

U.S. SMALL BUSINESS ADMINISTRATION

Statement of Regulatory Priorities

Overview

The mission of the U.S. Small Business Administration (SBA or Agency) is to maintain and strengthen the nation's economy by helping Americans start, grow, and build resilient businesses and recover after disasters. In accomplishing this mission, SBA strives to improve the economic environment for small businesses, including those in rural areas, those in areas that have significantly higher unemployment and lower income levels than the nation's averages, and those in traditionally underserved markets.

SBA has several financial, procurement, and technical assistance programs that provide a crucial foundation for Americans starting or growing a small business. For example, the Agency serves as a guarantor of SBA program loans to small businesses and licenses Small Business Investment Companies that make equity and debt investments in qualifying small businesses using a combination of privately raised capital and SBA guaranteed leverage. SBA also helps small businesses, including those owned by women, service-disabled veterans, minorities, and other historically underrepresented groups, gain access to federal government contracting opportunities. In addition, the Agency funds various small business training and mentoring programs and provides management and technical assistance to existing or potential small business owners through grants, cooperative agreements, and contracts. Finally, as an essential part of its purpose, SBA provides direct financial assistance to homeowners, renters, and businesses to repair or replace their property in the aftermath of a disaster. Beyond providing a crucial foundation for business-owners, SBA's assistance to small businesses, including access

to capital, generates new jobs to help create a strong, innovative, and sustainable American economy.

Reducing Burden on Small Businesses

SBA's regulatory policy reflects a commitment to developing regulations that reduce or eliminate the burden on the public, particularly the Agency's core constituents—small businesses. SBA's regulatory process generally includes an assessment of the costs and benefits of the regulations as required by Executive Order No. 12866, 1993, "Regulatory Planning and Review"; Executive Order No. 13563, 2011, "Improving Regulation and Regulatory Review"; and the Regulatory Flexibility Act. SBA's program offices are particularly invested in finding ways to reduce the burden imposed on the public by the Agency's core activities in its loan, grant, innovation, and procurement programs.

Openness and Transparency

SBA promotes transparency, collaboration, and public participation in its rulemaking process. To that end, SBA makes a conscious effort to engage those members of the public eligible for SBA programs or affected by SBA regulations beyond the standard notice-and-comment process. SBA engages in tribal consultations when proposing changes to its government contracting regulations and often receives input on access and burdens associated with SBA program regulations and policies. For example, SBA conducted five tribal consultations or listening sessions about a proposal contained within the 8(a) Ownership and Control Rule (RIN 3245-AH70) mentioned below, leading to the elimination of the proposal in the final rule. For SBA's Small Business Innovation Research (SBIR) program, the Agency coordinates a road tour around the country, on which SBA and other agencies engage small businesses and provide them with information about the application process and upcoming SBIR

topics for grant or contract awards. The Historically Underutilized Business Zones (HUBZones) program office regularly provides webinars about the program to prospective and current program participants, who are encouraged to provide feedback, and holds “office hours” twice a week, during which firms are encouraged to inquire about the certification process or provide feedback. SBA’s Office of Government Contracting & Business Development (GCBD) and its attorneys routinely attend trade association conferences concerning its programs, including the annual conferences hosted by the National 8(a) Association and HUBZone Council. SBA’s 8(a) Business Development (BD) program office periodically uses its monthly *Straight Talk* call to obtain input from external stakeholders. For example, in fall 2022, the office invited stakeholders to provide feedback on ways to improve the 8(a) application. SBA has also in the past entered interagency agreements with the Department of the Interior to conduct customer satisfaction surveys to gain a broad understanding of customer experience and customer satisfaction with the availability of information about SBA programs.

In addition to these program-specific efforts, SBA regularly seeks feedback from customers in the form of information collections under the Paperwork Reduction Act (PRA). SBA maintains two generic PRA clearances that allow the Agency to rapidly engage the public: one clearance allows SBA to collect customer feedback on service delivery for SBA programs such as GCBD and Boots to Business, and the other allows SBA to collect information for evaluation, research, and evidence building in order to improve programs like GCBD, Community Navigators, and SBA’s capital programs.

