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SENATE

{ REPORT
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NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT ACT

AUGUST 1, 2002.—Ordered to be printed

Mr. KERRY, from the Committee on Small Business and
Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 2335]

[Including cost estimate of the Congressional Budget Office]

The Committee on Small Business and Entrepreneurship, to which was referred the bill (S. 2335) to establish the Office of Native American Affairs within the Small Business Administration, to create the Native American Small Business Development Program, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

On July 24, 2002, the Committee on Small Business and Entrepreneurship considered S. 2335, the “Native American Small Business Development Act.” The Committee adopted by unanimous voice vote an amendment offered by the Chairman, Senator John F. Kerry, and the Ranking Republican, Senator Christopher S. Bond. As amended, S. 2335 would statutorily create an office housed in the U.S. Small Business Administration (SBA) called the Office of Native American Affairs and establish two grant assistance programs to provide resources to Native Americans, one of which is a pilot program designed to explore competing types of assistance to aid Native American communities. Having considered S. 2335, as amended, the Committee reports favorably thereon without further amendment and recommends that the bill do pass.

I. INTRODUCTION

The United States has a unique historical and legal relationship with the American Indian tribes, which serves as the basis for the Federal government’s responsibility and obligations. This government-to-government relationship is a well-established principle of

Federal Indian law that is reflected in the U.S. Constitution and expressed in treaties, executive agreements and orders, statutes, the course of dealings, and hundreds of Federal court decisions. There are also moral components to the relationship, which has been described as a “mutuality of obligations” between the parties. The relationship is most easily understood by reference to the cession of millions of acres of land by tribes to the United States in return for peace, protection of tribal sovereignty, and the provision of programs and services by the United States.

There are currently 561 Federally recognized tribes in the United States, with some 40 percent of tribes located in the state of Alaska. The 2000 Census data indicate there are 2.5 million American Indians and Alaska Natives (AI/AN) in the United States, with over 57 percent living in urban areas, and the remainder residing on Indian reservations or in rural areas, sometimes hundreds of miles from the nearest urban area. In addition, approximately 4.1 million Census respondents identified themselves in the AI/AN category or ancestry who also claimed other ethnicity or ancestry. Many of these individuals would be eligible for Federal services under S. 2335, the “Native American Small Business Development Act.”

Given the near-complete absence of private-sector enterprises in reservation communities, nearly one in three American Indians and Alaska Natives, or 31.2 percent, live in poverty. In the U.S. today, the unemployment rate is 5.9 percent, whereas in Native communities the unemployment rate hovers near 50 percent—nearly twice that of the national unemployment rate in the Great Depression of the 1930s. Earning capacity figures also lag behind that of other Americans: for every \$100 earned by the average American family, an American Indian family earns \$62. Similarly, the average annual per capita income for American Indians is \$8,284.

Native Hawaiians face a similar set of economic circumstances and their communities would benefit from the targeted resources of S. 2335. For example, according to the 2000 edition of the Native Hawaiian Data Book, published by the Office of Hawaiian Affairs of the state of Hawaii, over 19 percent of Native Hawaiians in Hawaii are below the poverty level and over 45 percent of Native Hawaiians in Hawaii receive food stamps.

Since 1910, the Congress has enacted over 160 statutes to address the conditions of Native Hawaiians, based upon their status as Native Americans. Like their American Indian and Alaska Native counterparts, Native Hawaiian communities experience high rates of unemployment, the highest rates of inadequate and overcrowded housing in the United States, and some of the highest rates of mortality from diabetes, hypertension and certain forms of cancer. In an effort to address the economic conditions that plague Native Hawaiian communities, Native Hawaiian small businesses have entered into partnerships with Native Hawaiian nonprofit organizations, so that business revenues can be used to address the needs of the broader Native Hawaiian population.

Regardless of where Native Americans reside, however, they continue to rank at or near the bottom of nearly every social, health, and economic indicator, as compared to all other groups of American citizens. They continue to suffer the highest rates of unemployment and poverty, live in substandard housing, have poor

health, receive an inadequate education, and contend with disintegrating social systems, all of which erode both the quality and dignity of life in Native communities and serve as indicators that the United States is not doing all it can to meet its responsibilities and promises.

