

**H.R. 6441, the “Women’s Business Centers Improvement Act of 2022”
Representative Sharice Davids (D-KS) and Representative Claudia Tenney (R-NY)**

Background

Women’s Business Centers (WBCs) are a critical component of SBA’s entrepreneurial ecosystem. WBCs were created to assist small businesses primarily owned by women, many of whom are socially and economically disadvantaged. The WBC program funds more than 130 non-profit organizations that provide quality advising and training services primarily to women entrepreneurs.¹ Many of the WBCs provide multilingual services, maintain evening and weekend hours to accommodate clients who work full-time, and allow children to attend training sessions with their mothers.² In 2020, the WBC program increased their reach by 22 percent and advised and trained more than 82,000 entrepreneurs, and helped start and sustain over 30,000 small businesses.³

Legislation

H.R. 6441, the “Women’s Business Centers Improvement Act of 2022”, was introduced by Representative Sharice Davids (D-KS) and Representative Claudia Tenney (R-NY). The Women’s Business Centers Improvement Act would reauthorize and strengthen the WBC program to ensure that women entrepreneurs across the country have access to vital counseling and technical training services to take them from startup to success. The bill would:

- Raise the grant cap for individual WBCs from \$150,000 to \$300,000;
- Create a review and appeal process for WBC applications;
- Recognize the Association of Women’s Business Centers (Association) and strengthen coordination between the Association and SBA;
- Increase oversight of the WBC program to prevent waste, fraud, and abuse;
- Strengthen the Office of Women’s Business Ownership;
- Create an accreditation program to strengthen and standardize WBCs across the country; and
- Authorize \$31.5 million for the program for each fiscal year from FY22-FY25.

¹ U.S. SMALL BUS. ADMIN., *Press Release No. 21-01: SBA Launches Largest Expansion of Women’s Business Centers in 30 Years* (Jan. 4, 2021), <https://www.sba.gov/article/2021/jan/04/sba-launches-largest-expansion-womens-business-centers-30-years>.

² Committee Testimony.

³ Association of Women’s Business Centers (AWBC), *2020 Annual Report* (forthcoming 2021) (unpublished manuscript at 6) (on file with Committee).

H.R. 6441, the “Women’s Business Centers Improvement Act of 2022”
Representative Sharice Davids (D-KS) and Representative Claudia Tenney (R-NY)
Section-by-Section

Section 1. Short Title.

This Act may be cited as the “Women’s Business Centers Improvement Act of 2022”.

Section 2. Amendments to Women’s Business Center Program.

This section amends Section 29 of the Small Business Act (15 U.S.C. § 656).

Subsection (a) — Definitions.

This subsection defines key terms throughout the bill.

Subsection (b) — Authority.

This subsection gives the Administrator of the Small Business Administration (SBA) the authority to provide initial and continuation grants to eligible entities to operate Women’s Business Centers (WBCs) that will provide entrepreneurial counseling and training services for women, especially socially and economically disadvantaged women. The services provided must include securing capital, financial operations, management, and marketing assistance.

This subsection also increases the maximum grant amount for each center to \$300,000 per year, and indexes for inflation. This is the first time since the program’s creation that the cap is being raised. If the original cap (\$150,000) was indexed for inflation the grant amount would be approximately \$325,000 today. This increase will allow established WBCs to expand their reach to more women entrepreneurs in need. The term of the initial and continuation grants will be five years and there is no limitation on the number of continuation grants entities can receive.

Subsection (c) — Application.

This subsection sets forth the requirements for grant applications for initial or continuation grants. To receive a grant, an entity must submit in their application to the Administrator: a certification of designation of an executive director or program manager; a certification that they meet the Office of Management and Budget accounting and reporting requirements; information demonstrating the experience and effectiveness in providing entrepreneurial counseling and training; and a five-year plan demonstrating the ability of the WBC to serve women who are business owners or entrepreneurs and who are socially and economically disadvantaged. The Administrator is required to maintain a record of each application for five years, while taking steps to reduce the paperwork burden on applicants.

Subsection (d) — Selection of Eligible Entities.

This subsection adds requirements for SBA's review of grant applications, which include: experience in providing entrepreneurial counseling and training; the time needed to commence operations; program sustainability after five years; location and proximity to other Resource Partners; population density; and the capacity to meet accreditation standards. Further, this subsection requires SBA to establish regulations in accordance with the criteria to ensure that all eligible entities understand what would be required of them to receive a grant.

Subsection (e) — Matching Requirements.

This subsection sets forth the requirements for grants, which include the amount and form of matching funds, the solicitation and disbursements of funds, the failure to obtain matching funds, the waivers for the non-federal share, excess non-federal dollars, and the carryover of funds. For initial grants, WBCs must provide one dollar in matching funds for every two dollars received from SBA for the first two years of the grant. For the remainder of the initial grant and the entire term of the continuation grants, WBCs must provide one dollar for every federal dollar awarded by SBA. At least 50 percent of the matching funds must be in cash. This subsection allows the Administrator to waive, in whole or in part, the requirement to obtain non-federal funds for entrepreneurial counseling and training activities of the recipient of financial assistance. The Administrator may not waive the requirement for a recipient organization to obtain non-federal funds for more than one fiscal year.