Regulatory Framework

SBA’s Strategic Plan for fiscal years 2022 through 2026 provides a framework for strengthening, streamlining, and simplifying SBA programs and leverages collaborative

relationships with other agencies and the private sector to provide small businesses with the tools they need to drive innovation and strengthen the economy through business revenue and job growth. The Strategic Plan serves as the foundation for the regulations that the Agency will develop during the next twelve to twenty-four months.

SBA developed the Strategic Plan in consultation with multiple stakeholder groups through its *Strategic Plan Working Group*, which comprised members at all levels of SBA and across numerous Agency programs, allowing the themes revealed during the stakeholder engagement process to be incorporated throughout the Agency. SBA also partnered with the General Services Administration (GSA) to solicit input and feedback from federal employees whose roles support the implementation of SBA programs across the government or who work with other small business development programs. In addition, the Agency conducted community outreach across the country, including by conducting listening sessions with community development organizations in eight cities, from Portland, Maine, to Portland, Oregon, which provided SBA with input from entrepreneurs of all kinds and highlighted place-based and sector-specific issues. Finally, SBA solicited feedback through the Federal Register, SBA.gov posting, an SBA daily newsletter, a social media campaign, and outreach to key stakeholder organizations.

Based on the input received during this stakeholder engagement process, SBA identified the following imperatives and integrated them into its Strategic Plan: increase collaboration with resource partners and stakeholders to amplify SBA's reach and better communicate the Agency's products and services, and improve SBA's data transparency so that researchers, resource partners, community organizations, and the public can better understand how the SBA supports the small business and entrepreneurial ecosystem. The Strategic Plan, in turn, sets out three

strategic goals: (1) ensure equitable and customer-centric design and delivery of programs to support small businesses and innovative startups; (2) build resilient businesses and a sustainable economy; and (3) implement strong stewardship of resources for greater impact.

The regulations reported in SBA's semi-annual Regulatory Agenda and Plan are intended to facilitate achievement of these goals while meeting the needs of the members of the public eligible for our programs or affected by our regulations. Over the past twelve months, SBA developed rulemakings designed to support the Administration's Invest in America initiative and advance the country's economic growth and resiliency.

SBA continues to take regulatory action as necessary to adjust and adapt requirements for its programs to better support the country's economy. In the upcoming twelve to twenty-four months, SBA will focus on implementing recently finalized rules that increase competition in the market for small business credit, incentivize patient investments in innovative startups, and reduce barriers in access to capital for underserved communities. The Agency will also focus on advancing proposed rules that further remove barriers to credit across its loan programs for justice-involved entrepreneurs and make SBA's contracting and counseling programs accessible and impactful for a wider range of small businesses.

Administration's Priorities

To the extent possible and consistent with the Agency's statutory purpose, SBA will take action to support the Administration's priorities highlighted in the Fall 2023 Data Call for the *Unified Agenda of Federal Regulatory and Deregulatory Actions* (07/19/2023), namely: (1) tackling the climate change emergency; (2) advancing equity and supporting underserved, vulnerable, and marginalized communities; (3) creating and sustaining good jobs with a free and fair choice to join a union, and promoting economic resilience in general; and (4) improving

service delivery and customer experience and reducing administrative burdens. In fact, many of the Agency's rulemakings cut across multiple priorities. For example, SBA's amendments to Small Business Investment Company (SBIC) program regulations (RIN 3245-AH90, described below) not only support the Administration's priority to advance equity and support underserved communities, but also aim to improve SBA response times and enable SBA to focus on customer relationships and monitoring funds, efforts that broadly advance the Administration's fourth priority. Highlighted below are some of SBA's most important regulatory actions arranged by Administration priority, including actions SBA has completed since the spring 2023 Unified Agenda and actions that SBA plans to take in the upcoming 12-24 months.

Priority (1) – Actions That Tackle the Climate Change Emergency

Over the past year, SBA has continued to make efforts toward its a multi-year priority goal to help prepare and rebuild resilient communities by enhancing communication efforts for disaster mitigation. Under the Small Business Act, SBA is authorized to make disaster loans for efforts to repair, rehabilitate, or replace property damaged or destroyed as a result of a disaster. SBA's regulations in 13 CFR part 123 contain the legal framework for the SBA Disaster Loan program, which delivers SBA financing specifically targeted for pre-disaster and post-disaster mitigation projects. SBA can also tap into its other financing programs for funding to put toward disaster mitigation measures. No regulations are necessary to implement either of these options. In addition to its regulatory actions, SBA will continue to focus its efforts on educating the public on the benefits of investing in mitigation and resilience projects and on increasing awareness of SBA loan programs that small businesses can take advantage of to purchase, renovate, or retrofit buildings and equipment in order to reduce greenhouse gas emissions,

improve energy efficiency, and enable the development of innovative solutions that support the green economy.