It is the Committee's belief that providing increased resources to Native American communities for small business creation and growth is essential to assisting Native American communities in their efforts to overcome the systemic problems that have led to limited opportunities and high unemployment.

The Small Business Administration currently has an Office of Native American Affairs (ONAA), whose stated mission is to ensure that American Indians, Alaska Natives and Native Hawaiians seeking to create, develop and expand small businesses have full access to the necessary business development and expansion tools available through the SBA's entrepreneurial development, lending and procurement programs. The ONAA has only one project designed to provide assistance to Native American communities, the Tribal Business Information Centers (TBICs). As of March 2002, the SBA has ceased funding for this useful activity, despite bipartisan support in the United States Senate. At its peak, the TBIC activity operated 18 centers in seven states. SBA provided \$32,000 to each center annually after the initial start-up funding provided by the Bureau of Indian Affairs at the Department of Interior.

Although TBICs used limited SBA resources to provide desperately needed, culturally tailored business development assistance to Native American communities, their small number and inadequate funding level has prevented them from being a solution to the small business development needs of many Native American communities. Further, TBICs did not operate in Native Hawaiian or Native Alaskan communities. The Committee believes that TBICs have had the greatest impact when the services they provide were combined with a broader range of small business services, such as those currently provided by the SBA in non-Native American communities, so as to reach a wider spectrum of small businesses in Native American communities.

On February 4, 2002, the Bush Administration sent the Fiscal Year 2003 budget request to Congress. Within the budget submission for the SBA, the President requested \$1 million for an unspecified grant program, designated "Native American Outreach" to provide resources "directly to tribes to assist in economic development and job creation." Increased resources are needed to alleviate the dire conditions in Native America and address the basic human needs of American Indians, Alaska Natives and Native Hawaiians. While the Committee is in favor of providing increased resources to Native American communities, it is concerned about the SBA's desire to abandon the current TBIC program, which has the support of the Native American communities they serve, for an unspecified block grant program.

The Senate Committee believes that the SBA would better serve Native American communities through the expansion of the existing TBIC activity, as envisioned by S. 2335, the "Native American Small Business Development Act," and the expansion of other small business development programs in Native American communities that are capable of providing culturally tailored business de-

velopment assistance and that authorize increased, targeted resources as envisioned by both S. 2335 and H.R. 2538, the “Native American Small Business Development Act.”

II. LEGISLATIVE HISTORY

H.R. 2538, the “Native American Small Business Development Act”

On July 17, 2001, Congressman Tom Udall of New Mexico introduced H.R. 2538, the “Native American Small Business Development Act.” This legislation authorizes a three-year pilot program at \$7 million per year, for state Small Business Development Centers (SBDCs) to receive grant assistance from the SBA, up to a maximum of \$300,000, to assist with outreach, development, and enhancement of small business startups and expansions that are owned by Indian tribe members, Alaska Natives, or Native Hawaiians and that are located in Alaska or Hawaii, or on Indian lands in the 48 contiguous states.

On Thursday, July 19, 2001, the Subcommittee on Workforce, Empowerment and Government Programs of the Committee on Small Business held a hearing to hear testimony with regard to H.R. 2538 and other legislation. According to the House Report accompanying H.R. 2538 (H. Rpt. 107–211), the hearing “showed that some SBDCs were already providing, on a limited basis, the services which are the subject of the three bills. The hearing evidenced a need for expansion of the services to other locations.”

On August 1, 2001, the House Committee on Small Business considered H.R. 2538 and passed the legislation without amendment. On December 5, 2001, the House of Representatives passed, by voice vote, H.R. 2538, without amendment.

The Senate Committee believes that providing additional resources to SBDCs for culturally tailored business development assistance in Native American communities is an important step in helping to develop these communities. However, the Senate Committee also believes that such a step should coincide with an increase in the TBIC activity and the statutory creation of a program at the SBA to promote small business development in Native American communities.

