



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

August 9, 2007

S. 1671

Entrepreneurial Development Act of 2007

*As ordered reported by the Senate Committee on Small Business and Entrepreneurship
on June 26, 2007*

SUMMARY

S. 1671 would authorize funding for a number of Small Business Administration (SBA) programs that provide technical support and assistance to small business owners in targeted populations including Native Americans, women, and minorities. The bill also would create new grant programs to assist business owners in finding affordable health insurance for employees and meeting federal regulatory requirements.

Assuming appropriation of the authorized amounts, CBO estimates that implementing S. 1671 would cost \$32 million in 2008 and \$509 million over the 2008-2012 period. (Those totals include \$3 million per year for estimated administrative costs.) Enacting the bill would not affect direct spending or revenues.

S. 1671 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); implementing the bill would benefit public institutions of higher education and tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1671 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Additional Grants					
Authorization Level	190	197	205	10	0
Estimated Outlays	29	88	152	126	99
Additional Administrative Costs					
Estimated Authorization Level	3	3	3	3	3
Estimated Outlays	3	3	3	3	3
Total Changes					
Estimated Authorization Level	193	200	208	13	3
Estimated Outlays	32	91	155	129	102

BASIS OF ESTIMATE

S. 1671 would authorize appropriations mostly through fiscal year 2010 to continue several SBA programs that provide assistance to small business owners. The bill also would authorize SBA to create pilot programs to provide training and information to small business owners in targeted populations, and to offer certain research and information to small business owners.

The bill would reauthorize the Service Corps of Retired Executives (SCORE) program, the Small Business Development Center (SBDC) program, and the Drug-free Workplace program through 2010. S. 1671 would authorize the appropriation of \$459 million over the 2008-2010 period for those three programs. CBO estimates that implementing those provisions would cost \$22 million in 2008 and \$379 million over the 2008-2012 period, assuming appropriation of the specified amounts.

S. 1671 would reauthorize SBA's Women's Small Business Center program and the National Women's Business Council for three years. CBO estimates that implementing those programs to support businesses owned by women would cost \$2 million in 2008 and \$42 million over the 2008-2012 period.

Several programs supporting business ownership by Native Americans would be authorized through 2010 under the legislation as well. S. 1671 would create a small business development program for Native Americans and two pilot programs to provide assistance that is tailored to the needs of the Native American small business community. CBO

estimates that those provisions would cost \$1 million in 2008 and \$17 million over the 2008-2012 period.

The bill would create a program to provide grants to historically Black colleges and universities, Tribal colleges, certain institutions that serve Hispanic, Alaska Native, or Native Hawaiian populations, or any entity formed by a combination of such institutions to establish small business development centers to provide management training, research, and referral services to minority-owned small businesses. CBO estimates that implementing this program would cost \$2 million in 2008 and \$26 million over the 2008-2012 period.

The bill would authorize the appropriation of \$40 million over the 2008-2011 period to fund two new programs to provide specific information to small business owners through SBA's network of SBDCs:

- One pilot program would authorize SBA to award grants to SBDCs to help business owners comply with federal regulations. For this program, the bill would authorize \$20 million over the 2008-2011 period. CBO estimates that implementing this provision would cost \$1 million in 2008 and \$15 million over the 2008-2012 period, with an additional \$5 million to be spent after 2012.
- A second pilot program would authorize SBA to award grants to SBDCs to provide information to small businesses about health insurance options. The bill would authorize \$20 million over the 2008-2011 period for this program as well. CBO estimates that implementing this provision would cost \$1 million in 2008 and \$15 million over the 2008-2012 period, with the remaining \$5 million in outlays to occur after 2012.

Finally, based on information from SBA, CBO estimates that the agency would need an additional 16 full-time equivalent positions to establish an Office of Native American Affairs within SBA, and to fully staff and expand the operations of SBA's Office of International Trade. Costs for that additional administrative support would total an estimated \$15 million over the 2008-2012 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1671 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit public institutions of higher education and tribal governments by authorizing grants for small business development programs. Any costs those entities would incur to comply with conditions of federal assistance would be incurred voluntarily.

PREVIOUS CBO ESTIMATE

On June 15, 2007, CBO transmitted a cost estimate for H.R. 2359, the SBA Entrepreneurial Development Programs Act of 2007, as ordered reported by the House Committee on Small Business on May 23, 2007. The House bill would authorize two programs that are similar to programs authorized in S. 1671—grants to SBDCs to provide assistance with federal regulations and to provide information on health insurance options. CBO estimated that implementing those programs would cost \$48 million over the 2008-2012 period.

ESTIMATE PREPARED BY:

Federal Costs: Susan Willie

Impact on State, Local, and Tribal Governments: Elizabeth Cove

Impact on the Private Sector: Jacob Kuipers

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis