



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 28, 2002

**S. 1335
Linking Educators and Developing Entrepreneurs
for Reaching Success Act of 2001**

*As reported by the Senate Committee on Health, Education, Labor, and Pensions
on June 20, 2002*

SUMMARY

S. 1335, the Linking Educators and Developing Entrepreneurs for Reaching Success Act of 2001, would establish a new competitive grant program to increase academia's role in supporting entrepreneurs. The bill would authorize \$20 million in funding for each of the fiscal years 2003 through 2005. Estimated outlays over the 2003 through 2007 period would total \$58 million.

S. 1335 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would benefit state and local governments by authorizing \$60 million in grants, some of which might go to public universities.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1335 is shown in the following table. The cost of this legislation falls within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION					
Competitive Grant Program					
Authorization Level	20	20	20	0	0
Estimated Outlays	1	15	18	19	5

BASIS OF ESTIMATE

S. 1335 would authorize discretionary, competitive grants totaling \$20 million for each year 2003 through 2005. These grants would be awarded by the Secretary of Education to entities that match the federal dollars and have a strong affiliation with an institution of higher education. The awards would be used to help support “incubators,” or business development programs, for entrepreneurship at the affiliated institutions.

Assuming appropriation of the authorized amounts, CBO estimates that enacting this bill would increase discretionary outlays by \$1 million in fiscal year 2003 and by \$58 million over the 2003-2007 period. These estimates assume that spending from these new grants will reflect the pattern observed for other Department of Education competitive grants to similar organizations.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1335 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill would benefit state and local governments by authorizing \$60 million in grants to encourage collaboration between degree-granting institutions, including public universities, and entrepreneurs to support new and emerging small businesses. Any costs associated with receipt of those grants would be considered conditions of aid.

ESTIMATE PREPARED BY:

Federal Spending: Deborah Kalcevic

Impact on State, Local, and Tribal Governments: Elyse Goldman

Impact on the Private Sector: Nabeel Alsalam

ESTIMATE APPROVED BY:

Robert A. Sunshine

Assistant Director for Budget Analysis