S. 2335, the “Native American Small Business Development Act”

On April 25, 2002, Senator Tim Johnson of South Dakota introduced S. 2335, the “Native American Small Business Development Act.” Senators John F. Kerry, Maria Cantwell, Paul D. Wellstone, Thomas A. Daschle, Max Baucus, Daniel K. Inouye, Jeff Bingaman, Debbie Stabenow, Hillary Rodham Clinton, Gordon Smith and Daniel K. Akaka are cosponsors of the legislation. The purpose of S. 2335 was to create, by statute, an office housed in the SBA called the Office of Native American Affairs (ONAA), create a Native American Development Program and establish three assistance programs to provide resources to Native Americans, two of which are pilot programs.

On April 30, 2002, the Committee held a joint hearing with the U.S. Senate Committee on Indian Affairs titled “Small Business Development in Native American Communities: Is the Federal Government Meeting its Obligations?” During the hearing, the Committees heard testimony regarding SBA’s proposed block grant

program, S. 2335 and general Native American development issues surrounding small business growth and creation. Congressman Tom Udall, the sponsor of H.R. 2538 and Senator Tim Johnson testified on the first panel, both in support of S. 2335. The second panel consisted of Ms. Kaaren Johnson Street, the Associate Deputy Administrator for Entrepreneurial Development at the SBA. Ms. Johnson Street represented the SBA and provided testimony on the block grant proposal, stating that the SBA had no position on the legislation before the Committee (S. 2335). The third panel to provide testimony consisted of Native American activists, program providers and Tribal leaders. All participants on the third panel expressed support for S. 2335 and stated it would be of substantial benefit to Native American communities.

During consideration of S. 2335, on July 24, 2002, the Committee adopted an amendment proposed by Senators Kerry and Bond, which made changes to the Native American Development Grant Pilot Program, eliminated the American Indian Tribal Assistance Center Grant Program, and clarified provisions of the legislation.

Changes to the Native American Development Grant pilot program stemmed from testimony presented to the Committee and subsequent discussions with the Association of Small Business Development Centers. The elimination of the American Indian Tribal Assistance Center grant program was a compromise agreement worked out between the Committee managers to address unease regarding the \$7 million cost of the legislation and the concern that multiple programs might result in inadequate funding levels. Concerns that the SBA should focus on strengthening its existing TBIC activity were also strongly expressed. Clarifying changes were made as needed after consultation with program beneficiaries, and the Senate and House sponsors of the legislation.

III. ANALYSIS OF S. 2335, THE "NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT ACT," AS AMENDED

Purpose

The purpose of the Native American Small Business Development Act, as amended, is to create by statute an office housed in the U.S. Small Business Administration (SBA) called the Office of Native American Affairs (ONAA). The legislation also establishes two assistance programs to provide aid to Native Americans, one of which is a pilot program.

The original legislation called for the establishment of a third assistance program, the American Indian Tribal Assistance Center Grant Pilot Program. The amendment adopted in Committee eliminated this proposed pilot program.

Role of the Office of Native American Affairs

The ONAA, to be headed by an Assistant Administrator, will be responsible for assisting Native Americans and Native American communities to start, operate, and grow small business concerns; develop management and technical skills; seek Federal procurement opportunities; increase employment opportunities through the start and expansion of small business concerns; and increase their access to capital markets.

Responsibilities of the Assistant Administrator

The Assistant Administrator for the ONAA shall be responsible for administering the Native American Development Program; recommending budget levels and establishing funding levels for the programs under its jurisdiction; and maintaining lines of communication between Native American business centers (NABCs). The Assistant Administrator (AA) is statutorily required to consult with Tribal Colleges and Tribal Governments, NABCs, Alaska Native Corporations (ANC), and Native Hawaiian Organizations (NHO) when carrying out responsibilities under this legislation. Under the Native American Small Business Development Act, the AA must have knowledge of Native American cultures and experience providing culturally tailored small business development assistance to Native Americans.

The requirement that the AA also consult with the NABCs established under the legislation was added in the amendment adopted by the Committee.

Native American Small Business Development Program

The Native American Small Business Development program under S. 2335 is designed to be the SBA's primary program for providing business development assistance to Native American communities. To provide this assistance, the SBA will offer financial and resource assistance to establish and keep NABCs in operation. Financial assistance under the Native American Development program would be available through competitive grant awards to Tribal Governments and Tribal Colleges, ANCs and NHOs. Resource assistance would also be available to NABCs located on or near Tribal lands.

