

116TH CONGRESS
2D SESSION

S. _____

To establish a Next Generation Entrepreneurship Corps program within the Small Business Administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. COONS introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To establish a Next Generation Entrepreneurship Corps program within the Small Business Administration, and for 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 “Next Generation En-
5 trepreneurship Corps Act”.

6 **SEC. 2. SENSE OF CONGRESS.**

7 It is the sense of Congress that—

- 8 (1) the United States has a successful fellow-
9 ship for building the next generation of public serv-
10 ants; and

1 income community for purposes of section 45D of
2 the Internal Revenue Code of 1986;

3 “(4) the term ‘equity investment’—

4 “(A) means an investment for an owner-
5 ship interest in an entity, the financial return
6 with respect to which is principally aligned with
7 the financial return of the plurality of owner-
8 ship interests in the entity; and

9 “(B) includes a debt instrument that can
10 be converted to an equity ownership interest in
11 an entity based on future events;

12 “(5) the term ‘Federal matching equity invest-
13 ment’ means a contribution made with Federal
14 funds matching a private equity investment;

15 “(6) the term ‘minority depository institution’
16 has the meaning given the term in section 308 of the
17 Financial Institutions Reform, Recovery, and En-
18 forcement Act of 1989 (12 U.S.C. 1463 note);

19 “(7) the term ‘Program’ means the Next Gen-
20 eration Entrepreneurship Corps Program established
21 under subsection (b);

22 “(8) the term ‘SCORE’ means the Service
23 Corps of Retired Executives established under sec-
24 tion 8(b)(1)(B);

1 “(9) the term ‘State’ means any State of the
2 United States, the District of Columbia, and any
3 territory of the United States;

4 “(10) the term ‘veteran business outreach cen-
5 ter’ means a veteran business outreach center de-
6 scribed in section 32; and

7 “(11) the term ‘women’s business center’ means
8 a women’s business center operating pursuant to
9 section 29.

10 “(b) ESTABLISHMENT.—

11 “(1) IN GENERAL.—There is established within
12 the Administration an independent fellowship pilot
13 program to be known as the ‘Next Generation En-
14 trepreneurship Corps Program’ to foster entrepre-
15 neurship in the most distressed regions of the
16 United States, including distressed regions affected
17 by the COVID–19 pandemic.

18 “(2) ADMINISTRATION.—The Program shall be
19 administered by the Office of Entrepreneurial Devel-
20 opment of the Administration.

21 “(3) AUTHORIZATION.—

22 “(A) IN GENERAL.—Under the Program,
23 there shall be 1 group of fellows selected each
24 year for 5 years of the Program, with each
25 group serving for a 2-year period.

1 “(B) REPORTS.—Not later than 1 year
2 after the second group of fellows is selected
3 under the Program, and every 2 years there-
4 after, the Committee shall submit to Congress
5 an evaluation of the Program, along with any
6 recommendations and options to expand the
7 Program and make the Program permanent.

8 “(4) THIRD PARTY CONTRACTS.—

9 “(A) IN GENERAL.—The Office of Entre-
10 preneurial Development of the Administration
11 may contract with third party nonprofit organi-
12 zations that—

13 “(i) do or plan to do service work to
14 execute the Program; and

15 “(ii) the Committee determines have
16 relevant experience to carry out the Pro-
17 gram.

18 “(B) REPORT.—Not later than 90 days
19 after the date of enactment of this Act, the Ad-
20 ministrators shall submit to Congress a report
21 on—

22 “(i) the requirements and plans relat-
23 ing to third party contractors described in
24 subparagraph (A); and

1 “(ii) how those third party contractors
2 will begin to carry out the Program.

3 “(c) STIPENDS.—

4 “(1) IN GENERAL.—Each fiscal year, the Com-
5 mittee may select not more than 320 fellows to par-
6 ticipate in the Program and receive a 2-year stipend
7 of \$120,000 to start and grow a new small business
8 concern.

