff from those organizations have told me how important it is that they be allowed sometimes to counsel and assist potential entrepreneurs prior to the time they are ready to become an actual borrower. In fact the very purpose of the technical assistance during this period is to allow the businessperson to reach the point in his or her business where credit is needed and he or she might become a borrower in the program.

The bill reauthorizes most SBA programs for an additional 3 years. The loan guaranty authorization levels are adequate in my judgment. In the case of both the 7(a) and 504 program, they exceed industry requests. The loan authorization level for the microloan program meets the Administration's request, although I had hoped to achieve a higher level for technical assistance grant funding. As I mentioned before, the microloan program nonetheless is expanded and made permanent in this bill, steps which are justified by the program's very beneficial performance. As an original cosponsor of the legislation which first created the program, I am proud that Minnesotans who utilize it are among the nation's leaders. The very small firms which receive very

small loans through the microloan program often have a big impact in their communities.

The bill will allow SBA programs to continue to be among the most popular and effective business programs operated by the federal government. I know they are popular and well used in Minnesota, where I am also proud to point out that we have one of the finest SBA district offices in the country, if not the finest. The bill also addresses a concern which many small businesses across the country have brought to our attention. That is the issue of Federal Government bundling of procurement contracts. The bill takes steps to help ensure that small firms can compete for Federal contracts, and that the Government's use of bundling is strictly warranted when it occurs.

Mr. President, I hope the House of Representatives also will act soon on their version of the bill, and I look forward to voting for passage of a conference report so the bill can be sent to the President. Thank you.

Mr. BOND. Mr. President, I ask unanimous consent that the bill be considered read a third time and passed, as amended; that the motion to reconsider be laid upon the table; and that any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1139), as amended, was read the third time and passed, as follows:

S. 1139

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Small Business Reauthorization Act of 1997''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Effective date.

TITLE I—AUTHORIZATIONS

Sec. 101. Authorizations.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—Microloan Program

Sec. 201. Microloan program.
Sec. 202. Welfare-to-work microloan pilot program.

Subtitle B—Small Business Investment Company Program

Sec. 211. 5-year commitments for SBICs at option of Administrator.
Sec. 212. Fees.
Sec. 213. Small business investment company program reform.
Sec. 214. Examination fees.

Subtitle C—Certified Development Company Program

Sec. 221. Loans for plant acquisition, construction, conversion, and expansion.
Sec. 222. Development company debentures.
Sec. 223. Premier certified lenders program.

TITLE III—WOMEN'S BUSINESS ENTERPRISES

Sec. 301. Interagency committee participation.
Sec. 302. Reports.
Sec. 303. Council duties.
Sec. 304. Council membership.
Sec. 305. Authorization of appropriations.
Sec. 306. Women's business centers.
Sec. 307. Office of women's business ownership.
Sec. 308. National Women's Business Council procurement project.

TITLE IV—COMPETITIVENESS PROGRAM AND PROCUREMENT OPPORTUNITIES

Subtitle A—Small Business Competitiveness Program

Sec. 401. Program term.
Sec. 402. Monitoring agency performance.
Sec. 403. Reports to Congress.
Sec. 404. Small business participation in dredging.

Subtitle B—Small Business Procurement Opportunities Program

Sec. 411. Contract bundling.
Sec. 412. Definition of contract bundling.
Sec. 413. Assessing proposed contract bundling.
Sec. 414. Reporting of bundled contract opportunities.
Sec. 415. Evaluating subcontract participation in awarding contracts.
Sec. 416. Improved notice of subcontracting opportunities.
Sec. 417. Deadlines for issuance of regulations.

TITLE V—MISCELLANEOUS PROVISIONS

Sec. 501. Small business technology transfer program.
Sec. 502. Small business development centers.
Sec. 503. Pilot preferred surety bond guarantee program extension.
Sec. 504. Extension of cosponsorship authority.
Sec. 505. Asset sales.
Sec. 506. Small business export promotion.
Sec. 507. Defense Loan and Technical Assistance program.

TITLE VI—HUBZONE PROGRAM

Sec. 601. Short title.
Sec. 602. Historically underutilized business zones.
Sec. 603. Technical and conforming amendments to the Small Business Act.
Sec. 604. Other technical and conforming amendments.
Sec. 605. Regulations.
Sec. 606. Report.
Sec. 607. Authorization of appropriations.

SEC. 2. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on October 1, 1997.

TITLE I—AUTHORIZATIONS

SEC. 101. AUTHORIZATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by striking subsections (c) through (q) and inserting the following:

''(c) FISCAL YEAR 1998.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 1998:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $28,000,000 in technical assistance grants, as provided in section 7(m); and

''(ii) $60,000,000 in loans, as provided in section 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $17,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $13,000,000,000 in general business loans as provided in section 7(a);

''(ii) $3,000,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $1,000,000,000 in loans as provided in section 7(a)(21); and

''(iv) $40,000,000 in loans as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $600,000,000 in purchases of participating securities; and

''(ii) $500,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $2,000,000,000, of which not more than $650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter into cooperative agreements—

''(i) for the Service Corps of Retired Executives program authorized by section 8(b)(1), $4,000,000; and

''(ii) for activities of small business development centers pursuant to section 21(c)(3)(G), $15,000,000, to remain available until expended.

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 1998 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding subparagraph (A), for fiscal year 1998—

''(i) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under subsection (l)(2)(A) is fully funded; and

''(ii) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $1,250,000.

''(d) FISCAL YEAR 1999.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 1999:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $28,000,000 in technical assistance grants as provided in section 7(m); and

''(ii) $60,000,000 in loans, as provided in section 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $18,540,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $14,000,000,000 in general business loans as provided in section 7(a);

''(ii) $3,500,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $1,000,000,000 in loans as provided in section 7(a)(21); and

''(iv) $40,000,000 in loans as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of

1958, the Administration is authorized to make—

''(i) $700,000,000 in purchases of participating securities; and

''(ii) $650,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $2,000,000,000, of which not more than $650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter cooperative agreements—

''(i) for the Service Corps of Retired Executives program authorized by section 8(b)(1), $4,500,000; and

''(ii) for activities of small business development centers pursuant to section 21(c)(3)(G), not to exceed $15,000,000, to remain available until expended.

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 1999 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding subparagraph (A), for fiscal year 1999—

''(i) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under subsection (n)(2)(A) is fully funded; and

''(ii) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $1,250,000.

''(e) FISCAL YEAR 2000.—

''(1) PROGRAM LEVELS.—The following program levels are authorized for fiscal year 2000:

''(A) For the programs authorized by this Act, the Administration is authorized to make—

''(i) $28,000,000 in technical assistance grants as provided in section 7(m); and

''(ii) $60,000,000 in direct loans, as provided in section 7(m).

''(B) For the programs authorized by this Act, the Administration is authorized to make $21,040,000,000 in deferred participation loans and other financings. Of such sum, the Administration is authorized to make—

''(i) $15,500,000,000 in general business loans as provided in section 7(a);

''(ii) $4,500,000,000 in financings as provided in section 7(a)(13) of this Act and section 504 of the Small Business Investment Act of 1958;

''(iii) $1,000,000,000 in loans as provided in section 7(a)(21); and

''(iv) $40,000,000 in loans as provided in section 7(m).

''(C) For the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make—

''(i) $850,000,000 in purchases of participating securities; and

''(ii) $700,000,000 in guarantees of debentures.

''(D) For the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $2,000,000,000, of which not more than $650,000,000 may be in bonds approved pursuant to section 411(a)(3) of that Act.

''(E) The Administration is authorized to make grants or enter cooperative agreements—

''(i) for the Service Corps of Retired Executives program authorized by section 8(b)(1), $5,000,000; and

''(ii) for activities of small business development centers pursuant to section 21(c)(3)(G), not to exceed $15,000,000, to remain available until expended.

''(2) ADDITIONAL AUTHORIZATIONS.—

''(A) There are authorized to be appropriated to the Administration for fiscal year 2000 such sums as may be necessary to carry out this Act, including administrative expenses and necessary loan capital for disaster loans pursuant to section 7(b), and to carry out the Small Business Investment Act of 1958, including salaries and expenses of the Administration.

''(B) Notwithstanding subparagraph (A), for fiscal year 2000—

''(i) no funds are authorized to be provided to carry out the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under subsection (p)(2)(A) is fully funded; and

''(ii) the Administration may not approve loans on behalf of the Administration or on behalf of any other department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than $1,250,000.''.

TITLE II—FINANCIAL ASSISTANCE

Subtitle A—Microloan Program

SEC. 201. MICROLOAN PROGRAM.

(a) LOAN LIMITS.—Section 7(m)(3)(C) of the Small Business Act (15 U.S.C. 636(m)(3)(C)) is amended by striking ''$2,500,000'' and inserting ''$3,500,000''.

(b) LOAN LOSS RESERVE FUND.—Section 7(m)(3)(D) of the Small Business Act (15 U.S.C. 636(m)(3)(D)) is amended by striking clauses (i) and (ii), and inserting the following:

''(i) during the initial 5 years of the intermediary's participation in the program under this subsection, at a level equal to not more than 15 percent of the outstanding balance of the notes receivable owed to the intermediary; and

''(ii) in each year of participation thereafter, at a level equal to not more than the greater of—

''(I) 2 times an amount reflecting the total losses of the intermediary as a result of participation in the program under this subsection, as determined by the Administrator on a case-by-case basis; or

''(II) 10 percent of the outstanding balance of the notes receivable owed to the intermediary.''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in the subsection heading, by striking ''DEMONSTRATION'';

(2) by striking ''Demonstration'' each place that term appears;

(3) by striking ''demonstration'' each place that term appears; and

(4) in paragraph (12), by striking ''during fiscal years 1995 through 1997'' and inserting ''during fiscal years 1998 through 2000''.

(d) TECHNICAL ASSISTANCE GRANTS.—Section 7(m)(4)(E) of the Small Business Act (15 U.S.C. 636(m)(4)(E)) is amended—

(1) by inserting ''(i)'' before ''Each intermediary'';

(2) by striking ''15'' and inserting ''25'';

(3) by adding at the end of the paragraph ''(ii) The intermediary may expend up to 25 percent of the funds received under paragraph (1)(B)(ii) to enter into third party contracts for the provision of technical assistance''.

SEC. 202. WELFARE-TO-WORK MICROLOAN PILOT PROGRAM.

