"State Trade Expansion Program Modernization Act of 2024"

SECTION-BY-SECTION

Section 1: SHORT TITLE

Section 2: FINDINGS

Section 3: STREAMLINING APPLICATION, REPORTING, AND COMPLIANCE REQUIREMENTS

- Requires SBA to keep an updated list of program documents on its website, including notices of funding opportunity, director's memos and any determinations related to eligible expenses.
- Sets timeframes for funding announcements, applications deadlines and award announcements.
- Requires SBA to establish a concise and streamlined application process, eliminating duplicative materials.
- Requires SBA to provide explanations of grant decisions and amounts to applicants and to provide recommendations to unsuccessful applicants for ways to improve future applications.
- Permits grantees to make revisions to their budget plans after grants have been disbursed upon notification to SBA (except that if the revision comprises more than ten percent of the grant, the grantee must request approval from SBA). SBA must approve or deny requests within 20 days.
- Requires SBA to establish a streamlined reporting process for grantees that permits compliance reports to be uploaded, minimizes manual entry of data and eliminates duplicative material.
- Permits grantees to submit reimbursement requests semiannually or quarterly and requires SBA to provide reimbursements in a timely manner.
- Limits the information SBA can require grantees to provide about state employees.
- Limits compliance audits to once every three years except in cases where fraud is suspected, when grant amounts change by more than 15 percent, or when a recent audit has shown noncompliance by the grantee.

Section 4: FUNDING TRANSPARENCY AND PREDICTABILITY

- Sets a minimum grant size of 80 percent of the prior year's grant for states in good standing, except that SBA may adjust this to account for reductions in appropriations or increased overall demand in a grant year.
- For states that use less than 80 percent of their grant, the minimum award for the following year is 80 percent of the previous year's award reduced by half the grant amount left unspent.
- Reduces the total amount SBA may award to the ten states with the highest percentage of eligible small businesses from 40 percent of the total appropriation to 30 percent.

- Allows states in good standing to carryover up to twenty percent of funds from a previous grant cycle for up to one year.
- Requires states to return unspent funds to Treasury at the end of the eligible expenditure period.
- Establishes a funding formula that takes effect when appropriations for the program reach $30 million for a second year.
- Establishes that, under the formula, applicants are entitled to a base funding amount of three quarters of a percent of the total appropriation for states and half a percent of the total appropriation for territories and commonwealths.
- Establishes six performance-based metrics used to determine how the remaining additional funding is distributed to states, including (with weights in parentheses):
    - Return on investment, relative to grant size (20 percent)
    - Total activities funded, relative to grant size (20 percent)
    - Number of businesses participating in STEP for the first time, relative to grant size (15 percent)
    - Number of businesses that export for the first time, relative to grant size (15 percent)
    - Number of new markets that businesses reach for the first time, relative to grant size (15 percent)
    - Number of participating businesses located in low- or moderate-income areas, rural areas, HUBZones, empowerment zones, promise zones, opportunity zones or that are owned by women, relative to the number of eligible small business concerns participating in the program (15 percent)
- Establishes that the any one state may not be allocated any more than 10 times the amount of additional funding of any other state for a given metric.
- Sets a minimum grant size for states under the formula at the amount the state received in the most recent grant cycle before the passage of the act for which the state received a grant
- Requires SBA to award amounts determined by the formula if the recipient has committed to providing match funds in that amount in accordance with the statute.
- Permits grantees to return funds in whole or in part within 15 days of the award and requires SBA to distribute returned amounts along with any amounts remaining in the appropriation on a pro rata basis to the other program participants who request such funding.
- Requires SBA to develop a transition plan when appropriations rise above $30 million for the first time describing how it will implement the formula.
- Requires SBA to submit to the House and Senate Small Business Committees an annual report with detailed data on program participation and performance, along with the raw data used to calculate state awards under the funding formula.

Section 5: EXPANSION OF DEFINITION OF ELIGIBLE SMALL BUSINESS CONCERN; CHANGE TO SET ASIDE; CONFORMING CHANGES

- Permits businesses that have been in operation for less than one year to receive assistance, except that states may not use their award to pay for businesses less than one year old to participate in trade missions.
- Provides separate definitions for "states and the District of Columbia," "commonwealth," and "territory," and inserts those definitions throughout the statute.
- Sets the federal cost share for territories and commonwealths at 100 percent.

Section 6: SURVEY AND ANNUAL REPORT

- Requires SBA to conduct a survey of program participants soliciting feedback and information about best practices.
- Expands the information required in SBA's annual report to include additional data about the businesses served by the program, an analysis of the formula metrics and descriptions of lessons learned by grant recipients.
- Requires SBA to collect data on certain performance metrics.

Section 7: AUTHORIZATION OF APPROPRIATIONS

- Authorizes the STEP program at $30 million per year from 2025 through 2029.

Section 8: REPORTS TO CONGRESS

- Adds new reporting requirements about SBA's efforts to review budget plans, streamline applications, share best practices, communicate information to grantees and easing grantees' administrative burden.

Section 9: SEVERABILITY

- States that any provision found to be unconstitutional shall not affect the remaining provisions of the bill.