

**H.R. 6450, The “SCORE for Small Business Act of 2022”
Representative Young Kim (R-CA) and Representative Angie Craig (D-MN)
Backgrounder**

Background

SCORE is the nation’s largest network of volunteer expert business mentors and is dedicated to helping small businesses get off the ground, grow, and achieve their goals.¹ Since 1964, they have provided education and mentorship to over 11 million entrepreneurs.² SCORE also provides face-to-face counseling at over 250 chapters with 10,000 SCORE volunteers.³ In addition, SCORE volunteers provide a full range of business consultation services, such as business plan development; strategic marketing; and financing ideas. The Small Business Administration’s (SBA) SCORE database enables small businesses to find SCORE volunteers that best match the needs of their business. In 2020, SCORE helped create 45,027 new businesses and 74,535 new jobs, and it had a return on federal investment of \$67.35 for every \$1 appropriated.⁴ SCORE was the only Small Business Administration (SBA) Resource Partner to not receive additional COVID-19 relief funding through the CARES Act.⁵

Legislation

H.R. 6450, the “SCORE for Small Business Act of 2022”, was introduced by Representative Young Kim and Representative Angie Craig. The bill would reauthorize the SCORE program for FY2022-FY2023 and make programmatic improvements to ensure greater oversight of the program. Specifically, the legislation would:

- Reauthorize the SCORE program for two fiscal years and increase the authorization level to \$13.5 million for each fiscal year;
- Ensure SCORE meets Congressional intent by requiring SBA to provide an annual report to Congress that includes outcome-based performance goals;
- Align salaries and performance awards with federal standards by limiting salaries and bonuses for employees of SCORE, and prohibiting employees and members of the Board of Directors from receiving compensation from both organizations or serving on dual boards without SBA consent;
- Protect whistleblowers by ensuring all employee and volunteer documents on whistleblowers are updated annually and conducting annual training that emphasizes the use of the Office of Inspector General’s (OIG) hotline; and
- Expand services and promote diversity in clients and volunteers by requiring SCORE and the Administrator to develop and implement plans to better serve clients in rural areas, economically disadvantaged communities, and traditionally underserved communities. The bill would also require SCORE to continue to recruit diverse volunteers for the SCORE chapters.

¹ SCORE, *About SCORE*, <https://www.score.org/about-score> (last visited June 10, 2021).

² *Id.*

³ *Id.*

⁴ Letter from SCORE to the U.S. House of Representatives Committee on Small Business (Feb. 3, 2021) (unpublished letter) (on file with Committee).

⁵ Pub. L. No. 116-136.

**H.R. 6450, The “SCORE for Small Business Act of 2022”
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Section-by-Section**

Section 1. Short Title.

This Act may be cited as the “SCORE for Small Business Act of 2022”.

Section 2. SCORE Program Provisions and Requirements.

This section amends Section 8 of the Small Business Act (15 U.S.C. § 637) and officially changes the name of the Service Corps of Retired Executives (SCORE) to the SCORE program. The change is reflective of how the SCORE program has grown beyond merely utilizing retired executives for its volunteer base and today utilizes entrepreneurs who may still be actively engaged in running their businesses.

This section strikes subsection (c) and inserts the following:

(c) SCORE Program.

Subsection (1) — Definitions.

This subsection defines key terms in subsection (c).

Subsection (2) — Cooperative Agreement.

This subsection gives the Administrator the authority to enter into a cooperative agreement with the SCORE Association (Association) to carry out the program, and delineates the requirements of the Administrator, the SCORE Association, and their joint duties. The duties of the Administrator include conducting a financial examination of the Association every two years, reviewing and approving contracts entered into by the Association, maintaining a system for SCORE to submit documentation, and reconciling the differences between the Association’s performance report and the results reported in the Office of Entrepreneurial Development’s management information system. The duties of the Association include managing SCORE Chapters (Chapter(s)), providing annual training to Association employees on generating and using program income, submitting training verification documentation to the Administrator, separating donations from federal funds received through the cooperative agreement, and maintaining and enforcing requirements for volunteers to provide mentoring, and facilitate free or low-cost educational workshops for small business owners and entrepreneurs. Joint duties include developing and implementing plans to provide services to individuals in rural areas, economically disadvantaged communities, or traditionally underserved communities, and reinforcing an inclusive culture by recruiting diverse volunteers for Chapters.

Subsection (3) — Online Component.