9 “(2) AUTHORITY TO REJECT.—The Assistant
10 Administrator of the Office of Entrepreneurial De-
11 velopment of the Administration shall have the au-
12 thority to reject any fellow selected by the Com-
13 mittee to participate in the Program.

14 “(3) ALLOWABLE USES.—The Committee shall
15 determine the allowable uses of a stipend awarded
16 under this subsection.

17 “(4) STIPEND AMOUNT.—The amount of a sti-
18 pend made under this subsection shall be adjusted
19 every 3 years to reflect increases in the Consumer
20 Price Index for All Urban Consumers during that
21 period.

22 “(5) APPLICATIONS.—Each applicant for a sti-
23 pend made under this subsection shall—

24 “(A) propose a small business concern idea
25 that will be located in a distressed region; and

1 “(B) submit to the Committee a small
2 business concern plan that demonstrates—

3 “(i) that the applicant will have pri-
4 mary decision making authority in the
5 small business concern;

6 “(ii) a need for the small business
7 concern of the applicant in the community
8 or how the small business concern solves
9 an economic or social problem in the area
10 to be served by the small business concern
11 or the United States;

12 “(iii) how the applicant plans to build
13 their small business concern to employ
14 local talent in entry-level and mid-level po-
15 sitions to ensure quality job growth;

16 “(iv) a vision for long-term growth in
17 the area to be served by the small business
18 concern; and

19 “(v) that the applicant does not, at
20 the time of application, have the resources
21 to start and grow a small business concern
22 on their own without assistance.

23 “(6) PREFERENCE.—

1 “(A) IN GENERAL.—The Committee shall
2 give preference to applicants for a stipend
3 under this subsection that are—

4 “(i) individuals moving to a distressed
5 region to encourage new small business
6 concern owners in those areas post-
7 COVID–19;

8 “(ii) individuals who can demonstrate
9 a connection to the State or locality in
10 which the proposed small business concern
11 will be located and are willing to relocate
12 within 15 miles of the distressed region;

13 “(iii) owners of small business con-
14 cerns whose businesses were closed or who
15 had to significant change their business
16 model or services due to the COVID–19
17 public health crisis;

18 “(iv) entrepreneurs within populations
19 underrepresented among small business
20 concern owners in the United States, in-
21 cluding women and ethnic minority groups;

22 “(v) veterans;

23 “(vi) individuals who can demonstrate
24 residence of not less than 2 years in a low-
25 income census tract; or

1 “(vii) individuals who have taken non-
2 traditional pathways for professional devel-
3 opment, including individuals without a
4 bachelor’s degree or who received Federal
5 Pell Grants under section 401 of the High-
6 er Education Act of 1965 (20 U.S.C.
7 1070a), who shall not be required to estab-
8 lish a small business concern in a dis-
9 tressed region.

10 “(B) CONSIDERATIONS.—When evaluating
11 applicants for a stipend under this subsection,
12 the Committee—

13 “(i) shall differentiate between appli-
14 cants for a stipend under this subsection
15 that aim to be a high-growth startup and
16 a traditional small business concern;

17 “(ii) shall consider similar categories
18 of applicants concurrently;

19 “(iii) should seek to encourage both
20 high-growth and traditional startups across
21 all geographic areas; and

22 “(iv) shall—

23 “(I) not prioritize applicants with
24 prior experience with starting and
25 growing a small business concern over

1 applications without that experience;
2 and

3 “(II) give equal consideration to
4 applicants with and without the expe-
5 rience described in subclause (I).

6 “(C) ADDITIONAL METRICS.—The Com-
7 mittee shall establish additional metrics by
8 which to evaluate applicants for a stipend under
9 this subsection, including by creating local and
10 State level applicant competitions.

11 “(7) NEW ENTREPRENEURS.— The Committee
12 may award stipends under this subsection to appli-
13 cants both at the beginning stages of building their
14 small business concern as well as to applicants who
15 have had limited prior business experience.