- i. *Disaster Assistance Loan Program Changes to Maximum Loan Amounts and Miscellaneous Updates* (RIN 3245-AH91)

SBA continues to develop regulatory actions that enhance and modernize its procurement and capital assistance programs in order to combat the climate crisis. A direct final rule for the Disaster Loan program, effective July 31, 2023, aimed to increase disaster survivors' access to much needed funds to repair or replace damaged property by, among other things, increasing home loan lending limits, extending the deferment period, and expanding mitigation options. Specifically, the final rule increased the lending limits on amounts for repair and replacement of disaster damaged real and personal property, for refinancing, for mitigation, and for contractor malfeasance. These were necessary changes as current home loan lending limits had not been adjusted since 1994, but inflation, housing prices, and construction and labor costs have increased over time. From 2018 through 2022, approximately 8.5% of borrowers were unable to fully restore their real estate and replace their personal property due to the current home loan lending limits. In some cases, the numbers were even higher; for example, 64.2% of recipients of home loans for damage caused by the 2021 Colorado Wildfires and 17.6% of such borrowers from Hurricanes Fiona and Ian were unable to fully restore their real estate and replace personal property. Before this rule, this shortfall was expected only to continue to increase and impact greater numbers of disaster survivors in other regions as disasters and disaster recovery becomes more frequent, widespread, and expensive. With respect to deferment periods, the final rule increased the initial deferment period from 5 months to 12 months, reducing the immediate financial burden for disaster survivors, a crucial change as repair and replacement timelines often

extend beyond the prior 5-month deferment period. Additionally, the final rule expanded the allowable use of disaster loan funds used to protect damaged or destroyed real property from possible future “similar” disasters to simply all possible future disasters. By eliminating the word “similar,” SBA has provided a disaster loan recipient the flexibility to use loan funds allocated for mitigation to protect against *any* type of disaster and thus better protect their property from future disasters. The amended regulations also allow the Administrator to increase the maximum loan amounts to homeowners and renters under a specific disaster declaration based on appropriate economic indicators, such as current building costs, regional median home prices, and the Consumer Price Index (CPI) and the Producer Price Index (PPI) for the region(s).

As a direct final rule, the public was invited to comment until July 17, 2023. SBA did not receive significant adverse comment, and the rule became effective on July 31, 2023.

Priority (2) – Actions That Advance Equity and Support Underserved, Vulnerable and Marginalized Communities

SBA continues to make efforts to improve access of underserved communities to capital, federal government procurement and contracting opportunities, disaster assistance, and small business services like counseling and training. In addition to SBA’s actions to promote access to its programs—namely addressing language, cultural differences, and socio-economic factors, expanding the lending network to groups that work with underserved communities, leveraging technology, and addressing the digital/technological divide—SBA continues to make efforts to identify gaps and develop a more targeted outreach by revising information collection instruments and commissioning federal statistical agencies to gather demographic data on programs participants and service recipients.

SBA also continues to explore regulatory actions that can supplement its Equity Action Plan objectives and support underserved, vulnerable, and marginalized communities. For example, SBA is prioritizing development of a rulemaking to standardize the regulatory requirements that govern its certification programs: the 8(a) BD program, HUBZone, the Women-Owned Small Business (WOSB) program, and the Veteran Small Business Certification program (VetCert). This is consistent with SBA's ongoing efforts to support businesses in underserved markets and remove barriers to entry in SBA's small business contracting programs. In addition, the final rule for the SBIC program (RIN 3245-AH90, discussed below) intends to implement Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, by reducing financial and administrative barriers to participation in the SBIC program and modernizing the program's license offerings to align with a more diversified set of new funds investing in underserved small businesses.