This subsection requires the Association to, in addition to providing in-person services, maintain and expand online counseling services through webinars, electronic mentoring platforms, and online toolkits to further support entrepreneurs.

Subsection (4) — Accounting.

This subsection requires the Association to: maintain a centralized accounting and financing system for each SCORE Chapter; maintain uniform policies and procedures to manage federal funds; and appoint an employee to serve as a compliance officer to ensure expenditures are compliant with laws, regulations, and cooperative agreements.

Subsection (5) — Compensation.

This subsection limits employee compensation by capping the maximum pay rate for an individual to the level received by an SBA employee in the career Senior Executive Service and limits the amount available for performance awards to five percent of the aggregate salaries. The Association must submit the number and amount of the awards to the Administrator = 60 days prior to their disbursement. Furthermore, the bill prohibits members of the Board of Directors of the Association and their employees from serving on the Board of Directors or receiving compensation from the SCORE Foundation without the Administrator's written approval.

Subsection (6) — Whistleblower Protection Requirements.

This subsection requires the Association to annually update whistleblower protection policies and materials applicable to employees or volunteers. In addition, the Association must conduct annual whistleblower protection training for employees and volunteers and promote the use of the whistleblower hotline through the SBA's Office of the Inspector General.

Subsection (7) — Published Materials.

This subsection states that the Association must ensure all published materials include an acknowledgement of the SBA's support of the program if the materials are paid for, in whole or in part, by federal funds.

Subsection (8) — Privacy Requirements.

This subsection states that neither the Administrator nor the Association can disclose the personal information of SCORE clients, including individuals or small businesses names, addresses, or telephone numbers. This restriction does not hinder the Administrator from accessing SCORE data or surveying SCORE clients.

Subsection (9) — Annual Report.

This subsection requires that, no later than 180 days after enactment of this Act and annually thereafter, the Administrator shall submit to the House and Senate Committees on Small Business, a report on the performance and effectiveness SCORE. The report must include the total number and unique number of clients counseled and trained, the number of hours of counseling, the number of local workshops provided, the number of clients attending online and local workshops, client and volunteer demographics, the cost to create a job or business and return on investment for businesses assisted, the number of client referrals to other SBA resources and programs, the number of clients participating in SBA loan programs, the results and summary of client satisfaction surveys, the number of new businesses started by clients, the number of those new businesses realizing revenue growth, the number of jobs created, the total cost of the program, any recommendations from the Administrator about how to improve the program, and an explanation of how SCORE has been integrated with SBA's Resource Partners, SBA's offices, and other public and private entities that engage in entrepreneurial and small business development.

Section. 3. Authorization of Appropriations for the SCORE Program.

This section amends Section 20 of the Small Business Act to provide for an authorization of appropriations for two years, FY2022-FY2023, that does not exceed \$13.5 million.

Section. 4. Reporting Requirements.

Subsection (a)— Study and Report on the Future Role of the SCORE Program

This subsection requires the Association to study the future role of SCORE and to develop a strategic plan for how the program will meet the needs of small businesses for five years after the date of enactment of this Act. The report must include specific objectives for the first, third, and fifth years of the five-year period. A report must be submitted within six months of enactment of this Act to the House and Senate Small Business Committees detailing the findings and determinations of the study, the strategic plan developed, and an explanation of how the Association plans to fulfill the strategic plan if they receive level or increased funding.

Subsection (b) — Administrator Report on Leased Space.

This subsection requires the Administrator to submit a report, no later than one year after enactment of this Act, to the House and Senate Committees on Small Business that provides an assessment of the cost of leased space that is donated to SCORE Association.

Subsection (c) — Online Component Report.

This subsection requires, no later than three months after the last day of the first full fiscal year after enactment of this Act, the Association to submit to the House and Senate Small Business Committees a report on the effectiveness of the online counseling services provided by SCORE. The report must include a description of how the Association determines electronic mentoring and webinar needs, develops training for electronic mentoring, establishes webinar criteria curricula, and evaluates webinar and electronic mentoring results. The report should also include the internal controls used, a summary of the topics covered by the webinars, and performance metrics used to include the number of small businesses counseled and created, the number of jobs retained, and the funding amounts directed towards online counseling.

Section. 5. Technical and Conforming Amendments.

This section makes technical and conforming amendments to the Small Business Act reflective of other changes made in this bill.

Section. 6. Definitions.

This subsection defines key terms throughout the bill.