16 “(8) NUMBER OF FELLOWS PER SCORE CHAP-
17 TER.—

18 “(A) IN GENERAL.—Each year, the Com-
19 mittee shall select not fewer than 1 fellow under
20 the Program per chapter of SCORE.

21 “(B) DISTRIBUTION.—The Committee
22 shall ensure a fair geographic distribution of
23 fellows selected under this subsection, including
24 between urban and rural areas, and may create

1 a process for ensuring that distribution if the
2 Committee determines necessary.

3 “(d) BENEFITS.—

4 “(1) STUDENT LOAN DEFERMENT.—For each
5 fellow under the Program who notifies the Com-
6 mittee that the fellow has a loan made, insured, or
7 guaranteed under part B, D, or E of title IV of the
8 Higher Education Act of 1965 (20 U.S.C. 1071 et
9 seq.; 1087a et seq.; 1087aa et seq.) that is in repay-
10 ment—

11 “(A) the Committee shall—

12 “(i) inform the Secretary of Edu-
13 cation that the fellow is participating in a
14 fellowship through the Program; and

15 “(ii) provide any additional informa-
16 tion requested by the Secretary of Edu-
17 cation regarding the fellow and the loan;
18 and

19 “(B) the Secretary of Education shall, for
20 the period of the fellowship—

21 “(i) in the case of a loan made under
22 part B or E of title IV of the Higher Edu-
23 cation Act of 1965 (20 U.S.C. 1071 et
24 seq.; 1087aa et seq.), require that the
25 holder of the loan place the loan in

1 deferment, in which interest shall accrue
2 and be paid by the Secretary, in the same
3 manner as a deferment made under section
4 428(b)(1)(M) of the Higher Education Act
5 of 1965 (20 U.S.C. 1078(b)(1)(M)); and

6 “*(ii)* in the case of a loan made under
7 part D of such Act (20 U.S.C. 1087a et
8 seq.), place the loan in deferment, during
9 which interest shall not accrue, in the
10 same manner as a deferment made under
11 section 455(f)(1) of such Act (20 U.S.C.
12 1087e(f)(1)) for a Federal Direct Stafford
13 Loan under such part.

14 “(2) HEALTH CARE.—With respect to any fel-
15 low under the Program that is not otherwise covered
16 under a health care policy, the Administrator shall
17 provide or make available a basic health care policy
18 in accordance with section 140(d) of the National
19 and Community Service Act of 1990 (42 U.S.C.
20 12594(d)) for the 2-year period during which the
21 fellow serves under the Program.

22 “(e) MENTOR SUPPORT.—

23 “(1) IN GENERAL.—Each fellow under the Pro-
24 gram—

1 “(A) shall be assigned by the Committee a
2 mentor from the designated SCORE chapter of
3 the fellow, who may work in partnership with a
4 small business development center, a veteran
5 business outreach center, or a women’s business
6 center to provide the mentorship;

7 “(B) following completion of the Program
8 is encouraged to join SCORE, a small business
9 development center, a veteran business outreach
10 center, or a women’s business center to con-
11 tribute back to the Program and facilitate part-
12 nerships with local resource partners of the Ad-
13 ministration; and

14 “(C) shall be assigned by the Committee a
15 mentor from the Next Generation Entrepre-
16 neurship Corps Board, which shall be created
17 by the Committee and consist of notable chief
18 executive officers of companies and venture cap-
19 italists from across the United States to help
20 advise fellows.

21 “(2) RESOURCES.—In providing mentorship
22 under paragraph (1), each resource partner de-
23 scribed in that paragraph shall engage the resources
24 of the Administration in each State, including
25 through partnerships with community organizations.

