



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 10, 1999

H.R. 413 **Program for Investment in Microentrepreneurs Act of 1999** **(PRIME Act)**

*As ordered reported by the House Committee on Banking and Financial Services
on May 26, 1999*

SUMMARY

H.R. 413 would establish within the Community Development Financial Institutions (CDFI) Fund a new program to provide assistance to nonprofit organizations and other entities that serve low-income entrepreneurs of very small businesses. The bill would authorize the fund to provide grants to qualified organizations to help them assist such businesses through training and other aid. Up to 15 percent of such grants also could be used to expand the capacity of these organizations. For the purposes of carrying out the new program, the bill would authorize appropriations of \$15 million in 2000, \$25 million in 2001, \$30 million in 2002, and \$35 million in 2003. CBO estimates that appropriation of the authorized amounts would result in discretionary spending of \$70 million over the 2000-2004 period.

Enacting H.R. 413 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 impose no costs on state or local governments. Any costs incurred by tribal governments would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Assuming appropriation of the authorized amounts, CBO estimates that the CDFI fund would spend about \$70 million through fiscal year 2004 to implement the assistance program established by H.R. 413. (The balance of \$35 million authorized for this purpose would be spent after 2004.) The estimated budgetary impact of H.R. 413 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

By Fiscal Year, in Millions of Dollars

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|------|------|------|------|------|
|--|------|------|------|------|------|

SPENDING SUBJECT TO APPROPRIATION

| | | | | | |
|---------------------|----|----|----|----|----|
| Authorization Level | 15 | 25 | 30 | 35 | 0 |
| Estimated Outlays | 3 | 8 | 14 | 22 | 23 |

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that the full amounts authorized for the microentrepreneur investment program will be appropriated for each fiscal year and that outlays will occur at spending rates similar to those experienced with existing CDFI programs. The activities authorized by H.R. 413 would constitute a new program within the CDFI fund; at present, there is no spending for such activities.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state or local governments. Any costs incurred by tribal governments would be voluntary.

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