

# OVERSIGHT PLAN OF THE COMMITTEE ON SMALL BUSINESS FOR THE ONE HUNDRED TENTH CONGRESS

JANUARY 31, 2007. Approved by the Committee on Small Business.

Ms. VELAZQUEZ, from the Committee on Small Business, submitted to the Committee on Oversight and Government Reform and the Committee on House Administration the following

## REPORT

Clause 2(d)(1) of rule X of the Rules of the House of Representatives for the 110th Congress requires each standing committee, no later than February 15 of the first session to adopt an oversight plan for the 110th Congress. The oversight plan must be submitted simultaneously to the Committee on Oversight and Government Reform and the Committee on House Administration.

The following agenda constitutes the oversight plan of the Committee on Small Business for the 110th Congress. It includes areas in which the Committee and its subcommittees expect to conduct oversight during this Congress, but does not preclude oversight or investigation of additional matters or programs as they arise. The Committee will consult, as appropriate, with other committees of the House that may share jurisdiction on any of the subjects listed below.

### I. Oversight of the Small Business Administration

- A. Agency Management. The Committee will review the management of the Agency's programs, personnel, and financial resources. The Committee will examine methods the SBA uses to manage risk in its loan portfolio and review the agency's policies and practices regarding its lending partners. The Committee will review the agency's outreach and public/private funding initiatives through cooperative agreements, partnerships and co-sponsorships. Further, the Committee will evaluate the status of the SBA's transformation plan, personnel training initiatives, and incentive programs. The Committee also will review the working relationship between the agency and its Inspector General to ensure that management recommendations and objectives are being actively considered. Finally, the Committee will continue to assess the agency's financial management and reporting goals.
- B. Lending Programs. The Committee will examine the SBA's lending programs to ensure that they meet the needs of small businesses. The Committee will examine ways to reduce the cost of the 7(a) loan program to both small businesses and lenders. In addition, the Committee will review proposals that would expand and broaden the program's reach, including those focused on low-income and rural areas. The Committee

will conduct oversight hearings regarding the 504 Certified Development Company program to ensure that it is properly carrying out its mission of economic development and job creation. The Committee will also review the Microloan program with the intent of reducing barriers to its growth and expansion.

- C. Investment Programs. The Committee will study the impact of the recent termination of the Small Business Investment Company (SBIC) Participating Securities program on entrepreneurs. In particular, the Committee will seek to understand the effect of its termination on early stage firms as well as on investment companies. The Committee will examine proposals that would reopen the SBIC Participating Securities program, as well as alternative venture capital investment initiatives. Finally, the Committee will consider policy changes that would increase individual angel investment and foster small business growth.
- D. Disaster Programs. The Committee will evaluate the SBA's disaster programs to ensure that they can meet the needs of small businesses affected by disasters. This includes reviewing policy proposals that would make more effective use of private sector lenders, improve the agency's response times, better coordinate the agency's program with other federal efforts, and provide for improved system resiliency. The Committee will oversee any actions the agency has taken to modify the disaster program. Finally, the Committee will consider policy and organizational alternatives for providing disaster assistance to homeowners.
- E. Entrepreneurial Development Programs. The Committee will evaluate the SBA's Entrepreneurial Development programs and whether existing initiatives have the capacity to meet the needs of their growing and diverse constituencies. The Committee will ascertain whether the Small Business Development Centers network has the capacity and infrastructure to provide assistance to address the unique challenges facing small business, particularly with respect to energy, regulatory fairness, healthcare, and under-served entrepreneurs. The Committee will examine the Women Business Centers program to look for ways to meet the mutual goal of creating new Centers versus the sustainability of existing Centers. In carrying out this review, the Committee will study whether the sustainability funding formula needs modification to ensure that the original intent of the program's creators is met.
- F. Government Contracting and Business Development Programs. The Committee will oversee the SBA's efforts to maximize small business participation in the federal marketplace. In particular, SBA's role in mitigating bundled contracts will be assessed. Further, the Committee will review SBA's role in the miscoding of the size of businesses awarded federal government contracts. The Committee will examine the SBA's

