

Reconciliation Recommendations of the House Committee on Small Business			
As ordered reported on September 9, 2021			
By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	1,920	12,213	21,955
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	1,920	12,213	21,955
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any year after 2031?	Yes	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
CBO has not reviewed the legislation for effects on spending subject to appropriation.			

S. Con. Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2022, instructed some committees of the House of Representatives to recommend legislative changes, which would increase deficits up to a specified amount over the 2022-2031 period. As part of this reconciliation process, the House Committee on Small Business approved legislation on September 9, 2021, with provisions that would increase deficits.

The legislation would provide \$24.9 billion to the Small Business Administration (SBA) to make grants, loans, and loan guarantees, and to establish a facility to provide funding to small business investment companies (SBICs) engaged in venture capital activities. Based on historical spending patterns for similar programs, CBO expects that a portion of that appropriation for some programs would not be spent and for other programs would be spent after 2031. CBO estimates that enacting the legislation would increase the deficit by roughly \$22 billion over the 2022-2031 period.



The legislation would provide:

- \$9.6 billion for SBICs, including funding for a program to purchase equity interests in venture SBICs;
- \$9.3 billion for credit programs, including programs to guarantee Community Advantage loans, to make direct loans, and to guarantee loans issued by certified development companies to small businesses;
- \$3.9 billion for grant programs, including programs to establish a national network of business incubators and business development academies, to help firms become prime federal contractors, and to make competitive awards to growth accelerators; and
- \$2.1 billion for other purposes, including \$1.25 billion for administrative costs of the SBA.

The costs of the legislation, detailed in Table 1, fall within budget function 370 (commerce and housing credit).

The CBO staff contact for this estimate is David Hughes. The estimate was reviewed by Susan Willie, Chief of the Natural and Physical Resources Cost Estimates Unit, H. Samuel Papenfuss, Deputy Director of Budget Analysis, and Theresa Gullo, Director of Budget Analysis.

Table 1.
Estimated Budgetary Effects of the Reconciliation Recommendations of the House Committee on Small Business

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Increases or Decreases (-) in Direct Spending												
Sec. 100101 - Veteran Federal Procurement Entrepreneurship Training Program												
Budget Authority	5	5	5	5	5	5	5	0	0	0	25	35
Estimated Outlays	2	3	5	5	5	5	5	3	2	0	20	35
Sec. 100102 - Expanding Surety Bond Program												
Budget Authority	100	0	0	0	0	0	0	0	0	0	100	100
Estimated Outlays	10	10	10	10	10	10	10	10	10	10	50	100
Sec. 100103 - Uplift Accelerator Program; Business Development Academy												
Budget Authority	1,725	0	0	0	0	0	0	0	0	0	1,725	1,725
Estimated Outlays	35	120	200	300	350	300	210	120	60	0	1,005	1,695
Sec. 100104 - Pathway to Prime Grant Program												
Budget Authority	525	0	0	0	0	0	0	0	0	0	525	525
Estimated Outlays	45	80	105	130	105	45	0	0	0	0	465	510
Sec. 100201 - Grants for Small Business Incubators												
Budget Authority	1,000	0	0	0	0	0	0	0	0	0	1,000	1,000
Estimated Outlays	20	105	185	225	225	160	60	0	0	0	760	980
Sec. 100202 - Office of Native American Affairs												
Budget Authority	2	2	2	2	2	2	2	2	2	2	10	20
Estimated Outlays	2	2	2	2	2	2	2	2	2	2	10	20
Sec. 100203 - Office of Rural Affairs												
Budget Authority	2	2	2	2	2	2	2	2	2	2	10	20
Estimated Outlays	2	2	2	2	2	2	2	2	2	2	10	20

continued

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	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Increases or Decreases (-) in Direct Spending												
Sec. 100204 - Office of Emerging Markets												
Budget Authority	2	2	2	2	2	2	2	2	2	2	10	20
Estimated Outlays	2	2	2	2	2	2	2	2	2	2	10	20
Sec. 100205 - State Trade Expansion Program												
Budget Authority	30	30	30	30	0	0	0	0	0	0	120	120
Estimated Outlays	15	30	30	30	15	0	0	0	0	0	120	120
Sec. 100301 - Growth Accelerator Competition												
Budget Authority	400	0	0	0	0	0	0	0	0	0	400	400
Estimated Outlays	5	80	100	120	60	30	0	0	0	0	365	395
Sec. 100302 - Building a National Innovation Support Ecosystem Network												
Budget Authority	675	0	0	0	0	0	0	0	0	0	675	675
Estimated Outlays	5	115	135	170	135	100	0	0	0	0	560	660
Sec. 100401 - Increasing Equity Investment by the SBIC Program^a												
Estimated Budget Authority	9,520	0	0	0	-5	-45	-140	-305	-510	-735	9,515	7,780
Estimated Outlays	0	70	735	1,135	1,420	1,360	1,145	900	490	-95	3,360	7,160
Sec. 100402 - Microcap Small Business Investment Company License												
Budget Authority	40	0	0	0	0	0	0	0	0	0	40	40
Estimated Outlays	2	5	5	5	5	6	6	6	0	0	22	40
Sec. 100403 - Funding for SBIC Outreach and Education												
Budget Authority	3	0	0	0	0	0	0	0	0	0	3	3
Estimated Outlays	1	1	1	0	0	0	0	0	0	0	3	3