i. *Ownership and Control and Contractual Assistance Requirements for the 8(a) Business Development Program* (RIN 3245-AH70)

The 8(a) BD program helps firms owned and controlled by socially and economically disadvantaged individuals strengthen their ability to compete effectively in the economy by providing training and various forms of technical, financial, and procurement assistance. This final rule, effective April 27, 2023, made several changes to the program, including, among other things, recognizing a process for allowing a change of ownership in a former participant that is still performing one or more 8(a) contracts. Program regulations previously stated that a program participant awarded one or more 8(a) contracts could substitute one disadvantaged individual for another disadvantaged individual without requiring the termination of those contracts or a request for waiver. The rule clarified the regulation's language to make clear that, just like

current program participants, former participants performing 8(a) contract(s) may change ownership, provided the new ownership claims a socially and economically disadvantaged status, without the requirement for contract termination or a waiver. As a result, individual entrepreneurs and entities (i.e., tribes, Alaska Native Corporations (ANCs), Native Hawaiian Organizations (NHOs), and Community Development Corporations (CDCs)) can acquire an existing platform of capabilities and past performance, as well as an established contract revenue stream with fewer administrative burdens.

In addition, the rule clarified that an applicant or participant firm that settles its debts with the federal government is not barred from participating in the program. Specifically, where a firm or its principals can demonstrate that any financial obligations owed have been settled and discharged by the federal government, that firm will be eligible for the 8(a) BD program. The rule also clarified that a business concern can use its successful performance of state, local, or federal government contracts to demonstrate its “potential for success,” a requirement for program eligibility, and expanded the means by which tribally-owned businesses can demonstrate potential for success, by allowing such applicants to submit financial statements as evidence of their potential in lieu of federal income tax returns, which not all tribally-owned small businesses file. The rule also made several changes relating to 8(a) contracts, including clarifying that a contracting officer cannot limit an 8(a) competition to participants having more than one certification (e.g., 8(a) and HUBZone), ensuring that 8(a) competition remains available to all eligible program participants. The rule clarified not only the prohibition against an agency requiring one or more other certifications in addition to its 8(a) certification, but also makes similar clarifications to the regulations for the SDVO, HUBZone, and WOSB programs.

The final rule reflects feedback SBA received during five tribal consultations and listening sessions about a proposal to add certain reporting and Community Benefits Plan requirements for entities having one or more participants in the 8(a) BD program. Based on that feedback, SBA eliminated the proposal in the final rule. In addition, the rule reflects extensive feedback in the form of over 650 comments received from 125 commenters, with most comments supporting the rule's substantive changes. SBA adopted suggested changes, made clarifications to the rule's language as appropriate, or explained its rationale for rejecting suggestions. In addition to accepting feedback on the rule in general, SBA sought comments on specific issues, including issues relating to 8(a) and Timber Set-Aside program waivers, sole-source 8(a) follow-on procurement, and Community Benefits Plans. SBA developed the sections of the final rule that were focused on these issues based on the feedback received.

ii. *Criminal Justice Reviews for the SBA Business Loan Programs and Surety Bond Guaranty Program* (RIN 3245-AI03)

SBA is proposing to amend regulations governing SBA's business loan programs (the 7(a) Loan program, 504 Loan program, Microloan program, Intermediary Lending Pilot (ILP) program, and Surety Bond Guarantee (SBG) program) and the Disaster Loan program (except for the COVID Economic Injury Disaster Loan (EIDL) program) to modify how SBA considers applicants with criminal history. The amendments are designed to improve equitable access based on criminal background review of applicants seeking to participate in one or more of these programs. After conducting a comprehensive study of SBA capital programs' current policies on individuals with criminal histories, SBA believes the proposed changes honor and incorporate the statutory mandates of 15 U.S.C. 631 that emphasize both the importance of small business development in general and SBA's responsibility to increase opportunities for certain groups that

historically may not have had equitable opportunities for small business ownership. Aside from these statutory mandates, the rule is based on how state and local governments and the private sector have broadened access to business capital and employment opportunities and is supported by data and empirical research demonstrating the public safety and economic benefits of such broadened access. Federal laws have also evolved regarding recidivism and second chances for formerly incarcerated individuals. SBA has determined that there is a need to update regulations to reduce barriers to participation in these programs for equitable support for small business entrepreneurs with criminal history records.