(a) PROGRAM ESTABLISHMENT.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (1)(A)—

(A) in clause (ii), by striking ''and'' at the end;

(B) in clause (iii), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(iv) to establish a welfare-to-work microloan pilot program, which shall be administered by the Administration, in order to—

''(I) test the feasibility of supplementing the technical assistance grants provided under clauses (ii) and (iii) of subparagraph (B) to individuals who are receiving assistance under the State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), or under any comparable State-funded means-tested program of assistance for low-income individuals, in order to adequately assist those individuals in—

''(aa) establishing small businesses; and

''(bb) eliminating their dependence on that assistance;

''(II) permit the grants described in subclause (I) to be used to provide intensive management, marketing and technical assistance as well as to pay or reimburse a portion of child care and transportation costs of individuals described in subclause (I) who become microborrowers;

''(III) eliminate barriers to microborrowers in establishing child care businesses; and

''(IV) evaluate the effectiveness of assistance provided under this clause in helping individuals described in subclause (I) to eliminate their dependence on assistance described in that subclause and become employed in their own business;'';

(2) in paragraph (4), by adding at the end the following:

''(F) SUPPLEMENTAL GRANTS.—

''(i) IN GENERAL.—In addition to grants under subparagraphs (A) and (C) and paragraph (5), the Administration may select from participating intermediaries and recipients of grants under paragraph (5), not more than 20 entities in fiscal year 1998, 25 entities in fiscal year 1999, and 30 entities in fiscal year 2000, each of whom may receive annually a supplemental grant in an amount not to exceed $200,000 for the purpose of providing additional technical assistance and related services to borrowers who are receiving assistance described in paragraph (1)(A)(iv)(I) at the time they initially apply for assistance under the program.

''(ii) INAPPLICABILITY OF CONTRIBUTION REQUIREMENTS.—The contribution requirements of subparagraphs (B) and (C)(i)(II) do not apply to any grant made under this subparagraph.

''(iii) CHILD CARE AND TRANSPORTATION COSTS.—Any grant made under this subparagraph may be used to pay or reimburse a portion of the costs of child care and transportation incurred by a borrower under the welfare-to-work microloan pilot program under paragraph (1)(A)(iv).'';

(3) in paragraph (6), by adding at the end the following:

''(E) ESTABLISHMENT OF CHILD CARE ESTABLISHMENTS.—In addition to other eligible small business concerns, borrowers under

any program under this subsection may include individuals who will use the loan proceeds to establish for-profit or nonprofit child care establishments.'';

(4) in paragraph (9)—

(A) by striking the paragraph designation and paragraph heading and inserting the following:

''(9) GRANTS FOR MANAGEMENT, MARKETING, TECHNICAL ASSISTANCE, AND RELATED SERVICES.—''; and

(B) by adding at the end the following:

''(C) WELFARE-TO-WORK MICROLOAN PILOT PROGRAM.—Of amounts made available to carry out the welfare-to-work microloan pilot program under paragraph (1)(A)(iv) in any fiscal year, the Administration may use not more than 5 percent to provide technical assistance, either directly or through contractors, to welfare-to-work microloan pilot program grantees, to ensure that, as grantees, they have the knowledge, skills, and understanding of microlending and welfare-to-work transition, and other related issues, to operate a successful welfare-to-work microloan pilot program.''; and

(5) by adding at the end the following:

''(13) EVALUATION OF WELFARE-TO-WORK MICROLOAN PILOT PROGRAM.—On January 31, 1999, and annually thereafter, the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report on the welfare-to-work microloan pilot program authorized under paragraph (1)(A)(iv), which report shall include, with respect to the preceding fiscal year, an analysis of the progress and effectiveness of the program during that fiscal year, and data relating to—

''(A) the number and location of each grantee under the program;

''(B) the amount of each grant;

''(C) the number of individuals who received assistance under each grant, including separate data relating to—

''(i) the number of individuals who received training;

''(ii) the number of individuals who received transportation assistance; and

''(iii) the number of individuals who received child care assistance (including the number of children assisted);

''(D) the type and amount of loan and grant assistance received by borrowers under the program;

''(E) the number of businesses that were started with assistance provided under the program that are operational and the number of jobs created by each business;

''(F) the number of individuals receiving training under the program who, after receiving assistance under the program—

''(i) are employed in their own businesses; and

''(ii) are not receiving public assistance for themselves or their children;

''(G) whether and to what extent each grant was used to defray the transportation and child care costs of borrowers; and

''(H) any recommendations for legislative changes to improve program operations.''.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the welfare-to-work microloan pilot program under section 7(m)(1)(A)(iv) of the Small Business Act (as added by this section)—

(1) $3,000,000 for fiscal year 1998;

(2) $4,000,000 for fiscal year 1999; and

(3) $5,000,000 for fiscal year 2000.

Subtitle B—Small Business Investment Company Program

SEC. 211. 5-YEAR COMMITMENTS FOR SBICs AT OPTION OF ADMINISTRATOR.

Section 20(a)(2) of the Small Business Act (15 U.S.C. 631 note) is amended in the last sentence by striking ''the following fiscal year'' and inserting ''any 1 or more of the 4 subsequent fiscal years''.

SEC. 212. FEES.

Section 301 of the Small Business Investment Act of 1958 (15 U.S.C. 681) is amended by adding the following:

''(e) FEES.—

''(1) IN GENERAL.—The Administration may prescribe fees to be paid by each applicant for a license to operate as a small business investment company under this Act.

''(2) USE OF AMOUNTS.—Amounts collected pursuant to this subsection shall be—

''(A) deposited in the account for salaries and expenses of the Administration; and

''(B) available without further appropriation solely to cover contracting and other administrative costs related to licensing.''.

SEC. 213. SMALL BUSINESS INVESTMENT COMPANY PROGRAM REFORM.

(a) BANK INVESTMENTS.—Section 302(b) of the Small Business Investment Act of 1958 (15 U.S.C. 682(b)) is amended by striking ''1956,'' and all that follows before the period and inserting the following: ''1956, any national bank, or any member bank of the Federal Reserve System or nonmember insured bank to the extent permitted under applicable State law, may invest in any 1 or more small business investment companies, or in any entity established to invest solely in small business investment companies, except that in no event shall the total amount of such investments of any such bank exceed 5 percent of the capital and surplus of the bank''.

(b) INDEXING FOR LEVERAGE.—Section 303 of the Small Business Investment Act of 1958 (15 U.S.C. 683) is amended—

(1) in subsection (b)—

(A) in paragraph (2), by adding at the end the following:

''(D)(i) The dollar amounts in subparagraphs (A), (B), and (C) shall be adjusted annually to reflect increases in the Consumer Price Index established by the Bureau of Labor Statistics of the Department of Labor.

''(ii) The initial adjustments made under this subparagraph after the date of enactment of the Small Business Reauthorization Act of 1997 shall reflect only increases from March 31, 1993.''; and

(B) by striking paragraph (4) and inserting the following:

''(4) MAXIMUM AGGREGATE AMOUNT OF LEVERAGE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the aggregate amount of outstanding leverage issued to any company or companies that are commonly controlled (as determined by the Administrator) may not exceed $90,000,000, as adjusted annually for increases in the Consumer Price Index.

''(B) EXCEPTIONS.—The Administrator may, on a case-by-case basis—

''(i) approve an amount of leverage that exceeds the amount described in subparagraph (A) for companies under common control; and

''(ii) impose such additional terms and conditions as the Administrator determines to be appropriate to minimize the risk of loss to the Administration in the event of default.

''(C) APPLICABILITY OF OTHER PROVISIONS.—Any leverage that is issued to a company or companies commonly controlled in an amount that exceeds $90,000,000, whether as a result of an increase in the Consumer Price Index or a decision of the Administrator, is subject to subsection (d).''; and

(2) by striking subsection (d) and inserting the following:

''(d) REQUIRED CERTIFICATIONS.—

''(1) IN GENERAL.—The Administrator shall require each licensee, as a condition of approval of an application for leverage, to certify in writing—

''(A) for licensees with leverage less than or equal to $90,000,000, that not less than 20 percent of the licensee's aggregate dollar amount of financings will be provided to smaller enterprises; and

''(B) for licensees with leverage in excess of $90,000,000, that, in addition to satisfying the requirements of subparagraph (A), 100 percent of the licensee's aggregate dollar amount of financings made in whole or in part with leverage in excess of $90,000,000 will be provided to smaller enterprises as defined in section 103(12).

''(2) MULTIPLE LICENSEES.—Multiple licensees under common control (as determined by the Administrator) shall be considered to be a single licensee for purposes of determining both the applicability of and compliance with the investment percentage requirements of this subsection.''.

(c) TAX DISTRIBUTIONS.—Section 303(g)(8) of the Small Business Investment Act of 1958 (15 U.S.C. 683(g)(8)) is amended by adding at the end the following: ''A company may also elect to make a distribution under this paragraph at the end of any calendar quarter based on a quarterly estimate of the maximum tax liability. If a company makes 1 or more quarterly distributions for a calendar year, and the aggregate amount of those distributions exceeds the maximum amount that the company could have distributed based on a single annual computation, any subsequent distribution by the company under this paragraph shall be reduced by an amount equal to the excess amount distributed.''.

(d) LEVERAGE FEE.—Section 303(i) of the Small Business Investment Act of 1958 (15 U.S.C. 683(i)) is amended by striking '', payable upon'' and all that follows before the period and inserting the following: ''in the following manner: 1 percent upon the date on which the Administration enters into any commitment for such leverage with the licensee, and the balance of 2 percent (or 3 percent if no commitment has been entered into by the Administration) on the date on which the leverage is drawn by the licensee''.

(e) PERIODIC ISSUANCE OF GUARANTEES AND TRUST CERTIFICATES.—Section 320 of the Small Business Investment Act of 1958 (15 U.S.C. 687m) is amended by striking ''three months'' and inserting ''6 months''.

SEC. 214. EXAMINATION FEES.

Section 310(b) of the Small Business Investment Act of 1958 (15 U.S.C. 687b(b)) is amended by inserting after the first sentence the following: ''Fees collected under this subsection shall be deposited in the account for salaries and expenses of the Administration, and shall be available without further appropriation solely to cover the costs of examinations and other program oversight activities.''.

Subtitle C—Certified Development Company Program

SEC. 221. LOANS FOR PLANT ACQUISITION, CONSTRUCTION, CONVERSION, AND EXPANSION.