8(a) program to ensure that its rules and regulations do not impede minority business growth and development. The Committee will review the HUBZone program to ensure that the program is being utilized properly by contracting officers and the program is meeting its objective of promoting economic development in poor regions of the United States. The Committee will assess the Service-Disabled Veteran-Owned Procurement Program to ensure that it is being properly carried out. Finally, the Committee will make certain that the Women's Procurement Program is implemented by the SBA.

- G. Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. As part of its efforts to reauthorize the SBIR program during the 110<sup>th</sup> Congress, the Committee will evaluate the effectiveness of the program and will endeavor to gather first-hand testimony from SBIR program administrators, SBIR program participants, and relevant experts. The Committee will investigate potential changes to the SBIR program that would advance critical national priorities including energy independence and economic development in urban and rural empowerment zones and enterprise communities. The Committee will also examine the STTR program's effectiveness as a means to help small businesses gain access to technologies developed at federal laboratories.
- H. Office of Advocacy. The Committee will assess the Office of Advocacy's Economic Research programs to determine if they meet the underlying mission of the Office.
- I. Veterans Corporation. The Committee will review the on-going activities of the National Veterans Business Development Corporation to determine whether the Corporation is serving as an effective advocate for veteran-owned businesses. In particular, the Committee will evaluate the relationship between the SBA and the Corporation to identify whether the SBA is working cooperatively with the Corporation or whether work is being unnecessarily replicated. The Committee will identify whether the Corporation's efforts at expanding and enhancing private funding options have been successful. The Committee also will investigate whether additional federal investment is warranted and, if so, for what duration.

## II. Agriculture.

- A. Federal Agricultural Policy. The Committee will examine the impact of federal policies on family farms, ranchers, and rural small businesses. The Committee will conduct oversight hearings on Farm Bill reauthorization legislation to investigate the policies' effects on the income, production costs, and prices received by small producers.

- B. **Financial Assistance.** The Committee will examine federal resources, including loans and fee subsidies, which spur private enterprises in rural areas. The Committee will evaluate federal programs that provide training, information, and networking resources to enhance entrepreneurial activity in these regions.
- C. **Biofuels.** The Committee will examine the role that farmers and rural businesses can play in the development of biofuels. The Committee will examine the operational needs of small farmers working to shift production from food to energy crops and to build facilities to refine alternative resources.
- D. **Value Added Products.** The Committee will increase oversight of financing and technical assistance programs that assist small farmers' expansion into emerging niche agricultural markets, including organic products. The Committee will examine the operational needs of small farmers working to add value to outputs and maintain competitiveness in the changing marketplace.
- E. **Rural Economic Development.** The Committee will oversee federal activities to spur economic development in rural communities. The Committee will conduct hearings on the physical and financial infrastructure needed to maintain and grow small rural businesses.

### III. Energy.

- A. **Energy Prices.** The Committee will conduct hearings on the impacts of rising energy and petroleum prices on small businesses, particularly fuel intensive sectors, such as farming, transportation, and those that use petroleum products as feedstock.
- B. **Relief Measures.** The Committee will examine price relief measures in existing and upcoming energy legislation and their application to small businesses struggling under burdensome fuel costs.
- C. **Energy Efficiency.** The Committee will investigate methods to increase energy efficiency and resource conservation practices for small businesses. The Committee will increase oversight of federal initiatives to streamline business operations and reduce operational costs for small firms.