Priority (3): Actions That Create and Sustain Good Jobs with a Free and Fair Choice to Join a Union and Promote Economic Resilience in General

Small businesses form the foundation of the U.S. economy. They create two-thirds of net new jobs and drive American innovation and competitiveness. SBA continues to focus on helping small businesses develop economic resilience. SBA's Office of Capital Access has two goals: to increase the capital available to start and grow the small businesses that would not otherwise be able to access capital through conventional sources and to provide disaster assistance in the form of home and business loans for disaster survivors. SBA's loan guaranty and microloan programs provide credit-worthy small businesses with access to capital they would otherwise not receive because they cannot qualify for a loan under conventional credit standards. The Agency's disaster assistance programs help small businesses prepare for disasters and restore small businesses and their communities struck by disaster.

SBA aims to develop economic resilience not only in small businesses, but broadly within the U.S. economy, by helping ensure small businesses receive their fair share of federal contracting dollars. This is a crucial aspect of the government-wide effort to strengthen the

federal supply chain. To that end, SBA continues to look for regulatory avenues to enhance its contracting assistance programs, which help small businesses win federal contracts. As noted, SBA is prioritizing development of a rulemaking that will standardize the certification requirements and process for SBA's contracting assistance programs—the 8(a) BD program, HUBZone, WOSB, and VetCert. The streamlined certification regulations and process will eliminate unnecessary bureaucratic obstacles for eligible small businesses seeking multiple certifications, which will allow federal contracting dollars to flow more easily to eligible small businesses. The proposed updates will also ensure regulatory consistency among the programs to the extent possible. In streamlining the certification regulations and process, SBA aims to facilitate federal contracting of eligible small businesses, and thereby assist the federal government as a whole more effectively diversify its supply chains and strengthen its economic resilience. In addition, SBA continues to identify gaps in small business investment and develop rules that aim to plug those gaps.

i. *Small Business Investment Company Investment Diversification and Growth* (RIN 3245-AH90)

A final rule for the SBIC program, effective August 17, 2023, aims to significantly reduce barriers to program participation of new SBIC fund managers and funds investing in (i) underserved communities and geographies, (ii) capital intensive investments, and (iii) technologies critical to national security and economic development. SBA believes it must reduce barriers to participation and diversify its patient capital and long-term loan program to ensure long-term program stability and mission effectiveness.

The rule introduces new types of SBICs, termed Accrual SBICs and Reinvestor SBICs, through which SBA will increase program investment diversification and patient capital

financing for small businesses. It also introduces a new Accrual Debenture for issuance by these Accrual SBICs. This new structure is intended to attract new investors by reducing perceived disadvantages of being an SBIC. The Accrual Debenture aligns with cash flows of equity-focused strategies by offering an alternative to a semi-annual interest payment Debenture structure for all SBIC licensees either (1) not taking a control-position in small businesses and or (2) with over 75% of capital earmarked for long-term equity investment in small businesses to help them grow and scale. This alternative structure accommodates a longer horizon for investments in small businesses that might require more patient capital. In introducing this new structure, SBA aims to increase the equity funding available to underserved small business owners and unlock equity as a source of funding for many small business owners. Importantly, SBA believes it can offer this new structure while maintaining a zero-subsidy cost in the program.

During the rulemaking process, SBA received comments on both the rule and the SBIC program generally. SBA incorporated the recommendations of many of the comments, even those that were not directly within scope of the rulemaking. For example, in response to comments urging an expedited SBIC licensing process, SBA elected to introduce an expedited subsequent fund licensing process for eligible applicants and modify its standard operating procedures to increase transparency in the licensing process and decrease potential tail-end delays. SBA is also making efforts to implement recommendations that the Agency publish the names and dates of licensed SBICs in the Federal Register, collect certain data and financial metrics, and modernize certain aspects of the program, including the “reinvestment” restrictions which prohibit Section 301(c) Licensees from investing in a fund-of-funds capacity in emerging managers and licensing fees.