Section 502 of the Small Business Investment Act of 1958 (15 U.S.C. 696) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) The proceeds of any such loan shall be used solely by the borrower to assist 1 or more identifiable small business concerns and for a sound business purpose approved by the Administration.'';

(2) in paragraph (3), by adding at the end the following:

''(D) SELLER FINANCING.—Seller-provided financing may be used to meet the requirements of subparagraph (B), if the seller subordinates the interest of the seller in the property to the debenture guaranteed by the Administration.

''(E) COLLATERAL REQUIREMENTS.—Adequacy of collateral provided by the small business shall be one factor evaluated in the credit determination. Collateral provided by the small business concern generally will include a subordinate lien position on the property being financed, and additional collateral may be required in a case-by-case basis, as determined by the Administration.''; and

(3) by adding at the end the following:

''(5) Except as provided in paragraph (4), not to exceed 25 percent of the project may be leased by the assisted small business, if—

''(A) the assisted small business is required to occupy permanently and use not less than 75 percent of the space in the project after the execution of any leases authorized in this paragraph; and

''(B) each tenant is engaged a business that enhances the operations of the assisted small business.''.

SEC. 222. DEVELOPMENT COMPANY DEBENTURES.

Section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697) is amended—

(1) in subsection (b)(7), by striking subparagraph (A) and inserting the following:

''(A) assesses and collects a fee, which shall be payable by the borrower, in an amount established annually by the Administration, which amount shall not exceed the lesser of—

''(i) 0.9375 percent per year of the outstanding balance of the loan; and

''(ii) the minimum amount necessary to reduce the cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of purchasing and guaranteeing debentures under this Act to zero; and''; and

(2) in subsection (f), by striking ''1997'' and inserting ''2000''.

SEC. 223. PREMIER CERTIFIED LENDERS PROGRAM.

(a) IN GENERAL.—Section 508 of the Small Business Investment Act of 1958 (15 U.S.C. 697e) is amended—

(1) in subsection (a), by striking ''not more than 15'';

(2) in subsection (b)(2), by striking subparagraphs (A) and (B) and inserting the following:

''(A) is an active certified development company in good standing and has been an active participant in the accredited lenders program during the entire 12-month period preceding the date on which the company submits an application under paragraph (1), except that the Administration may waive this requirement if the company is qualified to participate in the accredited lenders program;

''(B) has a history of—

''(i) submitting to the Administration adequately analyzed debenture guarantee application packages; and

''(ii) of properly closing section 504 loans and servicing its loan portfolio; and'';

(3) by striking subsection (c) and inserting the following:

''(c) LOSS RESERVE.—

''(1) ESTABLISHMENT.—A company designated as a premier certified lender shall establish a loss reserve for financing approved pursuant to this section.

''(2) AMOUNT.—The amount of the loss reserve shall be based upon the greater of—

''(A) the historic loss rate on debentures issued by such company; or

''(B) 10 percent of the amount of the company's exposure as determined under subsection (b)(2)(C).

''(3) ASSETS.—The loss reserve shall be comprised of any combination of the following types of assets:

''(A) segregated funds on deposit in an account or accounts with a federally insured depository institution or institutions selected by the company, subject to a collateral assignment in favor of, and in a format acceptable to, the Administration; or

''(B) irrevocable letter or letters of credit, with a collateral assignment in favor of, and a commercially reasonable format acceptable to, the Administration.

''(4) CONTRIBUTIONS.—The company shall make contributions to the loss reserve, either cash or letters of credit as provided above, in the following amounts and at the following intervals:

''(A) 50 percent when a debenture is closed;

''(B) 25 percent additional not later than 1 year after a debenture is closed; and

''(C) 25 percent additional not later than 2 years after a debenture is closed.

''(5) REPLENISHMENT.—If a loss has been sustained by the Administration, any portion of the loss reserve, and other funds provided by the premier company as necessary, may be used to reimburse the Administration for the company's 10 percent share of the loss as provided in subsection (b)(2)(C). If the company utilizes the reserve, within 30 days it shall replace an equivalent amount of funds.

''(6) DISBURSEMENTS.—The Administration shall allow the certified development company to withdraw from the loss reserve amounts attributable to any debenture which has been repaid.'';

(4) in subsection (f), by striking ''State or local'' and inserting ''certified'';

(5) in subsection (g), by striking the subsection heading and inserting the following:

''(g) EFFECT OF SUSPENSION OR REVOCATION.—'';

(6) by striking subsection (h) and inserting the following:

''(h) PROGRAM GOALS.—Each certified development company participating in the program under this section shall establish a goal of processing a minimum of not less than 50 percent of the loan applications for assistance under section 504 pursuant to the program authorized under this section.''; and

(7) in subsection (i), by striking ''other lenders'' and inserting ''other lenders, specifically comparing default rates and recovery rates on liquidations''.

(b) REGULATIONS.—The Administrator of the Small Business Administration shall—

(1) not later than 120 days after the date of enactment of this Act, promulgate regulations to carry out the amendments made by subsection (a); and

(2) not later than 150 days after the date of enactment of this Act, issue program guidelines and fully implement the amendments made by subsection (a).

(c) PROGRAM EXTENSION.—Section 217(b) of the Small Business Reauthorization and Amendments Act of 1994 (15 U.S.C. 697e note) is amended by striking ''October 1, 1997'' and inserting ''October 1, 2000''.

TITLE III—WOMEN'S BUSINESS ENTERPRISES

SEC. 301. INTERAGENCY COMMITTEE PARTICIPATION.

Section 403 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a)(1), by adding at the end the following:

''(K) The Department of Education.

''(L) The Environmental Protection Agency.

''(M) The Department of Energy.

''(N) The Administrator of the Office of Procurement Policy.

''(O) The National Aeronautics and Space Administration.'';

(2) in subsection (a)(2)(A)—

(A) by striking ''and Amendments Act of 1994'' and inserting ''Act of 1997''; and

(B) by inserting before the final period '', and who shall report directly to the head of the agency on the status of the activities of the Interagency Committee'';

(3) in subsection (a)(2)(B), by inserting before the final period the following: ''and shall report directly to the Administrator on the status of the activities on the Interagency Committee and shall serve as the Interagency Committee Liaison to the National Women's Business Council established under section 405''; and

(4) in subsection (b), by striking ''and Amendments Act of 1994'' and inserting ''Act of 1997''.

SEC. 302. REPORTS.

Section 404 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) by inserting '', through the Small Business Administration,'' after ''transmit'';

(2) by striking paragraph (1) and redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively; and

(3) in paragraph (1), as redesignated, by inserting before the semicolon the following: '', including a status report on the progress of the Interagency Committee in meeting its responsibilities and duties under section 402(a)''.

SEC. 303. COUNCIL DUTIES.

Section 406 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (c), by inserting after ''Administrator'' the following: ''(through the Assistant Administrator for the Office of Women's Business Ownership)''; and

(2) in subsection (d)—

(A) in paragraph (4), by striking ''and'' at the end;

(B) in paragraph (5), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

''(6) submit to the President and to the Committee on Small Business of the Senate and the Committee on Small Business of the House of Representatives, an annual report containing—

''(A) a detailed description of the activities of the council, including a status report on the Council's progress toward meeting its duties outlined in subsections (a) and (d) of section 406;

''(B) the findings, conclusions, and recommendations of the Council; and

''(C) the Council's recommendations for such legislation and administrative actions as the Council considers appropriate to promote the development of small business concerns owned and controlled by women.

''(e) SUBMISSION OF REPORTS.—The annual report required by subsection (d) shall be submitted not later than 90 days after the end of each fiscal year.''.

SEC. 304. COUNCIL MEMBERSHIP.

Section 407 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) in subsection (a), by striking ''and Amendments Act of 1994'' and inserting ''Act of 1997'';

(2) in subsection (b)—

(A) by striking ''and Amendments Act of 1994'' and inserting ''Act of 1997'';

(B) by inserting after ''the Administrator shall'' the following: '', after receiving the recommendations of the Chair and the Ranking Member of the Minority of the Committees on Small Business of the House of Representatives and the Senate, '';

(C) by striking ''9'' and inserting ''14'';

(D) in paragraph (1), by striking ''2'' and inserting ''3'';

(E) in paragraph (2)—

(i) by striking ''2'' and inserting ''3''; and

(ii) by striking ''and'' at the end;

(F) in paragraph (3)—

(i) by striking ''5'' and inserting ''6'';

(ii) by striking ''national''; and

(iii) by striking the period at the end and inserting the following: '', including representatives of Women's Business Center sites; and''; and

(G) by adding at the end the following:

''(4) 2 shall be representatives of businesses or educational institutions having an interest in women's entrepreneurship.''; and

(3) in subsection (c), by inserting ''(including both urban and rural areas)'' after ''geographic''.

SEC. 305. AUTHORIZATION OF APPROPRIATIONS.

Section 409 of the Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended—

(1) by striking ''1995 through 1997'' and inserting ''1998 through 2000''; and

(2) by striking ''$350,000'' and inserting ''$400,000''.

SEC. 306. WOMEN'S BUSINESS CENTERS.

(a) IN GENERAL.—Section 29 of the Small Business Act (15 U.S.C. 656) is amended to read as follows:

''SEC. 29. WOMEN'S BUSINESS CENTERS.

''(a) DEFINITIONS.—In this section—

''(1) the term 'small business concern owned and controlled by women', either startup or existing, includes any small business concern—

''(A) that is not less than 51 percent owned by 1 or more women; and

''(B) the management and daily business operations of which are controlled by 1 or more women; and

''(2) the term 'women's business center site' means the location of—

''(A) a women's business center; or

''(B) 1 or more women's business centers, established in conjunction with another women's business center in another location within a State or region—

''(i) that reach a distinct population that would otherwise not be served;

''(ii) whose services are targeted to women; and

''(iii) whose scope, function, and activities are similar to those of the primary women's business center or centers in conjunction with which it was established.

''(b) AUTHORITY.—The Administration may provide financial assistance to private organizations to conduct 5-year projects for the benefit of small business concerns owned and controlled by women. The projects shall provide—

''(1) financial assistance, including training and counseling in how to apply for and secure business credit and investment capital, preparing and presenting financial statements, and managing cash flow and other financial operations of a business concern;

''(2) management assistance, including training and counseling in how to plan, organize, staff, direct, and control each major activity and function of a small business concern; and

''(3) marketing assistance, including training and counseling in identifying and segmenting domestic and international market opportunities, preparing and executing marketing plans, developing pricing strategies, locating contract opportunities, negotiating contracts, and utilizing varying public relations and advertising techniques.