#### IV. Financial Services.

- A. Trends in Small Business Financing. To better understand the mechanisms that small firms are using to fund their business, the Committee will examine recent research, including the Federal Reserve's Survey of Small Business Finances.
- B. Access to Financial Services. The Committee will review federal laws that impede small businesses fair access to financial services such as their ability to receive interest on checking accounts or to have a variety of potential lending options.
- C. Role of Small Lenders. The Committee will endeavor to assess the impact of consolidation in the financial services industry on small lenders and small business borrowers. In addition, the Committee will review industry trends and regulatory developments that may reduce the availability of financing to small firms.
- D. Insurance. The Committee will evaluate the use of insurance products by small businesses, including property/casualty lines. The Committee will assess the impact of federal insurance reforms on small insurance firms and small business insureds. Finally, the Committee will examine the tort liability system and its impact on the cost of insurance, particularly for small businesses.
- E. Capital Formation. The Committee will examine challenges that small businesses face in raising capital. This will include a review of federal securities laws and regulations that affect small firms, such as Securities and Exchange regulation S-B.

#### V. Health Care.

- A. Access to Affordable Health Coverage and State Market Reforms. The Committee will evaluate a number of health care policies designed to expand access to affordable health insurance through small employers. The Committee will look at proposed federal changes to give small employers greater options for coverage. The Committee will examine current and proposed state initiatives to promote coverage and the impact of these reforms on small employers in those markets. The Committee will examine the impact of these changes on the small group health insurance market.
- B. Expanding Available Options for Small Employers to Purchase Health Insurance. The Committee will examine options for removing barriers to affordable small employer coverage. The Committee will conduct

hearings to review new and emerging policies to increase access to affordable health care coverage. These possible changes include, but are not limited to, increasing pooling mechanisms for small businesses, reinsurance models, and ERISA reforms.

- C. Tax Credits. The Committee will examine the possibility of tax credits to promote coverage and their impact on small employers. In particular, the Committee seeks to understand whether tax credits are a viable vehicle for health care market reform and the budgetary effect of such changes. The Committee will hold hearings to explore tax credits and other approaches to encourage small employer purchase of coverage for their employees.
  - D. Health IT Adoption. The Committee will conduct hearings to evaluate the economic benefits derived through the adoption of a uniform, secure, interoperable health information technology infrastructure (Health IT) by small health care groups – i.e., physicians, vendors and other providers. In particular, the Committee will consider the degree to which Health IT creates market efficiencies and whether those advantages will exist for small groups. The Committee will evaluate the challenges of Health IT adoption.
  - E. Health Care Cost and Quality. The Committee will examine efforts to increase access to information on the cost and quality of health care. The Committee will conduct hearings to explore how access to cost and quality information can affect the purchase of insurance by small employers.
  - F. Health Care Provider Compensation and Regulatory Structure. The Committee will examine federal reimbursement of health care providers and the effect that such reimbursement decisions have on non-Medicare/Medicaid insurer reimbursement to physicians and other healthcare providers. The Committee will evaluate state regulation, such as insurance laws that affect provider compensation and business organization. The Committee will hold hearings to consider how current practices within the health care market affect small health care providers.
- VI. Immigration. The Committee will review proposals to reform the nation's immigration system to ensure that small businesses will be able to readily access a high-quality workforce. The Committee will examine reform proposals to ensure that enforcement, security and economic needs are appropriately balanced.

## VII. International Trade

- A. International Agreements. The Committee will hold hearings on the impact of new and existing international commitments on the small business sector. The Committee will increase oversight of ongoing international negotiations to ensure trade regulations, standards, and facilitation measures serve the needs of small businesses.
- B. Trade Enforcement. The Committee will evaluate trade enforcement activities, particularly affecting intellectual property rights, and methods to protect small businesses from unfair trade practices. The Committee will investigate trade remedies for firms adjusting to pressures from low-cost overseas and corporate producers.
- C. Export Assistance. The Committee will examine efforts to increase small businesses' access to global markets, including initiatives to reduce excessively burdensome administrative and legal requirements. The Committee will conduct oversight of federal export assistance programs, including those conducted by the Export-Import Bank, the SBA, and the United States Departments of Commerce and Agriculture, which seek to reduce small firms' costs of expanding into international markets.