Among changes to the rule itself, after consideration of all public comments, SBA modified the final rule to make the Accrual Debenture available only to Accrual SBICs and Reinvestor SBICs, to align with the types of long-duration growth investing they primarily perform, and to exclude Standard SBICs, which may issue only Standard Debentures and Discount Debentures. This change limits the Accrual Debenture to SBICs that focus on stimulating small businesses. In addition, based on public comment, the final rule does not apply the new modified distribution waterfall to Standard Debenture Licensees, but instead applies it exclusively to the Accrual Debenture instrument. The final rule thus separated distribution requirements based on three categories of SBICs: (1) Non-leveraged Licensees; (2) Standard Debenture SBICs; and (3) Accrual SBICs and Reinvestor SBICs. SBA also decided against moving forward with modifications to Examination fees based on public comment. In addition, SBA modified the final rule to modify an exception to the restriction prohibiting licensees from making investments into relenders or reinvestors to permit reinvestors which are Accrual SBICs to make equity investments in certain underserved reinvestors.

Priority (4): Actions that improve service delivery, customer experience, and reduce administrative burdens.

SBA continues to make efforts to improve service delivery and customer experience and reduce administrative burdens wherever possible. In fact, many of the rules already mentioned under other priorities aim to support this priority. For example, SBA's amendments to the Disaster Loan program (RIN 3245-AH91) removed a business loan limit on amounts for landscaping or recreational facilities. Prior to the removal, SBA would make exceptions to the limit based on documented functional need on a case-by-case basis. The change provides consistency with home loans, removes the need for administrative exceptions, and reduces

administrative burden on the disaster survivor and SBA in securing resources to repair or replace damaged property. SBA's amendments to the 8(a) BD program (RIN 3245-AH70) advance this priority in several ways, including by making SBA's approval of a participant's business plan part of that participant's eligibility determination in certain situations, by streamlining the reapplication process for small businesses whose application was denied solely due to size that was later found to be small in connection with a formal size determination, providing that such applicants shall be immediately certified as eligible for the program, and by making it easier to meet the bona fide place of business requirement for 8(a) construction contracts (when imposed), which commenters noted would reduce overhead costs and provide needed flexibility to meet client needs more efficiently at a lower cost. And, as previously mentioned, SBA's amendments to the SBIC program (RIN 3245-AH90) include streamlined regulatory filing and reductions in duplicative data collections and bureaucratic processes to improve its response times and enable a greater focus on customer relationships and fund monitoring. For example, the rule allows approval to be granted at licensing of an SBIC's Total Intended Leverage Commitment, creates safe harbors for certain conflicts of interest that eliminate the need for explicit SBA approval, and allows automatic approval of GAAP-compliant valuations for non-leveraged licensees, changes which SBA believes will decrease the time and cost associated with applying for an SBIC license. In addition, SBA is prioritizing a rulemaking designed to standardize the regulatory requirements that govern its certification programs: the 8(a) BD program, HUBZone, the WOSB program, and VetCert.

Following revisions to the requirements in SBA's 8(a) BD program and Service-Disabled Veteran-Owned Small Business (SDVOSB) programs, SBA is issuing conforming revisions to its affiliation rules that govern all small business procurement programs and to the WOSB

program. These revisions will ensure consistent requirements for ownership and control across SBA's procurement programs.

i. *Affiliation in Small Business Procurement Programs* (RIN 3245-AH97)

SBA is proposing to amend its regulations on affiliation to expand access to credit and capital for small businesses, particularly those involved in government contracting. The proposed rule will address an inconsistency between SBA's affiliation rule and the rule on ownership and control in the SDVOSB program. On November 29, 2022, SBA published a final rule on procedures for certifying Veteran-Owned Small Business (VOSB) concerns and SDVOSB concerns. 87 FR 73400 (Nov. 29, 2022). That rule included changes to SBA's ownership and control rules for service-disabled veteran-owned small business concerns. In particular, SBA's rules allow a non-veteran to participate in certain extraordinary corporate decisions without causing the business to lose its veteran-owned status. SBA listed such extraordinary circumstances as: (1) the company's addition of a new equity stakeholder; (2) the dissolution of the company; (3) the sale of the company or all assets of the company; (4) the merger of the company; and (5) the company's declaration of bankruptcy. See also 83 FR 48908 (Sept. 28, 2018). Under that provision in the SDVOSB program, a non-veteran could have authority to do any of those five extraordinary actions, but SBA's affiliation rule still could cause the non-veteran's authority to be deemed ineligible as a small business concern under the negative control provision in 13 CFR 121.103(a)(3). Accordingly, this proposed rule makes the negative-control rule in SBA's affiliation rule consistent with ownership-and-control rules in the SDVOSB program. The proposal also would better define what stock holdings and merger agreements lead to affiliation.