''(c) CONDITIONS OF PARTICIPATION.—

''(1) NON-FEDERAL CONTRIBUTIONS.—As a condition of receiving financial assistance authorized by this section, the recipient organization shall agree to obtain, after its application has been approved and notice of award has been issued, cash contributions from non-Federal sources as follows:

''(A) in the first, second, and third years, 1 non-Federal dollar for each 2 Federal dollars;

''(B) in the fourth year, 1 non-Federal dollar for each Federal dollar; and

''(C) in the fifth year, 2 non-Federal dollars for each Federal dollar.

''(2) FORM OF NON-FEDERAL CONTRIBUTIONS.—Not more than one-half of the non-Federal sector matching assistance may be in the form of in-kind contributions which are budget line items only, including but not limited to office equipment and office space.

''(3) FORM OF FEDERAL CONTRIBUTIONS.—The financial assistance authorized pursuant to this section may be made by grant, contract, or cooperative agreement and may contain such provision, as necessary, to provide for payments in lump sum or installments, and in advance or by way of reimbursement. The Administration may disburse up to 25 percent of each year's Federal share awarded to a recipient organization after notice of the award has been issued and before the non-Federal sector matching funds are obtained.

''(4) FAILURE TO OBTAIN PRIVATE FUNDING.—If any recipient of assistance fails to obtain the required non-Federal contribution during any project, it shall not be eligible thereafter for advance disbursements pursuant to paragraph (3) during the remainder of that project, or for any other project for which it is or may be funded by the Administration, and prior to approving assistance to such organization for any other projects, the Administration shall specifically determine whether the Administration believes that the recipient will be able to obtain the requisite non-Federal funding and enter a written finding setting forth the reasons for making such determination.

''(d) CONTRACT AUTHORITY.—A women's business center may enter into a contract with a Federal department or agency to provide specific assistance to women and other underserved small business concerns. Performance of such contract should not hinder the women's business centers in carrying out the terms of the grant received by the women's business centers from the Administration.

''(e) SUBMISSION OF 5-YEAR PLAN.—Each applicant organization initially shall submit a 5-year plan to the Administration on proposed fundraising and training activities, and a recipient organization may receive financial assistance under this program for a maximum of 5 years per women's business center site.

''(f) CRITERIA.—The Administration shall evaluate and rank applicants in accordance with predetermined selection criteria that shall be stated in terms of relative importance. Such criteria and their relative importance shall be made publicly available and stated in each solicitation for applications made by the Administration. The criteria shall include—

''(1) the experience of the applicant in conducting programs or ongoing efforts designed to impart or upgrade the business skills of women business owners or potential owners;

''(2) the present ability of the applicant to commence a project within a minimum amount of time;

''(3) the ability of the applicant to provide training and services to a representative number of women who are both socially and economically disadvantaged; and

''(4) the location for the women's business center site proposed by the applicant.

''(g) OFFICE OF WOMEN'S BUSINESS OWNERSHIP.—There is established within the Administration an Office of Women's Business Ownership, which shall be responsible for the administration of the Administration's programs for the development of women's business enterprises (as that term is defined in section 408 of the Women's Business Ownership Act of 1988). The Office of Women's Business Ownership shall be administered by an Assistant Administrator, who shall be appointed by the Administrator.

''(h) REPORT.—The Administrator shall prepare and submit an annual report to the Committees on Small Business of the House of Representatives and the Senate on the effectiveness of all projects conducted under the authority of this section. Such report shall provide information concerning—

''(1) the number of individuals receiving assistance;

''(2) the number of startup business concerns formed;

''(3) the gross receipts of assisted concerns;

''(4) increases or decreases in profits of assisted concerns; and

''(5) the employment increases or decreases of assisted concerns.

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $8,000,000 per year to carry out the projects authorized by this section. Amounts appropriated pursuant to this subsection are to be used exclusively for grant awards and not for costs incurred by the Administration for the management and administration of the program. Notwithstanding any other provision of law, the Administration may use such expedited acquisition methods as it deems appropriate, through the Assistant Administrator of the Office of Women's Business Ownership, to achieve the purposes of this section, except that the Administration shall ensure that all eligible sources are provided a reasonable opportunity to submit proposals.''.

(b) APPLICABILITY.—Any organization conducting a 3-year project under section 29 of the Small Business Act (15 U.S.C. 656) on the day before the date of enactment of this Act, may extend the term of that project to a total term of 5 years and receive financial assistance in accordance with section 29(c) of the Small Business Act (as amended by this title) subject to procedures established by the Administrator in coordination with the Office of Women's Business Ownership established under section 29 of the Small Business Act (15 U.S.C. 656) (as amended by this title).

SEC. 307. OFFICE OF WOMEN'S BUSINESS OWNERSHIP.

Section 29 of the Small Business Act (15 U.S.C. 656) is amended by adding at the end the following:

''(i) ASSISTANT ADMINISTRATOR FOR THE OFFICE OF WOMEN'S BUSINESS OWNERSHIP.—

''(1) QUALIFICATION.—The Assistant Administrator for the Office of Women's Business Ownership (hereafter in this section referred to as the 'Assistant Administrator') shall serve without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates, but at a rate of pay not to exceed the maximum of pay payable for a position at GS–17 of the General Schedule.

''(2) RESPONSIBILITIES AND DUTIES.—

''(A) RESPONSIBILITIES.—The responsibilities of the Assistant Administrator shall be to administer the programs and services of the Office of Women's Business Ownership established to assist women entrepreneurs in the areas of—

''(i) starting and operating a small business;

''(ii) development of management and technical skills;

''(iii) seeking Federal procurement opportunities; and

''(iv) increasing the opportunity for access to capital.

''(B) DUTIES.—Duties of the position of the Assistant Administrator shall include—

''(i) administering and managing the Women's Business Centers program;

''(ii) recommending the annual administrative and program budgets for the Office of Women's Business Ownership (including the budget for the Women's Business Centers);

''(iii) establishing appropriate funding levels therefore;

''(iv) reviewing the annual budgets submitted by each applicant for the Women's Business Center program;

''(v) selecting applicants to participate in this program;

''(vi) implementing this section;

''(vii) maintaining a clearinghouse to provide for the dissemination and exchange of information between Women's Business Centers;

''(viii) conducting program examinations of recipients of grants under this section;

''(ix) serving as the vice chairperson of the Interagency Committee on Women's Business Enterprise;

''(x) serving as liaison for the National Women's Business Council; and

''(xi) advising the Administrator on appointments to the Women's Business Council.

''(3) CONSULTATION REQUIREMENTS.—In carrying out the responsibilities and duties described in this subsection, the Assistant Administrator shall confer with and seek the advice of the Administration officials in areas served by the Women's Business Centers.

''(j) PROGRAM EXAMINATION.—

''(1) IN GENERAL.—Not later than 180 days after the date of enactment of this subsection, the Administration shall develop and implement an annual programmatic and financial examination of each Women's Business Center established pursuant to this section.

''(2) EXTENSION OF CONTRACTS.—In extending or renewing a contract with a Women's Business Center, the Administration shall consider the results of the examination conducted pursuant to paragraph (1).

''(k) CONTRACT AUTHORITY.—The authority of the Administration to enter into contracts shall be in effect for each fiscal year only to the extent and in the amounts as are provided in advance in appropriations Acts. After the Administration has entered a contract, either as a grant or a cooperative agreement, with any applicant under this section, it shall not suspend, terminate, or fail to renew or extend any such contract unless the Administration provides the applicant with written notification setting forth the reasons therefore and affording the applicant an opportunity for a hearing, appeal, or other administrative proceeding under chapter 5 of title 5, United States Code.''.

SEC. 308. NATIONAL WOMEN'S BUSINESS COUNCIL PROCUREMENT PROJECT.

(a) IN GENERAL.—The Women's Business Ownership Act of 1988 (15 U.S.C. 631 note) is amended by adding at the end the following:

''SEC. 410. NATIONAL WOMEN'S BUSINESS COUNCIL PROCUREMENT PROJECT.

''(a) PROCUREMENT PROJECT.—

''(1) FEDERAL PROCUREMENT STUDY.—

''(A) IN GENERAL.—The Council shall conduct a study on the award of Federal prime contracts and subcontracts to women-owned businesses, which study shall include—

''(i) an analysis of data collected by Federal agencies on contract awards to women-owned businesses;

''(ii) a determination of the degree to which individual Federal agencies are in compliance with the 5 percent women-owned business procurement goal established by section 15(g)(1) of the Small Business Act (15 U.S.C. 644(g)(1));

''(iii) a determination of the types and amounts of Federal contracts characteristically awarded to women-owned businesses; and

''(iv) other relevant information relating to participation of women-owned businesses in Federal procurement.

''(B) SUBMISSION OF RESULTS.—Not later than October 1, 1999, the Council shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to the President, the results of the study conducted under subparagraph (A).

''(2) BEST PRACTICES REPORT.—Not later than March 1, 2000, the Council shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to the President, a report, which shall include—

''(A) an analysis of the most successful practices in attracting women-owned businesses as prime contractors and subcontractors by—

''(i) Federal agencies (as supported by findings from the study required under subsection (a)(1)) in Federal procurement awards; and

''(ii) the private sector; and

''(B) recommendations for policy changes in Federal procurement practices, including an increase in the Federal procurement goal for women-owned businesses, in order to maximize the number of women-owned businesses performing Federal contracts.

''(b) CONTRACTING AUTHORITY.—In carrying out this section, the Council may contract with 1 or more public or private entities.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, not to exceed $200,000, to remain available until expended through fiscal year 2000.''.

TITLE IV—COMPETITIVENESS PROGRAM AND PROCUREMENT OPPORTUNITIES

Subtitle A—Small Business Competitiveness Program

SEC. 401. PROGRAM TERM.

Section 711(c) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by striking ''1997'' and inserting ''2000''.

SEC. 402. MONITORING AGENCY PERFORMANCE.

Section 712(d)(1) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended to read as follows:

''(1) Participating agencies shall monitor the attainment of their small business participation goals on an annual basis. An annual review by each participating agency shall be completed not later than January 31 of each year, based on the data for the preceding fiscal year, from October 1 through September 30.''.

SEC. 403. REPORTS TO CONGRESS.

Section 716(a) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended—

(1) by striking ''1996'' and inserting ''2000'';

(2) by striking ''for Federal Procurement Policy'' and inserting ''of the Small Business Administration''; and

(3) by striking ''Government Operations'' and inserting ''Government Reform and Oversight''.

SEC. 404. SMALL BUSINESS PARTICIPATION IN DREDGING.

