

118TH CONGRESS
1ST SESSION

S. 609

To establish a pilot program awarding competitive grants to organizations administering entrepreneurial development programming to formerly incarcerated individuals, and other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 1, 2023

Mr. CARDIN introduced the following bill; which was read twice and referred to the Committee on Small Business and Entrepreneurship

A BILL

To establish a pilot program awarding competitive grants to organizations administering entrepreneurial development programming to formerly incarcerated individuals, and other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Necessary Entrepre-
5 neurship Workshops via the SBA to Transform and Assist
6 Re-entry Training Act of 2023” or the “NEW START
7 Act of 2023”.

1 **SEC. 2. FINDINGS.**

2 Congress finds that—

3 (1) according to the Department of Justice,
4 every year, over 600,000 individuals are released
5 from prison and return home to their communities,
6 and almost 77 percent of those individuals will re-
7 offend within 5 years;

8 (2) according to the Brookings Institution, an
9 estimated 48.5 percent of formerly incarcerated indi-
10 viduals will remain unemployed or earn a negligible
11 income for a period of 1 year post-incarceration, in-
12 creasing the risk for recidivism;

13 (3) according to the Florida State University
14 Institute for Justice Research and Development, for-
15 merly incarcerated individuals see a reduction in
16 earnings of 25 percent since criminal records make
17 it difficult to find stable employment;

18 (4) self-employment can provide economic sta-
19 bility for those who are otherwise locked out of the
20 labor market; and

21 (5) according to a paper entitled “Entrepre-
22 neurship as a Response to Labor Market Discrimi-
23 nation for Formerly Incarcerated People”—

24 (A) the average individual without a crimi-
25 nal record has a 7.09 percent likelihood of be-
26 coming an entrepreneur, but justice-impacted

1 individuals were found to be more than 50 per-
2 cent likely to choose entrepreneurship with a
3 12.69 percent likelihood of becoming an entre-
4 preneur;

5 (B) entrepreneurship reduces the likelihood
6 of recidivism by 5.3 percent, which was a 32.5
7 percent decrease from average recidivism rates
8 for regular employees who have been previously
9 incarcerated; and

10 (C) formerly incarcerated individuals who
11 choose entrepreneurship make \$2,700 more an-
12 nually than formerly incarcerated employees
13 and that the income gap between formerly in-
14 carcerated entrepreneurs and entrepreneurs
15 with no criminal record was 38 percent lower
16 than the income gap between formerly incarcer-
17 ated employees and employees with no criminal
18 record.

19 **SEC. 3. PILOT PROGRAM.**

20 (a) DEFINITIONS.—In this Act—

21 (1) the terms “Administration” and “Adminis-
22 trator” mean the Small Business Administration
23 and the Administrator thereof, respectively;

24 (2) the term “appropriate committees of Con-
25 gress” means—

1 (A) the Committee on Small Business and
2 Entrepreneurship of the Senate; and

3 (B) the Committee on Small Business of
4 the House of Representatives;

5 (3) the term “covered individual” means an in-
6 dividual who—

7 (A) completed a term of imprisonment in
8 Federal, State, or local jail or prison; and

9 (B) meets the offense eligibility require-
10 ments set forth in any applicable policy notice
11 or other guidance issued by the Small Business
12 Administration for the program established
13 under section 7(m) of the Small Business Act
14 (15 U.S.C. 636(m));

15 (4) the terms “intermediary” and “microloan”
16 have the meanings given those terms in section
17 7(m)(11) of the Small Business Act (15 U.S.C.
18 636(m)(11));

19 (5) the term “microloan intermediary” means
20 an intermediary that is eligible to participate in the
21 program established under section 7(m) of the Small
22 Business Act (15 U.S.C. 636(m));

23 (6) the term “pilot program” means the pilot
24 program established under subsection (b); and

1 (7) the term “small business development cen-
2 ter” has the meaning given the term in section 3 of
3 the Small Business Act (15 U.S.C. 632).

4 (b) ESTABLISHMENT.—Not later than 180 days after
5 the date of enactment of this Act, the Administrator shall
6 establish a pilot program to award grants to organizations
7 over a 5-year period to create or support existing entrepre-
8 neurship development programs to provide assistance to
9 covered individuals.

10 (c) GRANT REQUIREMENTS.—The Administrator
11 shall—

12 (1) award grants under the pilot program to or-
13 ganizations, or partnerships of organizations, which
14 shall each receive a grant in an amount greater than
15 \$100,000 and less than \$500,000 annually over the
16 5-year period in which the pilot program is in exist-
17 ence; and

18 (2) allocate grants under the pilot program to
19 ensure that the recipients are geographically varied
20 throughout the United States.

21 (d) PARTNERSHIPS.—An applicant for a grant under
22 the pilot program may form partnerships with other orga-
23 nizations for the purposes of the application submitted
24 under subsection (e) and for conducting entrepreneurial
25 development programming.

1 (e) APPLICATION.—

2 (1) IN GENERAL.—An organization or partner-
3 ship of organizations desiring a grant under the
4 pilot program shall submit an application to the Ad-
5 ministrator in such form, in such manner, and con-
6 taining such information as the Administrator may
7 reasonably require.