ii. *WOSB Program Updates and Clarifications* (RIN 3245-AI04)

The WOSB regulations were updated in 2020 to implement a certification program as mandated by Congress. Certified WOSB program participants are required to re-certify as to their eligibility every three years, which means the first group of firms will begin the re-certification process in October of 2023. In conjunction with this anniversary, SBA is updating the regulations for clarity and ease of use. After three years of feedback from applicants, program participants, contracting officers, advocacy groups, Congressional staffers, and the Small Business Procurement Advisory Council, among others, SBA looks forward to refining the regulations to provide clear, accessible guidance for all stakeholders.

SBA also plans to align WOSB regulations with SBA's other government contracting programs, such as VetCert and 8(a), where appropriate. Such changes are especially important because the WOSB program has certification reciprocity with both programs. The 8(a) regulations were significantly revised earlier this year, and the VetCert regulations are also new as of January, so the WOSB proposed updates will ensure regulatory consistency to the extent possible.

iii. *Small Business Development Center Program Revisions* (RIN 3245-AE05)

SBA plans to issue a final rule to update its regulations for the Small Business Development Centers (SBDC) program. The program links the resources of federal, state and local governments with the resources of the educational community and the private sector to provide assistance to the small business community. In partnership with SBA's Office of Small Business Development Centers (OSBDC) and District Offices, SBDCs develop business counseling and training programs, informational tools, and other services that enhance the economic development goals and objectives of SBA in their respective service areas and local funding partners. Although Congress has amended the statute authorizing the SBDC program at

least 17 times, SBDC regulations have not been comprehensively updated since 1995. This final rule will incorporate updates to the Uniform Guidance, i.e., the administrative requirements, cost principles, and audit requirements for federal awards. It will also align SBDC regulations with current SBA policy and guidance as well as modernize and clarify the regulations to be more efficient, effective, and transparent. Among other changes, the rule clarifies the role of the District Office regarding oversight activities, defines and clarifies the various roles, procedures, documents, and categories of funding, and codifies the current Lead Center Director selection process used by SBDCs.

The intent of the changes is to make program operations less onerous for recipient organizations. Current program policies and requirements are set forth in the annual notice of funding opportunity and the SBDC cooperative agreements, in addition to the agency- and government-wide guidance, including the Uniform Guidance. The above changes will simplify these governing documents by moving select policy language to the regulations. In addition, by consolidating programmatic guidance, the rule will ensure consistency in program administration and enhance program oversight. The rule will also include policy and procedural changes identified by the Agency as necessary to preserve the integrity and legislative intent of the program.

Pursuant to the Small Business Act's requirement that SBA consult with the recognized association of SBDCs in any SBDC rulemaking action, SBA shared the draft proposed rule and subsequently met with *America's SBDC* in March 2022 to incorporate the association's feedback as appropriate and briefed the nationwide network during its Annual Conference and Spring Leadership meeting. SBA also participated in three tribal consultations that addressed the SBDC program, including the regulations. In addition, SBA considered the more than 400 comments on

the proposed rule it received during the notice-and-comment process and is incorporating many of the suggestions in its revisions to the proposed rule. Nearly ten percent of the comments related to the ability of the networks to partner with local organizations to deliver services to small businesses. SBA intends to adopt the comments and expand and allow the SBDC Lead Center to partner not only with the institutions of higher education, but also with other community organizations, such as Chambers of Commerce.

Conclusion

Through these and other regulatory actions, SBA aims to better help Americans start, grow, and build resilient businesses and recover after disasters and thereby strengthen the American economy. In developing its rules, the Agency will continue to advance the Administration's priorities to tackle the climate change emergency; advance equity and support underserved, vulnerable, and marginalized communities; create and sustain good jobs with a free and fair choice to join a union and promote economic resilience in general; and improve service delivery and customer experience while reducing administrative burdens.