Section 722(a) of the Small Business Competitiveness Demonstration Program Act of 1988 (15 U.S.C. 644 note) is amended by striking ''1996'' and inserting ''2000''.

Subtitle B—Small Business Procurement Opportunities Program

SEC. 411. CONTRACT BUNDLING.

Section 2 of the Small Business Act (15 U.S.C. 631) is amended by adding at the end the following:

''(j) In complying with the statement of congressional policy expressed in subsection (a), relating to fostering the participation of small business concerns in the contracting opportunities of the Government, each Federal agency, to the maximum extent practicable, shall—

''(1) comply with congressional intent to foster the participation of small business concerns as prime contractors, subcontractors, and suppliers;

''(2) structure its contracting requirements to facilitate competition by and among small business concerns, taking all reasonable steps to eliminate obstacles to their participation; and

''(3) avoid unnecessary and unjustified bundling of contract requirements that precludes small business participation in procurements as prime contractors.''.

SEC. 412. DEFINITION OF CONTRACT BUNDLING.

Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

''(o) DEFINITIONS OF BUNDLING OF CONTRACT REQUIREMENTS AND RELATED TERMS.—In this Act—

''(1) The term 'bundling of contract requirements' means consolidating two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern due to—

''(A) the diversity, size, or specialized nature of the elements of the performance specified;

''(B) the aggregate dollar value of the anticipated award;

''(C) the geographical dispersion of the contract performance sites; or

''(D) any combination of the factors described in subparagraphs (A), (B), and (C).

''(2) The term 'separate smaller contract', with respect to a bundling of contract requirements, means a contract that has been performed by one or more small business concerns or was suitable for award to one or more small business concerns.

''(3) The term 'bundled contract' means a contract that is entered into to meet requirements that are consolidated in a bundling of contract requirements.''.

SEC. 413. ASSESSING PROPOSED CONTRACT BUNDLING.

(a) IN GENERAL.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended by inserting after subsection (d) the following new subsection (e):

''(e) PROCUREMENT STRATEGIES; CONTRACT BUNDLING.—

''(1) IN GENERAL.—To the maximum extent practicable, procurement strategies used by the various agencies having contracting authority shall facilitate the maximum participation of small business concerns as prime contractors, subcontractors, and suppliers.

''(2) MARKET RESEARCH.—

''(A) IN GENERAL.—Before proceeding with an acquisition strategy that could lead to a contract containing consolidated procurement requirements, the head of an agency shall conduct market research to determine whether consolidation of the requirements is necessary and justified.

''(B) FACTORS.—For purposes of subparagraph (A), consolidation of the requirements may be determined as being necessary and justified if, as compared to the benefits that would be derived from contracting to meet those requirements if not consolidated, the Federal Government would derive from the consolidation measurably substantial benefits, including any combination of benefits that, in combination, are measurably substantial. Benefits described in the preceding sentence may include the following:

''(i) Cost savings.

''(ii) Quality improvements.

''(iii) Reduction in acquisition cycle times.

''(iv) Better terms and conditions.

''(v) Any other benefits.

''(C) REDUCTION OF COSTS NOT DETERMINATIVE.—The reduction of administrative or personnel costs alone shall not be a justification for bundling of contract requirements unless the cost savings are expected to be substantial in relation to the dollar value of the procurement requirements to be consolidated.

''(3) STRATEGY SPECIFICATIONS.—If the head of a contracting agency determines that a proposed procurement strategy for a procurement involves a substantial bundling of contract requirements, the proposed procurement strategy shall—

''(A) identify specifically the benefits anticipated to be derived from the bundling of contract requirements;

''(B) set forth an assessment of the specific impediments to participation by small business concerns as prime contractors that result from the bundling of contract requirements and specify actions designed to maximize small business participation as subcontractors (including suppliers) at various tiers under the contract or contracts that are awarded to meet the requirements; and

''(C) include a specific determination that the anticipated benefits of the proposed bundled contract justify its use.

''(4) CONTRACT TEAMING.—In the case of a solicitation of offers for a bundled contract that is issued by the head of an agency, a small-business concern may submit an offer that provides for use of a particular team of subcontractors for the performance of the contract. The head of the agency shall evaluate the offer in the same manner as other offers, with due consideration to the capabilities of all of the proposed subcontractors. When a small business concern teams under this paragraph, it shall not affect its status as a small business concern for any other purpose.''.

(b) ADMINISTRATION REVIEW.—The third sentence of subsection (a) of such section is amended—

(1) by inserting after ''discrete construction projects,'' the following: ''or the solicitation involves an unnecessary or unjustified bundling of contract requirements, as determined by the Administration,'';

(2) by striking out ''or (4)'' and inserting in lieu thereof ''(4)''; and

(3) by inserting before the period at the end the following: '', or (5) why the agency has determined that the bundled contract (as defined in section 3(o)) is necessary and justified''.

(c) RESPONSIBILITIES OF AGENCY SMALL BUSINESS ADVOCATES.—Subsection (k) of such section is amended—

(1) by redesignating paragraphs (5) through (9) as paragraphs (6) through (10), respectively; and

(2) by inserting after paragraph (4) the following:

''(5) identify proposed solicitations that involve significant bundling of contract requirements, and work with the agency acquisition officials and the Administration to revise the procurement strategies for such proposed solicitations where appropriate to increase the probability of participation by small businesses as prime contractors, or to facilitate small business participation as subcontractors and suppliers, if a solicitation for a bundled contract is to be issued;''.

SEC. 414. REPORTING OF BUNDLED CONTRACT OPPORTUNITIES.

(a) DATA COLLECTION REQUIRED.—The Federal Procurement Data System described in section 6(d)(4)(A) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)(4)(A)) shall be modified to collect data regarding bundling of contract requirements when the contracting officer anticipates that the resulting contract price, including all options, is expected to exceed $5,000,000. The data shall reflect a determination made by the contracting officer regarding whether a particular solicitation constitutes a contract bundling.

(b) DEFINITIONS.—In this section, the term ''bundling of contract requirements'' has the meaning given that term in section 3(o) of the Small Business Act (15 U.S.C. 632(o)) (as added by section 412 of this title).

SEC. 415. EVALUATING SUBCONTRACT PARTICIPATION IN AWARDING CONTRACTS.

Section 8(d)(4) of the Small Business Act (15 U.S.C. 637(d)(4)) is amended by adding at the end the following:

''(G) The following factors shall be designated by the Federal agency as significant factors for purposes of evaluating offers for a bundled contract where the head of the agency determines that the contract offers a significant opportunity for subcontracting:

''(i) A factor that is based on the rate provided under the subcontracting plan for small business participation in the performance of the contract.

''(ii) For the evaluation of past performance of an offeror, a factor that is based on the extent to which the offeror attained applicable goals for small business participation in the performance of contracts.''.

SEC. 416. IMPROVED NOTICE OF SUBCONTRACTING OPPORTUNITIES.

(a) USE OF THE COMMERCE BUSINESS DAILY AUTHORIZED.—Section 8 of the Small Business Act (15 U.S.C. 637) is amended by adding at the end the following:

''(k) NOTICES OF SUBCONTRACTING OPPORTUNITIES.—

''(1) IN GENERAL.—Notices of subcontracting opportunities may be submitted for publication in the Commerce Business Daily by—

''(A) a business concern awarded a contract by an executive agency subject to subsection (e)(1)(C); and

''(B) a business concern which is a subcontractor or supplier (at any tier) to such contractor having a subcontracting opportunity in excess of $10,000.

''(2) CONTENT OF NOTICE.—The notice of a subcontracting opportunity shall include—

''(A) a description of the business opportunity that is comparable to the description specified in paragraphs (1), (2), (3), and (4) of subsection (f); and

''(B) the due date for receipt of offers.''.

(b) REGULATIONS REQUIRED.—The Federal Acquisition Regulation shall be amended to provide uniform implementation of the amendments made by this section.

(c) CONFORMING AMENDMENT.—Section 8(e)(1)(C) of the Small Business Act (15 U.S.C. 637(e)(1)(C)) is amended by striking ''$25,000'' each place that term appears and inserting ''$100,000''.

SEC. 417. DEADLINES FOR ISSUANCE OF REGULATIONS.

(a) PROPOSED REGULATIONS.—Proposed amendments to the Federal Acquisition Regulation or proposed Small Business Administration regulations under this subtitle and the amendments made by this subtitle shall be published not later than 120 days after the date of enactment of this Act for the purpose of obtaining public comment pursuant to section 22 of the Office of Federal Procurement Policy Act (41 U.S.C. 418b), or chapter 5 of title 5, United States Code, as appropriate. The public shall be afforded not less than 60 days to submit comments.

(b) FINAL REGULATIONS.—Final regulations shall be published not later than 270 days after the date of enactment of this Act. The effective date for such final regulations shall be not less than 30 days after the date of publication.

TITLE V—MISCELLANEOUS PROVISIONS

SEC. 501. SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM.

(a) REQUIRED EXPENDITURES.—Section 9(n) of the Small Business Act (15 U.S.C. 638(n)) is amended by striking paragraph (1) and inserting the following:

''(1) REQUIRED EXPENDITURE AMOUNTS.—With respect to fiscal years 1998, 1999, 2000, 2001, 2002, or 2003, each Federal agency that has an extramural budget for research, or research and development, in excess of $1,000,000,000 for that fiscal year, is authorized to expend with small business concerns not less than 0.15 percent of that extramural budget specifically in connection with STTR programs that meet the requirements of this section and any policy directives and regulations issued under this section.''.

(b) PILOT PROGRAM.—

(1) IN GENERAL.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by adding at the end the following:

''(s) PILOT PROGRAM.—

''(1) DEFINITION OF ELIGIBLE STATE.—In this subsection, the term 'eligible State' means a State—

''(A) if the total value of contracts awarded to the State during fiscal year 1995 under this section was less than $5,000,000; and

''(B) that certifies to the Federal agency described in paragraph (2) that the State will, upon receipt of assistance under this subsection, provide matching funds from non-Federal sources in an amount that is not less than 50 percent of the amount provided under this subsection.

''(2) PROGRAM AUTHORITY.—Of amounts made available to carry out this section for fiscal year 1998, 1999, or 2000, the Administrator may expend with eligible States not more than $2,000,000 in each such fiscal year in order to increase the participation of small business concerns located in those States in the programs under this section.

