



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 15, 1999

### **H.R. 2392** **Small Business Innovation Research Program** **Reauthorization Act of 1999**

*As ordered reported by the House Committee on Small Business on July 1, 1999*

#### **SUMMARY**

The Small Business Innovation Research (SBIR) program requires federal agencies with extramural research expenditures of more than \$100 million to set aside 2.5 percent of their research and development (R&D) budgets for small business. (In general, extramural expenditures as defined in 15 U.S.C. 638(e), are expenditures for activities not performed by agency employees.) H.R. 2392 would extend the expiration date of the SBIR program from 2000 to 2007 and would require the affected federal agencies to include activities related to the SBIR program in their annual performance plans. Finally, the bill would make technical and clarifying amendments to the program's authorization.

Assuming appropriation of the amounts necessary to maintain the SBIR programs at the level provided in 1999, CBO estimates that implementing the bill would cost \$35 million over the 2001-2004 period. Alternatively, if appropriations are increased to keep pace with anticipated inflation, CBO estimates that extending the SBIR program would cost \$42 million over the 2001-2004 period.

H.R. 2392 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 2392 is shown in the following table. The costs of this legislation fall within several budget functions.

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By Fiscal Year, in Millions of Dollars

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	1999	2000	2001	2002	2003	2004
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**SPENDING SUBJECT TO APPROPRIATION**

**Without adjustment for inflation**

SBIR Spending Under Current Law						
Estimated Authorization Level <sup>a,b</sup>	9	9	0	0	0	0
Estimated Outlays	9	9	1	0	0	0
Proposed Changes						
Estimated Authorization Level	0	0	9	9	9	9
Estimated Outlays	0	0	8	9	9	9
SBIR Spending Under H.R. 2392						
Estimated Authorization Level <sup>a,b</sup>	9	9	9	9	9	9
Estimated Outlays	9	9	9	9	9	9

**With adjustment for inflation**

SBIR Spending Under Current Law						
Estimated Authorization Level <sup>a,c</sup>	9	10	0	0	0	0
Estimated Outlays	9	10	1	0	0	0
Proposed Changes						
Estimated Authorization Level	0	0	10	11	11	12
Estimated Outlays	0	0	9	11	11	11
SBIR Spending Under H.R. 2392						
Estimated Authorization Level <sup>a,c</sup>	9	10	10	11	11	12
Estimated Outlays	9	10	10	11	11	11

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- a. The 1999 level is the amount appropriated for that year.  
b. The 2000 level is set identical to the 1999 appropriation.  
c. The 2000 level is CBO's baseline projection, which includes an adjustment for inflation.
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**BASIS OF ESTIMATE**

The Small Business Administration (SBA) currently has a small office devoted to the SBIR program. Other agencies maintaining at least a part-time SBIR staff include the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, and Transportation, as well as the Environmental Protection Agency, the National Aeronautics and Space Administration, and the National Science Foundation. The SBIR office structures

of these agencies vary. Some agencies have a small full-time staff devoted to the SBIR program, with other staff assisting as part of their other duties; some have several employees working part-time on the program. Program costs consist primarily of personnel, overhead, printing, mailing, and in the case of some agencies, contractors' costs.

H.R. 4400 would extend the SBIR program through 2007. Based on information from SBA and the other affected agencies, CBO estimates that implementing the SBIR program would cost \$9 million a year in 1999 dollars—\$1 million for SBA and \$8 million for the other agencies.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

#### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2392 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

**ESTIMATE PREPARED BY:** Mark Hadley

**ESTIMATE APPROVED BY:**

Paul N. Van de Water  
Assistant Director for Budget Analysis