Financial assistance includes grants (without a matching requirement), contracts, or cooperative agreements. ANCs and NHOs may only receive grant assistance.

Resource assistance includes personal computers, CD-ROM technology and interactive videos, graphic work stations, computer software, distance learning business-related training courses, and reference materials.

Use of Funds

The funds available under the legislation are to be used to address the unique conditions faced by reservation-based American Indians, as well as Native Hawaiians and Alaska Natives, in their efforts to create, develop, and expand small business concerns.

Each NABC that receives financial or resource assistance shall establish a five-year project. The five-year projects will offer development assistance to provide:

Financial education assistance, including training and counseling in applying for and securing business credit and investment capital; preparing and presenting financial statements; and managing cash flow and other financial operations of a business concern;

Management education assistance, including training and counseling in planning, organizing, staffing, directing, and controlling each major activity and function of a small business concern; and

Marketing education 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.

Application Process

Eligible entities desiring assistance under this program must submit five-year project proposals to the SBA, which is responsible for determining eligibility criteria within the following guidelines:

The experience of the applicant in conducting programs or ongoing efforts designed to impart or upgrade the business skills of current or potential owners of Native American small business concerns;

The ability of the applicant to commence a project within a minimum amount of time and the ability of the applicant to provide training and services to a representative number of Native Americans;

The proposed location for the NABC, with a priority given for geographic dispersion and location near populations targeted by the legislation; and

Previous assistance from the SBA to provide services in Native American communities.

It is the Committee's intention that in establishing the predetermined selection criteria for the NABC grant application process, the SBA should provide the highest priority to current and former participants in the TBIC activity. The SBA should then look to creating the widest possible geographic dispersion of NABCs to ensure Native American communities throughout the country have access to NABC services.

Program Monitoring and Evaluation

Each recipient of assistance under the NABC program shall annually provide the SBA with a cost breakdown of all expenditures from the previous year.

The SBA is required to review these financial reports and analyze the results of each examination to determine the programmatic and financial viability of each NABC. The Committee expects this analysis to be completed promptly.

Grant renewals are available at the completion of a five-year project. The SBA may deny a renewal if the NABC has failed to provide any significant, required information or if the information provided by the NABC is inadequate or incomplete, preventing an adequate analysis of the performance of the NABC.

Contract and cooperative agreement renewals are on a yearly basis, provided funding is available. A contract or cooperative agreement may not be terminated or denied renewal without a written statement of explanation from the SBA.

SBA Reporting Requirement

The SBA, with respect to each NABC receiving financial assistance, must report annually to Congress: the number of individuals receiving assistance from the NABC; the number of startup business concerns formed; the gross receipts of assisted concerns; the

employment increases or decreases of assisted Native American small business concerns; to the maximum extent practicable, increases or decreases in profits of assisted Native American small business concerns; and the most recent financial examination.

The Committee believes that the SBA should develop appropriate standards, conforming to the Government Performance and Results Act of 1993, for the required report.

Native American Business Center Reporting Requirement

Each NABC receiving assistance from the Federal government under this program shall annually provide the SBA a report on the services provided with such financial assistance, including the number of individuals assisted, categorized by ethnicity; the number of hours spent providing counseling and training for those individuals; the number of startup small business concerns formed, maintained, and lost; the gross receipts of assisted small business concerns; the number of jobs created, maintained, or lost at assisted small business concerns; and the number of Native American jobs created, maintained, or lost at assisted small business concerns.

Authorization

The program is authorized at \$4 million per year.

The amendment adopted in Committee transferred \$1 million of the original \$5 million authorization to the Native American Development Grant Pilot Program to accommodate changes made by the amendment.

Native American Development Grant Pilot Program

This pilot program establishes a Native American development grant, which is designed to provide culturally tailored business development training and other services to Native Americans and small businesses owned by Native Americans. The program is authorized as a 4-year pilot program. Grants awarded under this program are for a period of two to four years.

Eligible Participants

The Native American development grant is open to two types of organizations: (1) any Small Business Development Center (SBDC); or (2) any private nonprofit organization that (a) is permitted by the tribal government to provide technical assistance to small business concerns within the jurisdiction of the tribe, (b) is an NHO, or (c) is an ANC.