8 (2) CONTENTS.—An application submitted
9 under paragraph (1) shall—

10 (A) demonstrate that the applicant is a
11 microloan intermediary or an organization that
12 administers the Community Advantage Pilot
13 Program of the Administration, or has a part-
14 nership with such an intermediary or organiza-
15 tion, that may provide microloans to qualified
16 covered individuals, or, to the extent that the
17 applicant is a national organization in multiple
18 different markets, that a separate microloan
19 intermediary may be used in each such market;

20 (B) demonstrate strong community ties,
21 including those with the covered individual com-
22 munity, local businesses, and political leaders;

23 (C) demonstrate an ability to provide a full
24 range of entrepreneurial development program-
25 ming on an ongoing basis;

1 (D) include a plan for reaching covered in-
2 dividuals, including by identifying particular
3 target populations within the community;

4 (E) clearly define entrepreneurial develop-
5 ment capabilities, including coordination with
6 existing local resource partners of the Adminis-
7 tration for additional training as necessary;

8 (F) present an entrepreneurship develop-
9 ment curriculum, which may be a nationally
10 recognized model or based upon such a model;

11 (G) include a list of each partner organiza-
12 tion; and

13 (H) include a comprehensive plan for the
14 use of grant funds, including estimates for ad-
15 ministrative and outreach costs of running and
16 evaluating the entrepreneurship development
17 program.

18 (f) PRIORITY.—In determining whether to award a
19 grant under the pilot program, the Administrator may
20 give priority to applicants based on—

21 (1) whether the application includes a commit-
22 ment from an existing or new non-Federal funding
23 source to meet the matching requirement under sub-
24 section (g);

1 (2) whether the application takes into account
2 local economies and markets as a part of the edu-
3 cational component of the entrepreneurship develop-
4 ment program;

5 (3) the ability or plan of the applicant to pro-
6 vide entrepreneurial development services concurrent
7 with employment or job training services; and

8 (4) whether the applicant has a history of effec-
9 tively providing entrepreneurial training or access to
10 capital to covered individuals.

11 (g) MATCHING REQUIREMENT.—

12 (1) IN GENERAL.—As a condition of a grant
13 provided under the pilot program, the Administrator
14 shall require the recipient of the grant to contribute
15 an amount equal to 25 percent of the amount of the
16 grant, obtained solely from existing or new non-Fed-
17 eral sources.

18 (2) FORM.—In addition to cash or other direct
19 funding, the contribution required under paragraph
20 (1) may include indirect costs or in-kind contribu-
21 tions paid for under non-Federal programs.

22 (h) RESPONSIBILITIES.—A recipient of a grant under
23 the pilot program shall, to the maximum extent possible,
24 connect covered individuals to a range of Federal re-
25 sources, including—

1 (1) the program established under section 7(m)
2 of the Small Business Act (15 U.S.C. 636(m));

3 (2) the Community Advantage Pilot Program of
4 the Administration;

5 (3) small business development centers;

6 (4) women’s business centers described in sec-
7 tion 29 of the Small Business Act (15 U.S.C. 656);

8 (5) chapters of the Service Corps of Retired Ex-
9 ecutives established under section 8(b)(1)(B) of the
10 Small Business Act ((15 U.S.C. 637(b)(1)(B));

11 (6) Veteran Business Outreach Centers de-
12 scribed in section 32 of the Small Business Act (15
13 U.S.C. 657b); and

14 (7) business centers established by the Minority
15 Business Development Agency.

16 (i) REPORTS.—

17 (1) IN GENERAL.—Not later than 1 year after
18 the date on which the Administrator establishes the
19 pilot program, and every year thereafter until the
20 pilot program terminates, the Administrator shall
21 submit to Congress a report on the activities of the
22 pilot program, including—

23 (A) a list of each grantee organization and
24 each partner organization;

1 (B) the characteristics of covered individ-
2 uals assisted under the entrepreneurship devel-
3 opment programs, including race and ethnicity,
4 gender, age, marital status, parental status,
5 employment status, income, banking and credit
6 history, and prior business experience;

7 (C) the participation and attendance rates
8 for all components of the entrepreneurship de-
9 velopment programs;

10 (D) the program retention rate;

11 (E) to the greatest extent practicable, the
12 most common reasons why participants do not
13 complete the program;

14 (F) the percentage of participants who re-
15 main non-justice involved during the calendar
16 year of the program;

17 (G) the level of the covered individuals' un-
18 derstanding of business concepts and principles;

19 (H) the level of the covered individuals'
20 greater confidence in leadership strengths, in-
21 cluding the results of an industry-recognized be-
22 havioral assessment;

23 (I) the covered individuals' progress made
24 toward establishing a business;

1 (J) the experiences and perceptions of the
2 covered individuals;

3 (K) the number and dollar amount of loans
4 made to covered individuals;

5 (L) the number and dollar amount of loans
6 made or guaranteed by the Administration to
7 covered individuals; and

8 (M) such additional information as the Ad-
9 ministrator may require.

10 (2) GAO REPORT.—Not later than 1 year after
11 the date on which the pilot program terminates, the
12 Comptroller General of the United States shall sub-
13 mit to the appropriate committees of Congress a re-
14 port that evaluates—

15 (A) the services that grant recipients pro-
16 vided to covered individuals assisted under en-
17 trepreneurship development programs;

18 (B) oversight of the pilot program by the
19 Administrator, including policies and proce-
20 dures for monitoring the compliance by grant
21 recipients with pilot program requirements and
22 an assessment of the effectiveness of the pilot
23 program; and

1 (C) the overall performance of the pilot
2 program and the impacts of the pilot program
3 on grant recipients.

4 (j) RULE OF CONSTRUCTION.—Nothing in this Act
5 may be construed to affect the program established under
6 section 7(m) of the Small Business Act (15 U.S.C.
7 636(m)), including—

8 (1) the requirements of that program;

9 (2) the manner in which that program is car-
10 ried out; or

11 (3) the use or availability of any amounts that
12 have been made available to carry out that program.

13 (k) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to the Administrator
15 such sums as are necessary to carry out the pilot program.

16 (l) TERMINATION.—The pilot program shall termi-
17 nate on the date that is 5 years after the date on which
18 the Administrator establishes the pilot program.

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