1 “(f) IMMERSIVE INITIAL TRAINING.—

2 “(1) IN GENERAL.—Each fellow under the Pro-
3 gram shall attend an immersive training course de-
4 signed by the Committee at the beginning of the fel-
5 lowship, which shall—

6 “(A) provide distinct education materials,
7 including resources and information, for all fel-
8 lows on high-growth startups and distinct edu-
9 cation materials for all fellows on traditional
10 small business concerns;

11 “(B) incorporate skills building, transfer of
12 business know-how when beginning a small
13 business concern, and a discussion of resources
14 of the Administration; and

15 “(C) include information on local resources
16 available from SCORE, small business develop-
17 ment centers, veteran business outreach cen-
18 ters, and women’s business centers.

19 “(2) SELECTION OF HOSTS.—Each year, the
20 Committee shall select not more than 1 small busi-
21 ness resource partner to host the immersive training
22 course described in paragraph (1).

23 “(g) NETWORK BUILDING.—To foster connections
24 across the United States with other innovators, each fellow
25 under the Program—

1 “(1) shall attend not less than 1 small business
2 concern-related conference per year of the fellowship;
3 and

4 “(2) is encouraged to attend regional small
5 business concern-related conferences.

6 “(h) ACCESS TO CAPITAL STRATEGY.—

7 “(1) IN GENERAL.—The Committee shall estab-
8 lish a strategy for access to capital, insurance, and
9 other core small business concern services and prod-
10 ucts, for use both during and after the Program, for
11 fellows under the Program that provides for the
12 needs of both traditional small business concerns
13 and high-growth startups.

14 “(2) MATCHING.—Under the strategy estab-
15 lished under paragraph (1), the Committee shall
16 match fellows under the Program with a full range
17 of lenders, investors, and insurers, including both
18 local and national resources.

19 “(3) PREFERENCE.—The Administrator may
20 give preference to fellows under the Program with
21 respect to loans under section 7(a), microloans
22 under section 7(m), and assistance provided under
23 title V of the Small Business Investment Act of
24 1958 (15 U.S.C. 695 et seq.) to facilitate quick and
25 affordable access to credit, including by—

1 “(A) waiving the credit elsewhere require-
2 ment; and

3 “(B) expediting the application timeline for
4 that assistance.

5 “(4) WAIVER OF PERSONAL GUARANTEE.—

6 With respect to high growth startup small business
7 concerns established by fellows under the Program,
8 the Administrator shall waive the personal guarantee
9 requirement for those small business concerns that
10 apply for loans under section 7(a), microloans under
11 section 7(m), or assistance provided under title V of
12 the Small Business Investment Act of 1958 (15
13 U.S.C. 695 et seq.).

14 “(i) PROGRAM FUND FOR CAPITAL.—

15 “(1) IN GENERAL.—There is established in the
16 Treasury a fund to provide Federal matching equity
17 investments in any small business concern owned
18 and operated by a fellow under the Program.

19 “(2) PROCEDURE FOR MATCHING.—Under

20 paragraph (1), when a private investor takes an eq-
21 uity stake in a firm described in that paragraph, the
22 fund established under that paragraph shall, at the
23 discretion of the owner of the small business con-
24 cern, make and retain a matching investment, with
25 any returns on the investment to be reinvested in

1 other small business concerns owned and operated
2 by a fellow under the Program.

3 “(3) FEDERAL MATCHING OF OTHER FUNDS.—

4 The Federal government shall use amounts from the
5 fund established under paragraph (1) to match any
6 investment made by a private investor in any fund
7 that exclusively invests in small business concerns
8 owned and operated by a fellow under the Program.

9 “(4) APPROPRIATIONS.—Out of funds in the
10 Treasury not otherwise appropriated, there is appro-
11 priated to the fund established under paragraph (1)
12 \$28,600,000, to remain available until expended.

13 “(j) REPORTING BY FELLOWS.—Each fellow under
14 the Program shall, on an annual basis, submit to the Com-
15 mittee and each mentor assigned to the fellow under sub-
16 section (e) a progress report on the activities of the fellow.