A provision in the legislation requires that the same number of grants be issued to each type of eligible organization and that disbursements occur to each type of organization in pairs, so that each type of organization can be evaluated against the other on a level playing field.

The amendment adopted by the Committee changed the description of an eligible nonprofit by striking “has tribal government members, or their designees, comprising a majority of its board of directors,” and replacing it with the phrase “is permitted by the tribal government to provide technical assistance to small business concerns within the jurisdiction of the tribe.” The Committee amendment made this change in response to hearing testimony

raising concerns about the volatility in the leadership composition of some Tribal Governments, which may make it difficult for some nonprofit entities to maintain Tribal Government members or their designees on their boards.

This change is also intended to allow for a broader application pool for the Native American development grant. The Committee intends “permitted” to mean operating with the knowledge of the Tribal Government and should not be interpreted to mean formal written authority.

The Committee amendment also set forth the requirement for an equal number of grants for eligible types of organizations as a response to concerns that the pilot program, as put forth in the underlying legislation, did not establish a true test between SBDC services and nonprofit services in Native American communities.

Application Criteria

Applicants must employ a full-time executive director or program manager to manage the facility; agree to a site visit as part of the final selection process and to an annual programmatic and financial examination; and remedy, to the maximum extent practicable, any problems identified pursuant to that site visit or examination. Applicants must also provide:

Information demonstrating that the applicant has the ability and resources to meet the needs, including cultural needs, of the Native Americans to be served by the grant;

Information relating to proposed assistance that the grant will provide, including the number of individuals to be assisted, the number of hours of counseling, training, and workshops to be provided;

Information demonstrating the effective experience of the applicant in conducting financial, management, and marketing assistance programs designed to impart or upgrade the business skills of current or prospective Native American business owners; provide training and services to a representative number of Native Americans located on or off Tribal Lands; using resource partners of the SBA and other entities, including universities, Tribal Governments, or Tribal Colleges; and the prudent management of finances and staffing;

The proposed location where Native Americans will receive the culturally tailored business development training and other services to be provided by the applicant; and

A multi-year plan, corresponding to the length of the grant, that describes the number of Native Americans and Native American small business concerns to be served by the grant; and the training and services to be provided to a representative number of Native Americans.

The amendment adopted in Committee added the phrase “on or near Tribal lands” to the multi-year plan as it pertains to proposed services in the contiguous United States. It is the Committee’s intention that services provided in the contiguous United States under this pilot be focused on or near the reservation, where poverty rates are at their worst and economic opportunities are severely limited.

Application Review and Approval

The SBA will review each eligible applicant's submission and approve or disapprove of the application within 60 days of submission.

The amendment adopted in Committee establishes a provisional approval process so that the SBA can meet the requirements of the 60-day application review in the event that one type of applicant must wait for the approval of the other under the pairing requirement.

Reporting Requirements

Each recipient of a Native American development grant must annually report to the SBA on the number of individuals assisted, categorized by ethnicity; the number of hours spent providing counseling and training for those individuals; the number of startup small business concerns formed, maintained, and lost; the gross receipts of assisted small business concerns; the number of jobs created, maintained, or lost at assisted small business concerns; and the number of Native American jobs created, maintained, or lost at assisted small business concerns.

Although not specifically stated in the legislation, the Committee believes that SBA should submit an evaluation of this pilot program to the Committee on Small Business of the House and the Committee on Small Business and Entrepreneurship of the Senate detailing whether the pilot program was successful in providing culturally tailored small business assistance to Native Americans and comparing and contrasting the results of the activities of each type of eligible grant organization under the pilot program. The Committee believes that the SBA should develop appropriate standards, conforming to the Government Performance and Results Act of 1993, for this evaluation.

Grant Level and Authorization

The grants are capped at \$100,000 per year. The pilot program is authorized at \$2 million per fiscal year.

The amendment adopted in Committee increased the original authorization for this pilot program from \$1 million to \$2 million, \$1 million for each type of eligible organization. This increase was necessary to accommodate changes to the Native American development grant pilot made by the amendment. The \$1 million was transferred from the Native American Small Business Development program established in Section 2 of S. 2335.