''(3) AMOUNT OF ASSISTANCE.—The amount of assistance provided to an eligible State under this subsection in any fiscal year—

''(A) shall be equal to twice the total amount of matching funds from non-Federal sources provided by the State; and

''(B) shall not exceed $100,000.

''(4) USE OF ASSISTANCE.—Assistance provided to an eligible State under this subsection shall be used by the State, in consultation with State and local departments and agencies, for programs and activities to increase the participation of small business concerns located in the State in the programs under this section, including—

''(A) the establishment of quantifiable performance goals, including goals relating to—

''(i) the number of program awards under this section made to small business concerns in the State; and

''(ii) the total amount of Federal research and development contracts awarded to small business concerns in the State;

''(B) the provision of competition outreach support to small business concerns in the State that are involved in research and development; and

''(C) the development and dissemination of educational and promotional information relating to the programs under this section to small business concerns in the State.''.

(2) REPEAL.—Effective October 1, 2000, section 9(s) of the Small Business Act (as added by paragraph (1) of this subsection) is repealed.

SEC. 502. SMALL BUSINESS DEVELOPMENT CENTERS.

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

(1) in paragraph (1)—

(A) by inserting ''any women's business center operating pursuant to section 29,'' after ''credit or finance corporation,'';

(B) by inserting ''or a women's business center operating pursuant to section 29'' after ''other than an institution of higher education''; and

(C) by inserting ''and women's business centers operating pursuant to section 29'' after ''utilize institutions of higher education'';

(2) in paragraph (3)—

(A) by striking '', but with'' and all that follows through ''parties.'' and inserting the following: ''for the delivery of programs and services to the Small Business community. Such programs and services shall be jointly developed, negotiated, and agreed upon, with full participation of both parties, pursuant to an executed cooperative agreement between the Small Business Development Center applicant and the Administration.''; and

(B) by adding at the end the following:

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

(3) in paragraph (4)(C)—

(A) by striking clause (i) and inserting the following:

''(i) IN GENERAL.—

''(I) GRANT AMOUNT.—Subject to subclause (II), the amount of a grant received by a State under this section shall be equal to the greater of $500,000, or the sum of—

''(aa) the State's pro rata share of the national program, based upon the population of the State as compared to the total population of the United States; and

''(bb) $300,000 in fiscal year 1998, $400,000 in fiscal year 1999, and $500,000 in each fiscal year thereafter.

''(II) PRO RATA REDUCTIONS.—If the amount made available to carry out this section for any fiscal year is insufficient to carry out subclause (I), the Administration shall make pro rata reductions in the amounts otherwise payable to States under this clause.''; and

(B) in clause (iii), by striking ''(iii)'' and all that follows through ''1997.'' and inserting the following:

''(iii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the national program under this section—

''(I) $85,000,000 for fiscal year 1998;

''(II) $90,000,000 for fiscal year 1999; and

''(III) $95,000,000 for fiscal year 2000 and each fiscal year thereafter.''; and

(4) in paragraph (6)—

(A) in subparagraph (A), by striking ''and'' at the end;

(B) in subparagraph (B), by striking the comma at the end and inserting ''; and''; and

(C) inserting after subparagraph (B) the following:

''(C) with outreach, development, and enhancement of minority-owned small business startups or expansions, veteran-owned small business startups or expansions, and women-owned small business startups or expansions, in communities impacted by base closings or military or corporate downsizing, or in rural or underserved communities;''.

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

(1) in paragraph (3)—

(A) in subparagraph (A), by striking ''businesses;'' and inserting ''businesses, including—

''(i) working with individuals to increase awareness of basic credit practices and credit requirements;

''(ii) working with individuals to development business plans, financial packages, credit applications, and contract proposals;

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

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

(B) in each of subparagraphs (B), (C), (D), (E), (F), (G), (M), (N), (O), (Q), and (R) by moving each margin two ems to the right;

(C) in subparagraph (C), by inserting ''and the Administration'' after ''Center'';

(D) by striking subparagraph (H), and inserting the following:

''(H) working with the technical and environmental compliance assistance programs established in each State under section 507 of the Clean Air Act Amendments of 1970, or State pollution prevention programs to notify small businesses through outreach programs of regulations that affect small businesses and making counseling, conferences, and materials available on methods of compliance;'';

(E) in subparagraph (Q), by striking ''and'' at the end;

(F) in subparagraph (R), by striking the period at the end and inserting ''; and''; and

(G) by inserting after subparagraph (R) the following:

''(S) providing counseling and technology development when necessary to help small businesses find solutions for complying with environmental, energy, health, safety, and other Federal, State, and local regulation including cooperating with the technical and environmental compliance assistance programs established in each State under section 507 of the Clean Air Act Amendments of 1970 or State pollution prevention programs in the provision of counseling and technology development to help small businesses find solutions for complying with environmental regulations.'';

(2) in paragraph (5)—

(A) by moving the margin 2 ems to the right;

(B) by striking ''paragraph (a)(1)'' and inserting ''subsection (a)(1)'';

(C) by striking ''which ever'' and inserting ''whichever''; and

(D) by striking ''last,,'' and inserting ''last,'';

(3) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(4) in paragraph (3), in the undesignated material following subparagraph (S) (as added by this subsection), by striking ''A small'' and inserting the following:

''(4) A small''.

(c) COMPETITIVE AWARDS.—Section 21(l) of the Small Business Act (15 U.S.C. 648(l)) is amended by adding at the end the following: ''If any contract under this section with an entity that is in compliance with this section is not renewed or extended, any award of a contract under this section to another entity shall be made on a competitive basis.''.

(d) PROHIBITION ON CERTAIN FEES.—Section 21 of the Small Business Act (15 U.S.C. 648) is amended by adding at the end the following:

''(m) PROHIBITION ON CERTAIN FEES.—A small business development center shall not impose or otherwise collect a fee or other compensation in connection with the provision of counseling services under this section.''.

SEC. 503. PILOT PREFERRED SURETY BOND GUARANTEE PROGRAM EXTENSION.

Section 207 of the Small Business Administration Reauthorization and Amendment Act of 1988 (15 U.S.C. 694b note) is amended by striking ''September 30, 1997'' and inserting ''September 30, 2000''.

SEC. 504. EXTENSION OF COSPONSORSHIP AUTHORITY.

Section 401(a)(2) of the Small Business Administration Reauthorization and Amendments Act of 1994 (15 U.S.C. 637 note) is amended by striking ''September 30, 1997'' and inserting ''September 30, 2000''.

SEC. 505. ASSET SALES.

In connection with the Administration's implementation of a program to sell to the private sector loans and other assets held by the Administration, the Administration shall provide to the Committees on Small Business in the Senate and House of Representatives a copy of the draft and final plans describing the sale and the anticipated benefits resulting from such sale.

SEC. 506. SMALL BUSINESS EXPORT PROMOTION.

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

(1) in subparagraph (Q), by striking ''and'' at the end;

(2) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(3) by inserting after subparagraph (R) the following:

''(S) providing small business owners with access to a wide variety of export-related information by establishing on-line computer linkages between small business development centers and an international trade data information network with ties to the Export Assistance Center program.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out section 21(c)(3)(S) of the Small Business Act (15 U.S.C. 648(c)(3)(S)), as added by this section, $1,500,000 for each fiscal years 1998 and 1999.

SEC. 507. DEFENSE LOAN AND TECHNICAL ASSISTANCE PROGRAM.

(a) DELTA PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Administrator of the Small Business Administration may administer the Defense Loan and Technical Assistance program in accordance with the authority and requirements of this section.

(2) EXPIRATION OF AUTHORITY.—The authority of the Administrator to carry out the DELTA program under paragraph (1) shall terminate when the funds referred to in subsection (g)(1) have been expended.

(3) DELTA PROGRAM DEFINED.—In this section, the terms ''Defense Loan and Technical Assistance program'' and ''DELTA program'' mean the Defense Loan and Technical Assistance program that has been established by a memorandum of understanding entered into by the Administrator and the Secretary of Defense on June 26, 1995.

(b) ASSISTANCE.—

(1) AUTHORITY.—Under the DELTA program, the Administrator may assist small business concerns that are economically dependent on defense expenditures to acquire dual-use capabilities.

(2) FORMS OF ASSISTANCE.—Forms of assistance authorized under paragraph (1) are as follows:

(A) LOAN GUARANTEES.—Loan guarantees under the terms and conditions specified under this section and other applicable law.

(B) NONFINANCIAL ASSISTANCE.—Other forms of assistance that are not financial.

(c) ADMINISTRATION OF PROGRAM.—In the administration of the DELTA program under this section, the Administrator shall—

(1) process applications for DELTA program loan guarantees;

(2) guarantee repayment of the resulting loans in accordance with this section; and

(3) take such other actions as are necessary to administer the program.

(d) SELECTION AND ELIGIBILITY REQUIREMENTS FOR DELTA LOAN GUARANTEES.—

(1) IN GENERAL.—The selection criteria and eligibility requirements set forth in this subsection shall be applied in the selection of small business concerns to receive loan guarantees under the DELTA program.

(2) SELECTION CRITERIA.—The criteria used for the selection of a small business concern to receive a loan guarantee under this section are as follows:

(A) The selection criteria established under the memorandum of understanding referred to in subsection (a)(3).

(B) The extent to which the loans to be guaranteed would support the retention of defense workers whose employment would otherwise be permanently or temporarily terminated as a result of reductions in expenditures by the United States for defense, the termination or cancellation of a defense contract, the failure to proceed with an approved major weapon system, the merger or consolidation of the operations of a defense contractor, or the closure or realignment of a military installation.

(C) The extent to which the loans to be guaranteed would stimulate job creation and new economic activities in communities most adversely affected by reductions in expenditures by the United States for defense, the termination or cancellation of a defense contract, the failure to proceed with an approved major weapon system, the merger or consolidation of the operations of a defense contractor, or the closure or realignment of a military installation.

(D) The extent to which the loans to be guaranteed would be used to acquire (or permit the use of other funds to acquire) capital equipment to modernize or expand the facilities of the borrower to enable the borrower to remain in the national technology and industrial base available to the Department of Defense.

(3) ELIGIBILITY REQUIREMENTS.—To be eligible for a loan guarantee under the DELTA program, a borrower must demonstrate to the satisfaction of the Administrator that, during any 1 of the 5 preceding operating years of the borrower, not less than 25 percent of the value of the borrower's sales were derived from—

(A) contracts with the Department of Defense or the defense-related activities of the Department of Energy; or

(B) subcontracts in support of defense-related prime contracts.