17 “(k) SELECTION COMMITTEE.—

18 “(1) IN GENERAL.—The Administration shall
19 establish a selection committee composed of experts
20 from educational, scientific, technical, and public
21 service backgrounds to—

22 “(A) build the next generation of entre-
23 preneurs under the Program through a trans-
24 parent, competitive, fair, and rigorous process;

1 “(B) enable entrepreneurs each year under
2 the Program to successfully build small busi-
3 ness concerns in distressed regions by providing
4 guidance, expertise, and partnerships between
5 the fellows and business supports;

6 “(C) increase the diversity of entrepreneur-
7 ship in the United States;

8 “(D) increase entrepreneurship in dis-
9 tressed regions;

10 “(E) increase talent retention and migra-
11 tion to distressed regions;

12 “(F) increase investment and growth in
13 communities in distressed regions; and

14 “(G) ensure the transparent, efficient and
15 effective use of taxpayer funds.

16 “(2) MEMBERSHIP.—

17 “(A) COMPOSITION.—The Committee shall
18 be composed of 12 members appointed by the
19 Administrator, of whom—

20 “(i) 1 member shall be a small busi-
21 ness concern investor such as a venture
22 capitalist or an angel investor;

23 “(ii) 1 member shall be a small busi-
24 ness concern banker, including—

1 “(I) a community development fi-
2 nancial institution; or

3 “(II) a minority depository insti-
4 tution;

5 “(iii) 3 members shall be successful
6 entrepreneurs;

7 “(iv) 1 member shall be a SCORE
8 volunteer;

9 “(v) 1 member shall be an expert on
10 economic development;

11 “(vi) 1 member shall be an expert on
12 distressed regions; and

13 “(vii) 4 members shall be individuals
14 from the private sector with relevant expe-
15 rience as related to the mission and the
16 duties of the Committee.

17 “(B) PREFERENCE.—There shall be a
18 preference for the appointment of members of
19 the Committee who are within populations that
20 are underrepresented among small business
21 concern owners in the United States, including
22 women and ethnic minority groups.

23 “(C) CHAIR.—The Administrator shall se-
24 lect the chair of the Committee from among
25 members of the Committee.

1 “(D) TERM; VACANCIES.—The term of of-
2 fice of each member of the Committee shall be
3 6 years, except that—

4 “(i) of the members first serving on
5 the Committee—

6 “(I) 4 shall serve terms of 2
7 years;

8 “(II) 5 shall serve terms of 4
9 years; and

10 “(III) 4 shall serve terms of 6
11 years;

12 “(ii) any member appointed to fill a
13 vacancy shall serve for the remainder of
14 the term for which his predecessor was ap-
15 pointed and shall be appointed in the same
16 manner as the original appointment for
17 that vacancy was made; and

18 “(iii) upon the expiration of their
19 term of office, any member of the Com-
20 mittee may continue to serve until their
21 successor is appointed.

22 “(E) POLITICAL PARTY.—Not more than 6
23 members of the Committee shall be from the
24 same political party.

1 “(F) APPOINTMENTS.—Appointments to
2 the Committee shall be made not later than 30
3 days after the date of enactment of the Next
4 Generation Entrepreneurship Corps Act.

5 “(3) COMPENSATION.—Members of the Com-
6 mittee shall serve without pay, but shall be entitled
7 to reimbursement for travel, subsistence, and other
8 necessary expenses incurred in the performance of
9 their duties.

10 “(4) FIRST MEETING.—Not later than 30 days
11 after the appointment of a majority of Committee
12 members, the Committee shall hold its first meeting.

