



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

May 18, 2009

**H.R. 2352  
Job Creation Through Entrepreneurship Act of 2009**

*As ordered reported by the House Committee on Small Business on May 13, 1009*

**SUMMARY**

H.R. 2352 would authorize appropriations for several programs in the Small Business Administration (SBA) that provide technical assistance and other business development services to the owners of small businesses. The bill would reauthorize programs of the Small Business Development Center (SBDC) and the Women's Business Center and establish others to provide business assistance to targeted populations, including Native Americans and veterans.

Based on information from SBA, CBO estimates that implementing H.R. 2352 would cost \$189 million in 2010 and \$531 million over the 2010-2014 period, assuming appropriation of the necessary amounts. CBO estimates that enacting H.R. 2352 would not affect revenues or direct spending.

H.R. 2352 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.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 2352 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					2010-
	2010	2011	2012	2013	2014	2014
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Veterans Business Center Program						
Authorization Level	15	17	0	0	0	32
Estimated Outlays	12	15	3	1	1	32
Distance Learning						
Authorization Level	2	2	0	0	0	4
Estimated Outlays	2	2	0	0	0	4
Native American Entrepreneurship						
Authorization Level	24	26	0	0	0	50
Estimated Outlays	19	24	5	1	1	50
Women's Business Center Program						
Authorization Level	21	23	0	0	0	44
Estimated Outlays	16	21	5	1	1	44
SCORE						
Authorization Level	7	7	0	0	0	14
Estimated Outlays	5	7	1	1	0	14
Expanding Entrepreneurship						
Estimated Authorization Level	16	13	10	10	10	59
Estimated Outlays	12	13	10	11	11	57
Small Business Development Center Program						
Authorization Level	160	170	0	0	0	330
Estimated Outlays	123	157	34	12	4	330
Total Spending Under H.R. 2352						
Estimated Authorization Level	245	258	10	10	10	533
Estimated Outlays	189	239	58	27	18	531

## **BASIS OF ESTIMATE**

H.R. 2352 would authorize SBA to award grants through various programs to provide assistance to small business owners; some, but not all grants would be aimed at certain populations, including women, Native Americans, and veterans. The bill also would authorize SBA to develop a system that allows small business owners to network with each other by using technology. Based on information from SBA and historical spending patterns for similar programs, CBO estimates that implementing H.R. 2352 would cost \$189 million in 2010 and \$531 million over the 2010-2014 period, assuming appropriation of the specified and necessary amounts.

## **Veterans Business Center Program**

Title I would authorize appropriations to provide training and assistance to veterans who own small businesses. The bill would establish veterans business centers (VBCs) to provide counseling and assistance targeted to the needs of veterans. The bill would allow certain Veterans Business Outreach Centers and certain other entities that received funding from the National Veterans Business Development Corporation to be designated as a VBC. H.R. 2352 would authorize \$10 million in 2010 and \$12 million in 2011 for grants to VBCs. CBO estimates that this provision would cost \$8 million in 2010 and \$22 million over the 2010-2014 period, assuming appropriation of the specified amounts.

In addition, H.R. 2352 would authorize additional grants to VBCs to assist veterans who own small businesses to gain access to financing, repair damaged credit, and compete for federal contracts. The bill also would authorize grants to veterans who are disabled and to host a biannual event to provide networking opportunities.

H.R. 2352 would authorize the appropriation of \$5 million in each of fiscal years 2010 and 2011 for those grants. CBO estimates that implementing those provisions would cost \$4 million in 2010 and \$10 million over the 2010-2014 period, assuming appropriation of the specified amounts.

## **Distance Learning**

Title II would authorize \$2 million for both fiscal years 2010 and 2011 to develop a training curriculum for small business owners that can be distributed online. CBO estimates that this program would cost \$4 million over the 2010-2014 period, assuming appropriation of the specified amounts.

## **Native American Entrepreneurship**

Title III would establish the Office of Native American Affairs to increase the participation of Native Americans in SBA's business development programs. The bill also would establish tribal business information centers and provide additional funds to small business development centers (SBDCs) to target programs to Native Americans. For the various activities established in title III, the bill would authorize a total of \$24 million in 2010 and \$26 million in 2011. CBO estimates that implementing the provisions of title III would cost \$19 million in 2010 and \$50 million over the 2010-2014 period, assuming appropriation of the specified amounts.

## **Women's Business Center Program**

Title IV would authorize \$20 million in 2010 and \$22 million in 2011 to fund the Women's Business Center program, and \$1 million in each of fiscal years 2010 and 2011 for the National Women's Business Council. CBO estimates that implementing title IV would cost \$16 million in 2010 and \$44 million over the 2010-2014 period, assuming appropriation of the specified amounts.

## **SCORE**

Title V would change the name of the Service Corps of Retired Executives to SCORE and require SBA to develop benchmarks to evaluate the program's performance. The bill would authorize \$7 million in each of fiscal years 2010 and 2011 for the program; CBO estimates that those provisions would cost \$5 million in 2010 and \$14 million over the 2010-2014 period, assuming appropriation of the specified amounts.

## **Expanding Entrepreneurship**

Title VI would direct SBA to develop a plan to create or retain jobs in fiscal years 2010 and 2011 that would draw on existing business development programs as well as new programs established in this bill. SBA also would be required to designate a full-time staff person in each district office to coordinate federal efforts with the work of local providers of business development services. Finally, SBA would be required to create a database containing providers of business development services and establish a Web-based system that consolidates information about all of the agency's business development programs.

Based on information from SBA, CBO estimates that one additional full-time staff position would be added in each of the agency's 69 district offices to handle the new coordination activities. We estimate that implementing those provisions would cost \$12 million in 2010 and \$57 million over the 2010-2014 period, assuming appropriation of the necessary amounts. Those costs include the additional salaries and overhead as well as expenses related to changes to SBA's Web site and information technology systems.

## **Small Business Development Center Program**

Title VII would authorize the appropriation of \$150 million in 2010 and \$160 million in 2011 to award grants to SBDCs to provide assistance and training to owners of small businesses. The bill also would authorize \$5 million over the 2010-2011 period for each of four additional grant programs to:

- Assist small business owners to secure capital and repair damaged credit;
- Prepare small businesses to participate in the federal procurement and contracting process;
- Provide assistance to new small businesses in the fields of energy technology, green technology, or clean technology; and
- Establish a statewide helpline and other services to assist small businesses that are at risk of failure.

CBO estimates that implementing title VII would cost \$123 million in 2010 and \$330 million over the 2010-2014 period, assuming appropriation of the specified amounts.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR MANDATES**

H.R. 2352 contains no intergovernmental or private-sector mandates as defined in UMRA. By authorizing grants to SBDCs, tribal business information centers, and veteran business centers, the bill would benefit state, local, and tribal governments. Any costs that those entities incur would result from complying with conditions of federal assistance.

### **ESTIMATE PREPARED BY:**

Federal Costs: Susan Willie

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

Impact on the Private Sector: Jacob Kuipers

### **ESTIMATE APPROVED BY:**

Theresa Gullo

Deputy Assistant Director for Budget Analysis