This subsection also requires the Administrator to consider when determining whether to waive the requirement to obtain non-federal funds: the economic conditions affecting the recipient; the demonstrated ability of the recipient to raise non-federal funds; and the performance of the recipient. Further, to safeguard both the taxpayer and the other WBC grant recipients, it prohibits the Administrator from waiving the requirement to obtain non-federal funds if granting the waiver would undermine the credibility of the WBC program.

Additionally, this subsection exempts the amount of non-federal dollars obtained by the WBC grant recipient that is above the amount required to be obtained, and which is not used as matching funds for purposes of implementing the program, from the requirements of part 200 of title 2, Code of Federal Regulations, or any successor regulation. This corrects a longstanding compliance challenge by which WBCs would be reluctant to raise additional funds as SBA would force them to include it as part of their budget even though that money was not being used for purposes of the match.

This subsection also allows WBCs to carryover excess non-federal dollars for an additional term in order to meet the federal match. These funds would be subject to the requirements of part 200 of title 2, Code of Federal Regulations.

Subsection (f) — Other Requirements.

This subsection prohibits eligible entities from commingling grant funds, requires site visits before receiving initial grants, and requires annual programmatic and financial reviews by SBA to ensure compliance with the grant agreements. This subsection also provides timelines for WBCs to provide plans of action to remedy any problems found through programmatic and financial examinations and timelines for SBA's acceptance or rejection of those plans.

This subsection also requires the Assistant Administrator of the Office of Women's Business Ownership (Assistant Administrator) to consult with the Association of Women's Business Centers (Association) in the development of documents with respect to the scope of the WBCs activities, requesting proposals to deliver assistance, and governing the general operations and administration of WBCs. Finally, this subsection requires the Assistant Administrator to develop and enforce policies and procedures to minimize grant non-compliance.

Subsection (g) — Program Examination.

This subsection requires the Administration to conduct programmatic and financial exams of the entities annually, and to consider the results of the examinations in determining whether to continue the awards. This subsection requires the Assistant Administrator to work with the Association to develop, implement, and maintain the policies and procedures for required financial examinations.

Subsection (h) — Notice and Comment Required.

This subsection requires a notice and comment period prior to making changes to the standards under which a WBC obtains and maintains grants, the standards for accreditation, or any other requirements for the operation of a WBC.

Subsection (i) — Contract Authority.

This subsection sets forth requirements for contract authority.

Subsection (j) — Privacy Requirements.

This subsection prescribes privacy requirements that prohibit WBCs from disclosing personal information including the name, address, or telephone number of clients without their consent. This does not prohibit SBA from accessing WBC data or surveying WBC clients.

Subsection (k) — Office of Women's Business Ownership.

This subsection improves the Office of Women's Business Ownership (OWBO), which is responsible for overseeing the WBC program. OWBO is overseen by the Assistant Administrator, and this subsection provides a mission for OWBO to assist women entrepreneurs, while clarifying the responsibilities and duties of the individual serving as the Assistant Administrator to ensure that the office's mission is met. Specifically, this subsection directs the OWBO to work with Administration officials and collaborate with entities other than the Administration to ensure that the work of the WBC program coordinates effectively with the efforts of other federal government and private sector programs.

This subsection also requires the Administrator to establish, through notice and comment rulemaking, an accreditation program for the WBC program and allows the Administrator to provide a contract or financial assistance to an association which represents a majority of WBCs. While OWBO provides grants to various institutions for the establishment of WBCs across the country, there is little consistency in standards aside from meeting the requirements of the grant. This subsection ensures that no matter which WBC an entrepreneur goes to across the country, each WBC will meet certain accreditation standards. Additionally, this subsection provides transition time so that a current WBC grantee, who does not engage in criminal activity or fraud, has time to become accredited and comply with the standards. This subsection also requires each WBC to participate in annual professional development at an annual conference facilitated by the Association.

Subsection (l) — Notification Requirements Under the Women’s Business Center Program.

This subsection requires SBA to provide public announcements of the grant’s availability. Further, it allows anyone denied a grant to review the denial with the Assistant Administrator. It requires any eligible entity who receives a site visit or evaluation to receive a copy of that report within 30 days of completion.

Subsection (m) — Annual Management Report.

This subsection requires the SBA to submit an annual report to the Senate and House Committees on Small Business on the effectiveness of the WBCs.

Subsection (n) — Authorization of Appropriations.

This subsection provides for an authorization for four years, FY2022 through FY2025, in the amount of \$31.5 million for each fiscal year. Of the amount made available, at least \$500,000 will be made available to the carry out the accreditation requirements and conference costs.

Section. 3. Effect on Existing Grants.

This section amends Section 29(m) to provide protections for existing WBCs and ensure that existing WBCs have adequate time to meet the new requirements provided within this bill.

Section. 4. Regulations.

This section requires the Administrator, within 270 days, to promulgate rules as necessary to carry out section 29 of the Small Business Act, as amended by this bill.