continued

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	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Increases or Decreases (-) in Direct Spending												
Sec. 100404 - SBIC Working Group												
Budget Authority	2	0	0	0	0	0	0	0	0	0	2	2
Estimated Outlays	1	1	0	0	0	0	0	0	0	0	2	2
Sec. 100501 - Funding for Community Advantage Loan Program												
Budget Authority	600	0	0	0	0	0	0	0	0	0	600	600
Estimated Outlays	50	50	50	50	60	60	60	70	70	70	260	590
Sec. 100502 - Funding for Credit Enhancement and Small Dollar Loan Funding												
Estimated Budget Authority	4,465	0	0	0	0	0	0	0	0	0	4,465	4,465
Estimated Outlays	365	380	395	415	435	450	470	495	515	515	1,990	4,435
Sec. 100503 - Extension of Temporary Fee Reductions												
Budget Authority	1,000	0	0	0	0	0	0	0	0	0	1,000	1,000
Estimated Outlays	1,000	0	0	0	0	0	0	0	0	0	1,000	1,000
Sec. 100504 - Funding for Cooperatives												
Budget Authority	500	0	0	0	0	0	0	0	0	0	500	500
Estimated Outlays	10	10	10	10	10	10	0	0	0	0	50	60
Sec. 100505 - Funding for Direct Debentures												
Budget Authority	2,746	0	0	0	0	0	0	0	0	0	2,746	2,746
Estimated Outlays	220	230	240	255	265	280	295	305	325	325	1,210	2,740
Sec. 100601 - Reentry Entrepreneurship Counseling and Training for Incarcerated Individuals												
Budget Authority	10	10	10	10	10	10	10	0	0	0	50	70
Estimated Outlays	3	8	10	10	10	10	10	7	2	0	41	70

continued

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	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Increases or Decreases (-) in Direct Spending												
Sec. 100602 - New Start Entrepreneurial Development Program for Formerly Incarcerated Individuals												
Budget Authority	5	5	5	5	5	5	5	0	0	0	25	35
Estimated Outlays	2	3	5	5	5	5	5	3	2	0	20	35
Sec. 100701 - Administrative Expenses												
Budget Authority	1,250	0	0	0	0	0	0	0	0	0	1,250	1,250
Estimated Outlays	120	170	195	200	180	135	85	55	50	50	865	1,240
Sec. 100702 - Office of the Inspector General of the Small Business Administration												
Budget Authority	25	0	0	0	0	0	0	0	0	0	25	25
Estimated Outlays	3	3	3	3	3	3	3	3	1	0	15	25
Total Direct Spending												
Budget Authority	24,632	56	56	56	21	-19	-114	-299	-504	-729	24,821	23,156
Estimated Outlays	1,920	1,480	2,425	3,084	3,304	2,975	2,370	1,983	1,533	881	12,213	21,955

Components may not sum to totals because of rounding; SBIC = Small Business Investment Company.

Table 1.

Estimated Budgetary Effects of Reconciliation Recommendations of the House Committee on Small Business

Notes

- a. Section 100401 would establish a program to make equity investments in entities known as venture small business investment companies (SBICs). Those venture SBICs would then make venture capital investments in early-stage projects of eligible small businesses. Using information from the SBA, CBO anticipates that the agency would obligate funds to secure partnership interests in venture SBICs through 2030. CBO expects that venture SBICs would draw down those obligated funds over seven years, with most of those draws occurring in the first three years. Over time, venture SBICs would provide the SBA with returns on the initial investment; such returns would be deposited in the U.S. Treasury and would not be available for expenditure.

Mandatory funding provided in this act may be subject to the annual sequestration of mandatory spending required by the Budget Control Act of 2011, but CBO does not have sufficient information to determine which of the new budgetary resources OMB would determine are subject to those reductions or how the reductions would be applied. For that reason, the amounts shown in this table for new mandatory funding have not been reduced to account for possible sequestration.