(e) MAXIMUM AMOUNT OF LOAN PRINCIPAL.—The maximum amount of loan principal for which the Administrator may provide a guarantee under this section during a fiscal year may not exceed $1,250,000.

(f) LOAN GUARANTY RATE.—The maximum allowable guarantee percentage for loans guaranteed under this section may not exceed 80 percent.

(g) FUNDING.—

(1) IN GENERAL.—The funds that have been made available for loan guarantees under the DELTA program and have been transferred from the Department of Defense to the Small Business Administration before the date of the enactment of this Act shall be used for carrying out the DELTA program under this section.

(2) CONTINUED AVAILABILITY OF EXISTING FUNDS.—The funds made available under the second proviso under the heading ''RESEARCH, DEVELOPMENT, TEST AND EVALUATION, DEFENSE-WIDE'' in Public Law 103–335 (108 Stat. 2613) shall be available until expended—

(A) to cover the costs (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5))) of loan guarantees issued under this section; and

(B) to cover the reasonable costs of the administration of the loan guarantees.

TITLE VI—HUBZONE PROGRAM

SEC. 601. SHORT TITLE.

This title may be cited as the ''HUBZone Act of 1997''.

SEC. 602. HISTORICALLY UNDERUTILIZED BUSINESS ZONES.

(a) DEFINITIONS.—Section 3 of the Small Business Act (15 U.S.C. 632) (as amended by section 412 of this Act) is amended by adding at the end the following:

''(p) DEFINITIONS RELATING TO HUBZONES.—In this Act:

''(1) HISTORICALLY UNDERUTILIZED BUSINESS ZONE.—The term 'historically underutilized business zone' means any area located within 1 or more—

''(A) qualified census tracts;

''(B) qualified nonmetropolitan counties; or

''(C) lands within the external boundaries of an Indian reservation.

''(2) HUBZONE.—The term 'HUBZone' means a historically underutilized business zone.

''(3) HUBZONE SMALL BUSINESS CONCERN.—The term 'HUBZone small business concern' means a small business concern—

''(A) that is owned and controlled by 1 or more persons, each of whom is a United States citizen; and

''(B) the principal office of which is located in a HUBZone; or

''(4) QUALIFIED AREAS.—

''(A) QUALIFIED CENSUS TRACT.—The term 'qualified census tract' has the meaning given that term in section 42(d)(5)(C)(i)(I) of the Internal Revenue Code of 1986.

''(B) QUALIFIED NONMETROPOLITAN COUNTY.—The term 'qualified nonmetropolitan county' means any county—

''(i) that, based on the most recent data available from the Bureau of the Census of the Department of Commerce—

''(I) is not located in a metropolitan statistical area (as that term is defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986); and

''(II) in which the median household income is less than 80 percent of the nonmetropolitan State median household income; or

''(ii) that, based on the most recent data available from the Secretary of Labor, has an unemployment rate that is not less than 140 percent of the statewide average unemployment rate for the State in which the county is located.

''(5) QUALIFIED HUBZONE SMALL BUSINESS CONCERN.—

''(A) IN GENERAL.—A HUBZone small business concern is 'qualified', if—

''(i) the small business concern has certified in writing to the Administrator (or the Administrator otherwise determines, based on information submitted to the Administrator by the small business concern, or based on certification procedures, which shall be established by the Administration by regulation) that—

''(I) it is a HUBZone small business concern;

''(II) not less than 35 percent of the employees of the small business concern reside in a HUBZone, and the small business concern will attempt to maintain this employment percentage during the performance of any contract awarded to the small business concern on the basis of a preference provided under section 31(b); and

''(III) with respect to any subcontract entered into by the small business concern pursuant to a contract awarded to the small business concern under section 31, the small business concern will ensure that—

''(aa) in the case of a contract for services (except construction), not less than 50 percent of the cost of contract performance incurred for personnel will be expended for its employees or for employees of other HUBZone small business concerns; and

''(bb) in the case of a contract for procurement of supplies (other than procurement from a regular dealer in such supplies), not less than 50 percent of the cost of manufacturing the supplies (not including the cost of materials) will be incurred in connection with the performance of the contract in a HUBZone by 1 or more HUBZone small business concerns; and

''(ii) no certification made or information provided by the small business concern under clause (i) has been, in accordance with the procedures established under section 31(c)(1)—

''(I) successfully challenged by an interested party; or

''(II) otherwise determined by the Administrator to be materially false.

''(B) CHANGE IN PERCENTAGES.—The Administrator may utilize a percentage other than the percentage specified in under subclause (IV) or (V) of subparagraph (A)(i), if the Administrator determines that such action is necessary to reflect conventional industry practices among small business concerns that are below the numerical size standard for businesses in that industry category.

''(C) CONSTRUCTION AND OTHER CONTRACTS.—The Administrator shall promulgate final regulations imposing requirements that are similar to those specified in subclauses (IV) and (V) of subparagraph (A)(i) on contracts for general and specialty construction, and on contracts for any other industry category that would not otherwise be subject to those requirements. The percentage applicable to any such requirement shall be determined in accordance with subparagraph (B).

''(D) LIST OF QUALIFIED SMALL BUSINESS CONCERNS.—The Administrator shall establish and maintain a list of qualified HUBZone small business concerns, which list shall, to the extent practicable—

''(i) include the name, address, and type of business with respect to each such small business concern;

''(ii) be updated by the Administrator not less than annually; and

''(iii) be provided upon request to any Federal agency or other entity.''.

(b) FEDERAL CONTRACTING.—

(1) IN GENERAL.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(A) by redesignating section 31 as section 32; and

(B) by inserting after section 30 the following:

''SEC. 31. HUBZONE PROGRAM.

''(a) IN GENERAL.—There is established within the Administration a program to be carried out by the Administrator to provide for Federal contracting assistance to qualified HUBZone small business concerns in accordance with this section.

''(b) ELIGIBLE CONTRACTS.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'contracting officer' has the meaning given that term in section 27(f)(5) of the Office of Federal Procurement Policy Act (41 U.S.C. 423(f)(5)); and

''(B) the terms 'executive agency' and 'full and open competition' have the meanings given such terms in section 4 of the Office of Federal Procurement Policy Act (41 U.S.C. 403).

''(2) REQUIREMENTS.—Subject to paragraph (3), a contract opportunity offered for award pursuant to this section shall be awarded on the basis of competition restricted to qualified HUBZone small business concerns, if there is a reasonable expectation that not less than 2 qualified HUBZone small business concerns will submit offers and that award can be made at a fair market price.

''(3) ALTERNATE AUTHORITY.—Notwithstanding any other provision of law, a contracting officer may award sole source contracts under this section to any qualified HUBZone small business concern, if—

''(A) the qualified HUBZone small business concern is determined to be a responsible contractor with respect to performance of such contract opportunity;

''(B) the anticipated award price of the contract (including options) will not exceed—

''(i) $5,000,000, in the case of a contract opportunity assigned a standard industrial classification code for manufacturing; or

''(ii) $3,000,000, in the case of all other contract opportunities; and

''(C) in the estimation of the contracting officer, the contract award can be made at a fair and reasonable price.

''(4) PRICE EVALUATION PREFERENCE IN FULL AND OPEN COMPETITIONS.—In any case in which a contract is to be awarded on the basis of full and open competition, the price offered by a small business concern shall be deemed as being lower than the price offered by another offeror (other than another small business concern), if the price offered by the qualified HUBZone small business concern is not more than 10 percent higher than the price offered by the otherwise lowest, responsive, and responsible offeror.

''(5) RELATIONSHIP TO OTHER CONTRACTING PREFERENCES.—

''(A) SUBORDINATE RELATIONSHIP.—A procurement may not be made from a source on the basis of a preference provided in paragraph (2), (3), or (4), if the procurement would otherwise be made from a different source under section 4124 or 4125 of title 18, United States Code, or the Javits-Wagner-O'Day Act.

''(B) PARITY RELATIONSHIP.—The provisions of paragraphs (2), (3), and (4) shall not limit the discretion of a contracting officer to let any procurement contract to the Administration under section 8(a). Notwithstanding section 8(a), the Administration may not appeal an adverse decision of any contracting officer declining to let a procurement contract to the Administration, if the procurement is made to a qualified HUBZone small business concern on the basis of a preference under paragraph (2), (3), or (4).

''(c) ENFORCEMENT; PENALTIES.—

''(1) VERIFICATION OF ELIGIBILITY.—In carrying out this section, the Administrator shall establish procedures relating to—

''(A) the filing, investigation, and disposition by the Administration of any challenge to the eligibility of a small business concern to receive assistance under this section (including a challenge, filed by an interested party, relating to the veracity of a certification made or information provided to the Administration by a small business concern under section 3(p)(5)); and

''(B) verification by the Administrator of the accuracy of any certification made or information provided to the Administration by a small business concern under section 3(p)(5).

''(2) EXAMINATIONS.—The procedures established under paragraph (1) may provide for program examinations (including random program examinations) by the Administrator of any small business concern making a certification or providing information to the Administrator under section 3(p)(5).

''(3) PROVISION OF DATA.—Upon the request of the Administrator, the Secretary of Labor, the Secretary of Housing and Urban Development, and the Secretary of the Interior (or the Assistant Secretary for Indian Affairs), shall promptly provide to the Administrator such information as the Administrator determines to be necessary to carry out this subsection.

''(4) PENALTIES.—In addition to the penalties described in section 16(d), any small business concern that is determined by the Administrator to have misrepresented the status of that concern as a 'HUBZone small business concern' for purposes of this section, shall be subject to—

''(A) section 1001 of title 18, United States Code; and

''(B) sections 3729 through 3733 of title 31, United States Code.''.

(2) INITIAL LIMITED APPLICABILITY.—During the period beginning on the date of enactment of this Act and ending on September 30, 2000, section 31 of the Small Business Act (as added by paragraph (1) of this subsection) shall apply only to procurements by—

(A) the Department of Defense;

(B) the Department of Agriculture;

(C) the Department of Health and Human Services;

(D) the Department of Transportation;

(E) the Department of Energy;

(F) the Department of Housing and Urban Development;

(G) the Environmental Protection Agency;

(H) the National Aeronautics and Space Administration;

(I) the General Services Administration; and

(J) the Department of Veterans Affairs.

SEC. 603. TECHNICAL AND CONFORMING AMENDMENTS TO THE SMALL BUSINESS ACT.