American Indian Tribal Assistance Center Grant Program

This pilot program, along with its \$1 million authorization level and references to it within the underlying legislation, was eliminated in the amendment adopted in Committee. The elimination of this program reduces the overall authorized level of S. 2335 to \$6 million.

IV. COMMITTEE VOTE

In compliance with rule XXVI(7)(b) of the Standing Rules of the Senate, the following votes were recorded on July 24, 2002. A motion by Senator Kerry to adopt an amendment by Senators Kerry

and Bond concerning a compromise agreement on the legislation passed by unanimous voice vote. A motion by Senator Kerry to adopt S. 2335, the “Native American Small Business Development Act,” as amended, was approved by a 19–0 recorded vote, with the following Senators voting in the affirmative: Kerry, Bond, Levin, Harkin, Lieberman, Wellstone, Cleland, Landrieu, Edwards, Cantwell, Carnahan, Burns, Bennett, Snowe, Enzi, Fitzgerald, Crapo, Allen and Ensign. No Senator voted in the negative.

V. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI(11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant additional regulatory impact will be incurred in carrying out the provisions of this legislation. There will be no additional impact on the personal privacy of companies or individuals who make use of the services provided.

VI. CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirement of rule XXVI(12) of the Standing Rules of the Senate in order to expedite the business of the Senate.

VII. COST ESTIMATE

In compliance with rule XXVI(11)(a)(1) of the Standing Rules of the Senate, the Committee estimates the cost of the legislation will be equal to the amounts indicated by the Congressional Budget Office in the following letter.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 30, 2002.

Hon. JOHN F. KERRY,
*Chairman, Committee on Small Business and Entrepreneurship,
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2335, the Native American Small Business Development Act.

If you wish further details on the estimate, we will be pleased to provide them. The CBO staff contact is Ken Johnson.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 2335—Native American Small Business Development Act

Summary: S. 2335 would authorize the Small Business Administration (SBA) to issue grants for small business development centers (SBDCs) and other business training program targeted to Native Americans. These programs would be operated by the private sector, schools, community groups, or tribal governments and would provide management assistance to current and prospective small business owners.

S. 2335 would authorize the appropriation of \$4 million a year for SBDCs during the 2003–2007 period of \$2 million a year for other training programs through 2006. CBO estimates that implementing the bill would cost \$27 million over the 2003–2007 period, assuming the appropriation of the authorized amounts. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 2335 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would benefit tribal governments receiving grants under this bill, and any costs they incur would be voluntary.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2335 is shown in the following table. For this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 2002 and that the authorized amounts will be appropriated for each year. Estimated outlays are based on historical spending patterns for similar SBA programs. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By fiscal year in millions of dollars—				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	6	6	6	6	4
Estimated Outlays	4	6	6	6	5

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: S. 2335 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit tribal governments receiving grants under this bill, and any costs they incur would be voluntary.

Previous CBO cost estimate: On August 14, 2001, CBO transmitted a cost estimate for H.R. 2538, the Native American Small Business Development Act, as ordered reported by the House Committee on Small Business on August 1, 2001. H.R. 2538 authorized the appropriation of \$7 million a year during the 2002–2004 period for SBDCs that assist Native Americans. CBO estimated that implementing that bill would cost about \$200 million over the 2002–2006 period, assuming the appropriation of the authorized amounts.

Estimate prepared by: Federal costs: Ken Johnson; Impact on state, local, and tribal governments: Greg Waring; Impact on the private sector: Cecil McPherson.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VIII. SECTION-BY-SECTION ANALYSIS, S. 2335, THE “NATIVE AMERICAN SMALL BUSINESS DEVELOPMENT ACT,” AS AMENDED

The bill establishes the Office of Native American Affairs within the Small Business Administration, creates the Native American Small Business Development Program, and creates a pilot program to assist Native American communities.

Section 1. Short title

The Act is titled the “Native American Small Business Development Act.”

Section 2. Native American Small Business Development Program

This section amends the Small Business Act by redesignating the existing Section 36 as Section 37 and inserting a new Section 36 with the Native American Small Business Development Program.

Section 3. Pilot program

This section establishes the Native American Development Grant Pilot Program.