## VIII. Pensions and Retirement.

- A. The Committee will examine the current state of pension coverage for small employers. The Committee will look at reforms to improve the plan options for small businesses and possible ways to defray administrative costs of operating the plan. The Committee will hold hearings to look at innovative ways to promote coverage for small businesses and their employees. This will include looking at modifications to defined benefit and defined contribution plans to encourage coverage.
- B. The Committee will assess the impact of recently passed pension legislation on small employer's ability to offer pension plans. This will include an examination of the impacts on promoting coverage and addressing any concerns over increased liabilities of offering a pension plan.

## IX. Procurement.

- A. Federal Procurement Practices. The Committee recognizes the increase in use of contracting methods such as interagency contracting and electronic procurement and will work to ensure that these procedures allow the full participation by small businesses. The Committee will work to make sure that the regulations are being followed in a manner that enables competition, increases small business procurement opportunities, and provides the government with the best value.
- B. Transparency. The Committee will work to increase transparency in federal procurement activities. Greater transparency will allow agencies to be evaluated fairly on their commitment to competition, integrity, and best value, as well as their support of small business and entrepreneurship.
- C. 2005 Gulf Coast Hurricanes. The Committee will continue to monitor the recovery efforts related to the 2005 Gulf Coast Hurricanes as well as investigate past contracting actions related to those events. The Committee will specifically look at emergency procurement practices, such as the use of no-bid contracts and increasing the micropurchase threshold, to enhance small business participation as prime contractors while ensuring maximum competition to the extent permitted by the necessities of the emergency.
- D. Iraqi Reconstruction. The Committee will monitor the contracts awarded for the reconstruction of Iraq, with an emphasis on ensuring that small businesses have received fair prime contracting and subcontracting opportunities. The Committee will hold accountable those agencies and contractors who fail to provide competition as required by law.
- E. Contract Bundling. The practice of contract bundling displaces small businesses from the federal marketplace. The Committee will continue to monitor the use of “bundled” contracts and ensure that regulations are being followed. The Committee will continue to work to “unbundle” contracts when appropriate.
- F. Federal Contracting Goal. The Committee will review federal agencies performance in meeting annual contracting goals. In order to foster greater small business participation in the federal marketplace, the Committee will seek to work with agencies that have historically underperformed in meeting their contracting goals.



- G. Sole Source Contracting. The Committee will continue to monitor the use of sole-source contracts, particularly with regard to Alaska Native Corporations. The Committee will work to ensure that all socio-economic contracting programs are operating as intended.
  - H. Agency Miscounting of Contracts. As a follow-up to a hearing in which GAO found that agencies were counting contracts awarded to large corporations towards their small business procurement goals, the Committee will investigate the sufficiency of agencies' efforts to rectify the problem. The Committee also will investigate the adequacy of the Federal Procurement Data System and its capabilities to record accurate data on federal procurement by government agencies, especially as it relates to the size of the business awarded a contract.
  - I. Inaccurate Reporting of Federal Contracting Awards. The Committee will evaluate the accuracy of procurement data used to determine the small business goal and whether agencies knowingly relied on inaccurate data to achieve these goals. The Committee will examine the causes for such inaccuracies, including, but not limited to, management oversight, appropriateness of procurement policies, and adequacy of funds.
  - J. Contracting Certifications by Business. The Committee will investigate if any large businesses improperly certified themselves as small in order to receive contracts. Furthermore, the Committee will assess whether federal procurement officials took any actions to uncover these problems and implemented steps to prevent them. Should the Committee uncover questionable practices, it will report them to the appropriate enforcement authorities.
- X. Regulations. The Committee will examine federal agency rules and regulations, as well as legislation that proposes such rules and regulations, to ensure that small businesses are not subject to undue regulatory burdens. In doing so the Committee will focus on:
- A. Whether the regulation imposes unnecessary barriers to competitive market entry by small businesses and places small businesses at a competitive disadvantage with respect to larger competitors, including the impact that Section 404 of the Sarbanes Oxley Act is having on the competitiveness of small companies.;
  - B. Whether the regulation minimizes recordkeeping and reporting requirements including the elimination of any duplicative requirements as required by the Paperwork Reduction Act;
  - C. Whether the rules and regulations are in plain English;