(a) PERFORMANCE OF CONTRACTS.—Section 8(d) of the Small Business Act (15 U.S.C. 637(d)) is amended—

(1) in paragraph (1)—

(A) in the first sentence, by striking '',, small business concerns owned and controlled by socially and economically disadvantaged individuals'' and inserting '', qualified HUBZone small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals''; and

(B) in the second sentence, by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,'';

(2) in paragraph (3)—

(A) by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,'' each place that term appears; and

(B) by adding at the end the following:

''(F) In this contract, the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act.'';

(3) in paragraph (4)(E), by striking ''small business concerns and'' and inserting ''small business concerns, qualified HUBZone small business concerns, and'';

(4) in paragraph (6), by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,'' each place that term appears; and

(5) in paragraph (10), by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,''.

(b) AWARDS OF CONTRACTS.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended—

(1) in subsection (g)(1)—

(A) by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,'' each place that term appears;

(B) in the second sentence, by striking ''20 percent'' and inserting ''23 percent''; and

(C) by inserting after the second sentence the following: ''The Governmentwide goal for participation by qualified HUBZone small business concerns shall be established at not less than 1 percent of the total value of all prime contract awards for fiscal year 1999, not less than 1.5 percent of the total value of all prime contract awards for fiscal year 2000, not less than 2 percent of the total value of all prime contract awards for fiscal year 2001, not less than 2.5 percent of the total value of all prime contract awards for fiscal year 2002, and not less than 3 percent of the total value of all prime contract awards for fiscal year 2003 and each fiscal year thereafter.'';

(2) in subsection (g)(2)—

(A) in the first sentence, by striking '',, by small business concerns owned and controlled by socially and economically disadvantaged individuals'' and inserting '', by qualified HUBZone small business concerns, by small business concerns owned and controlled by socially and economically disadvantaged individuals'';

(B) in the second sentence, by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,''; and

(C) in the fourth sentence, by striking ''by small business concerns owned and controlled by socially and economically disadvantaged individuals and participation by small business concerns owned and controlled by women'' and inserting ''by qualified HUBZone small business concerns, by small business concerns owned and controlled by socially and economically disadvantaged individuals, and by small business concerns owned and controlled by women''; and

(3) in subsection (h), by inserting ''qualified HUBZone small business concerns,'' after ''small business concerns,'' each place that term appears.

(c) OFFENSES AND PENALTIES.—Section 16 of the Small Business Act (15 U.S.C. 645) is amended—

(1) in subsection (d)(1)—

(A) by inserting '', a 'qualified HUBZone small business concern','' after '''small business concern',''; and

(B) in subparagraph (A), by striking ''section 9 or 15'' and inserting ''section 9, 15, or 31''; and

(2) in subsection (e), by inserting '', a 'HUBZone small business concern','' after '''small business concern',''.

SEC. 604. OTHER TECHNICAL AND CONFORMING AMENDMENTS.

(a) TITLE 10, UNITED STATES CODE.—Section 2323 of title 10, United States Code, is amended—

(1) in subsection (a)(1)(A), by inserting before the semicolon the following: '', and qualified HUBZone small business concerns (as that term is defined in section 3(p) of the Small Business Act)''; and

(2) in subsection (f)(1), by inserting ''or as a qualified HUBZone small business concern (as that term is defined in section 3(p) of the Small Business Act)'' after ''(as described in subsection (a))''.

(b) FEDERAL HOME LOAN BANK ACT.—Section 21A(b)(13) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(b)(13)) is amended—

(1) by striking ''concerns and small'' and inserting ''concerns, small''; and

(2) by inserting '', and qualified HUBZone small business concerns (as that term is defined in section 3(p) of the Small Business Act)'' after ''disadvantaged individuals''.

(c) SMALL BUSINESS ECONOMIC POLICY ACT OF 1980.—Section 303(e) of the Small Business Economic Policy Act of 1980 (15 U.S.C. 631b(e)) is amended—

(1) in paragraph (1), by striking ''and'' at the end;

(2) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(3) qualified HUBZone small business concern (as that term is defined in section 3(p) of the Small Business Act).''.

(d) SMALL BUSINESS INVESTMENT ACT OF 1958.—Section 411(c)(3)(B) of the Small Business Investment Act of 1958 (15 U.S.C. 694b(c)(3)(B)) is amended by inserting before

the semicolon the following: ''; or to a qualified HUBZone small business concern, as that term is defined in section 3(p) of the Small Business Act''.

(e) TITLE 31, UNITED STATES CODE.—

(1) CONTRACTS FOR COLLECTION SERVICES.—Section 3718(b) of title 31, United States Code, is amended—

(A) in paragraph (1)(B), by inserting ''and law firms that are qualified HUBZone small business concerns (as that term is defined in section 3(p) of the Small Business Act)'' after ''disadvantaged individuals''; and

(B) in paragraph (3)—

(i) in the first sentence, by inserting before the period ''and law firms that are qualified HUBZone small business concerns'';

(ii) in subparagraph (A), by striking ''and'' at the end;

(iii) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(C) the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act.''.

(2) PAYMENTS TO LOCAL GOVERNMENTS.—Section 6701(f) of title 31, United States Code, is amended—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''and'' at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(C) qualified HUBZone small business concerns.''; and

(B) in paragraph (3)—

(i) in subparagraph (A), by striking ''and'' at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(C) the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).''.

(3) REGULATIONS.—Section 7505(c) of title 31, United States Code, is amended by striking ''small business concerns and'' and inserting ''small business concerns, qualified HUBZone small business concerns, and''.

(f) OFFICE OF FEDERAL PROCUREMENT POLICY ACT.—

(1) ENUMERATION OF INCLUDED FUNCTIONS.—Section 6(d) of the Office of Federal Procurement Policy Act (41 U.S.C. 405(d)) is amended—

(A) in paragraph (11), by inserting ''qualified HUBZone small business concerns (as that term is defined in section 3(p) of the Small Business Act),'' after ''small businesses,''; and

(B) in paragraph (12), by inserting ''qualified HUBZone small business concerns (as that term is defined in section 3(p) of the Small Business Act (15 U.S.C. 632(o)),'' after ''small businesses,''.

(2) PROCUREMENT DATA.—Section 502 of the Women's Business Ownership Act of 1988 (41 U.S.C. 417a) is amended—

(A) in subsection (a)—

(i) in the first sentence, by inserting ''the number of qualified HUBZone small business concerns,'' after ''Procurement Policy''; and

(ii) by inserting a comma after ''women''; and

(B) in subsection (b), by inserting after ''section 204 of this Act'' the following: '', and the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).''.

(g) ENERGY POLICY ACT OF 1992.—Section 3021 of the Energy Policy Act of 1992 (42 U.S.C. 13556) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''or'';

(B) in paragraph (3), by striking the period and inserting ''; or''; and

(C) by adding at the end the following:

''(4) qualified HUBZone small business concerns.''; and

(2) in subsection (b), by adding at the end the following:

''(3) The term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).''.

(h) TITLE 49, UNITED STATES CODE.—

(1) PROJECT GRANT APPLICATION APPROVAL CONDITIONED ON ASSURANCES ABOUT AIRPORT OPERATION.—Section 47107(e) of title 49, United States Code, is amended—

(A) in paragraph (1), by inserting before the period ''or qualified HUBZone small business concerns (as that term is defined in section 3(p) of the Small Business Act)'';

(B) in paragraph (4)(B), by inserting before the period ''or as a qualified HUBZone small business concern (as that term is defined in section 3(p) of the Small Business Act)''; and

(C) in paragraph (6), by inserting ''or a qualified HUBZone small business concern (as that term is defined in section 3(p) of the Small Business Act)'' after ''disadvantaged individual''.

(2) MINORITY AND DISADVANTAGED BUSINESS PARTICIPATION.—Section 47113 of title 49, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking the period at the end and inserting a semicolon;

(ii) in paragraph (2), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(3) the term 'qualified HUBZone small business concern' has the meaning given that term in section 3(p) of the Small Business Act (15 U.S.C. 632(o)).''; and

(B) in subsection (b), by inserting before the period ''or qualified HUBZone small business concerns''.

SEC. 605. REGULATIONS.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall publish in the Federal Register such final regulations as may be necessary to carry out this title and the amendments made by this title.

(b) FEDERAL ACQUISITION REGULATION.—Not later than 180 days after the date on which final regulations are published under subsection (a), the Federal Acquisition Regulatory Council shall amend the Federal Acquisition Regulation in order to ensure consistency between the Federal Acquisition Regulation, this title and the amendments made by this title, and the final regulations published under subsection (a).

SEC. 606. REPORT.

Not later than March 1, 2000, the Administrator of the Small Business Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report on the implementation of the HUBZone program established under section 31 of the Small Business Act (as amended by this title) and the degree to which the HUBZone program has resulted in increased employment opportunities and an increased level of investment in HUBZones (as that term is defined in section 3(p) of the Small Business Act, as added by this title).

SEC. 607. AUTHORIZATION OF APPROPRIATIONS.

Section 20 of the Small Business Act (15 U.S.C. 631 note) (as amended by section 101 of this Act) is amended—

(1) in subsection (c), by adding at the end the following:

''(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, $5,000,000 for fiscal year 1998.''; and

(2) in subsection (d), by adding at the end the following:

''(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, $5,000,000 for fiscal year 1999.''; and

(3) in subsection (e), by adding at the end the following:

''(3) HUBZONE PROGRAM.—There are authorized to be appropriated to the Administration to carry out the program under section 31, $5,000,000 for fiscal year 2000.''.

Mr. BOND. I thank the Chair, and I express my gratitude to the distinguished Senator from Washington. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

Mr. GORTON. Mr. President, what is the order of business?

The PRESIDING OFFICER. The agreement was reached with respect to amendment No. 1122.

Mr. GORTON. Mr. President, that agreement was in error. It was a mistake on the part of Senator SPECTER. I ask unanimous consent that the agreement be switched to amendment 1076.

The PRESIDING OFFICER. Is there objection?

Mr. GORTON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SANTORUM). Without objection, it is so ordered.

Mr. GORTON. Mr. President, I withdraw my previous request for unanimous consent, and I now ask unanimous consent that the debate limitation with respect to amendment No. 1122 be vitiated, and that there now be 60 minutes for debate prior to a motion to table amendment No. 1076. I further ask unanimous consent that following the expiration or yielding back of time, the amendment be temporarily laid aside, the Senate then proceed to vote on the McCain motion to waive with respect to amendment No. 1091, to be immediately followed by a vote on a motion to table the Gorton amendment No. 1076.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORTON. Speaking on behalf of the majority leader, I now give notice