13 “(5) DUTIES AND RESPONSIBILITIES.—The
14 Committee—

15 “(A) shall provide for the conduct of a na-
16 tionwide competition for selecting fellows to
17 participate in the Program by—

18 “(i) issuing a request for applications
19 not later than 6 months after the date of
20 enactment of the Next Generation Entre-
21 preneurship Corps Act, with a deadline for
22 submissions that is not later than 12
23 months after such date of enactment;

24 “(ii) partnering with private organiza-
25 tions, including those with investment ex-

1 perience or experience in the area of in-
2 vesting in businesses, to provide edu-
3 cational materials to educate the public
4 about the Program, help ensure that the
5 Program is competitive, and increase
6 awareness of the Program;

7 “(iii) partnering with organizations
8 that work with or provide programming for
9 the K-20 entrepreneurship pipeline; and

10 “(iv) selecting the first group of fel-
11 lows not later than 13 months after the
12 date of enactment of the Next Generation
13 Entrepreneurship Corps Act;

14 “(B) shall carry out the duties described in
15 this section with respect to the Program;

16 “(C) may identify—

17 “(i) priority sectors that advance the
18 social and economic development of a geo-
19 graphic area or the United States, includ-
20 ing social services, education, health and
21 nutrition, child care, manufacturing, tech-
22 nology, or any industry sector that sup-
23 ports the economic development strategy of
24 an area; and

1 “(ii) prohibited sectors and businesses
2 that could harm the economic development
3 of communities, such as—

4 “(I) predatory financial services
5 and addictive substances; and

6 “(II) businesses described in sec-
7 tion 120.110 of title 13, Code of Fed-
8 eral Regulations, or any successor
9 regulation;

10 “(D) may create an entity described in sec-
11 tion 501(c)(3) of the Internal Revenue Code
12 and exempt from taxation under section 501(a)
13 of such Code to solicit private funding for the
14 Program; and

15 “(E) may work with the Economic Devel-
16 opment Agency of the Department of Com-
17 merce in carrying out the duties of the Program
18 and providing resources to fellows under the
19 Program.

20 “(6) STAFF.—The Committee may appoint a
21 staff director and other personnel as necessary to
22 carry out the duties of the Committee.

23 “(7) APPLICABILITY OF FACA.—The Federal
24 Advisory Committee Act (5 U.S.C. App.) shall not
25 apply to the Committee.

1 “(l) REPORTS.—Not later than 1 year after the date
2 on which the Committee selects the first group of fellows
3 for the Program, and every year thereafter, the Committee
4 shall submit to Congress a report that empirically evalu-
5 ates the effectiveness of the Program, including an evalua-
6 tion by revenues and jobs created and sustained, small
7 business concern survival rates, capital raised, and other
8 metrics determined appropriate by the Committee.

9 “(m) AUTHORIZATIONS OF APPROPRIATIONS.—

10 “(1) STIPENDS AND NETWORK BUILDING.—

11 There is authorized to be appropriated \$39,200,000
12 for each fiscal year for the Program, of which—

13 “(A) \$38,400,000 shall be for stipends
14 made under subsection (b)(1); and

15 “(B) \$800,000 shall be for providing reim-
16 bursable expenses for travel and stay up to
17 \$2,500 per fellow to attend 1 conference de-
18 scribed in subsection (g).

19 “(2) SCORE.—There is authorized to be ap-
20 propriated \$5,000,000 for each fiscal year to
21 SCORE to carry out activities under the Program.

22 “(3) IMMERSIVE INITIAL TRAINING.—There is
23 authorized to be appropriated for each fiscal year
24 such sums as may be necessary to provide to the
25 Committee \$4,000 per fellow under the Program for

1 the cost of hosting the immersive initial training
2 under subsection (f).

3 “(4) STAFF AND ADMINISTRATION.—There is
4 authorized to be appropriated \$2,500,000 for each
5 fiscal year for staff and administrative expenses of
6 the Administration to implement the Program.

7 “(5) COMMITTEE COSTS.—There is authorized
8 to be appropriated \$4,000,000 for each fiscal year
9 for travel and administrative expenses of the Com-
10 mittee.”.