- D. Whether the rules and regulations are indistinguishable of existing state and local regulations; and,
- E. Whether small businesses are provided sufficient compliance assistance including small entity compliance guides issued by agencies as mandated by the Small Business Regulatory Enforcement Fairness Act.

In addition, the Committee will examine the agency process for promulgating rules and regulations to include:

- A. The adequacy of an agency's compliance with the Regulatory Flexibility Act;
- B. Whether the agency minimized burdens and maximized benefits for small businesses while achieving its statutory and regulatory objectives; and,
- C. Whether small businesses been provided sufficient opportunity to comment and provide input into the development of regulations.

#### XI. Tax.

- A. Tax Simplification and Relief. The Committee will hold hearings on the concerns over the growing complexity of the tax code for small employers. The Committee will work to identify ways to simplify the tax code and reduce the tax burden on small business owners. The Committee will focus on changes to the tax code that provide targeted tax relief and equity for small business owners. In addition, the Committee will examine any specific tax relief including, but not limited to, expensing and depreciation that will spur investment by small businesses.
- B. Alternative Minimum Tax. The Committee will examine ways to reform the alternative minimum tax to provide tax relief for small businesses. The Committee will review proposed changes and the budgetary costs of making such modifications.
- C. Tax Gap Efforts by the IRS. The Committee will examine recent efforts by the IRS to close the so-called "Tax Gap" and the impact of these measures on small businesses. The Committee shall review efforts by the agency that have a negative impact on small businesses. The Committee will examine measures to close the tax gap through legislative changes and the impact of these changes on small businesses.
- D. Investment in Small Business and New Markets Tax Credit. The Committee will review what is being done to encourage economic growth and investment in small businesses through the tax code. The Committee will look at ways to encourage equity investment in small businesses. The

Committee will look at the current state of the New Markets Tax Credit (NMTC) program.

- E. Estate Tax. The Committee will examine the impact of the sunset of the estate tax repeal on business planning and the ability of small businesses to continue as going enterprises after the deaths of the founders.

## XII. Technology and Innovation.

- A. Technology Workforce. The Committee will further investigate the regulations governing the annual cap on H-1B visas and the process by which such visas are issued, in light of the challenge small technology companies have in hiring and retaining scientists, researchers and engineers.
- B. Financing for Startups. The Committee will review the eligibility requirements of the Small Business Innovation Research (SBIR) program with respect to venture capital investment to ensure that small companies are afforded a wide array of financing options. In addition, the Committee will examine the eligibility requirements for the SBIR program to determine the extent that venture capital investment should be permitted in the program.
- C. Broadband. The Committee will assess the role that small companies can play in the development and expansion of wireless and wire line broadband technologies. The Committee also will review the impact on the planned spectrum auctions will have on small business. This review will examine the process by which the Federal Communications Commission complies with § 3(a)(2) of the Small Business Act while meeting its obligations under § 332 of the Federal Communications Act of 1934 to provide opportunities for designated entities including small businesses.
- D. Development of Energy Efficient Technologies. The efforts of technology companies to create and promote energy efficient devices will be examined, as well as ways that the federal government could encourage more of America's small businesses to adopt "green" technologies. The Committee will look at the potential modifications to the Small Business Innovation Research (SBIR) program that could advance national energy independence. The Committee also will examine whether changes made by the Energy Policy Act of 2005 affect the viability of renewable energy generators.
- E. eWaste. The Committee will review the efforts that the technology industry, particularly small companies, is making to address the growing challenge of recycling computer equipment and peripherals.