



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

April 14, 2014

**H.R. 2882  
Improving Opportunities for Service-Disabled Veteran-Owned  
Small Businesses Act of 2013**

*As ordered reported by the House Committee on Small Business on March 5, 2014*

Under a program administered by the Department of Veterans Affairs (VA), small businesses that are owned by service-disabled veterans are eligible for special consideration in the process of awarding federal contracts. The VA maintains a database of businesses and owners eligible to participate in that preference program; H.R. 2882 would transfer authority to maintain that database to the Small Business Administration (SBA). The bill also would direct VA to reimburse SBA for its costs to operate the program, which would include not only database development and management activities, but also efforts to verify the small businesses' eligibility to participate in the program and to hear appeals of eligibility determinations.

CBO estimates that enacting H.R. 2882 would affect direct spending; therefore, pay-as-you-go procedures apply. CBO estimates, however, that those effects would not be significant. The VA collects fees from agencies that participate in joint contracting opportunities with VA; the agency is authorized to spend those fees without further appropriation action to pay for, among other things, the database and verification system for small businesses.

Based on information from VA and SBA, CBO expects that SBA will spend less to operate the certification program each year than VA because it can use some systems already in place that provide similar certification services for other preference programs such as the HUBZone program. CBO estimates that SBA would spend, on average, about \$5 million per year less than VA would to administer the verification system. CBO expects that the savings realized by VA would be spent on other authorized activities; therefore, the effect on direct spending would not be significant. CBO assumes that amounts transferred from VA under the bill would be recorded as offsets to discretionary spending by SBA; therefore, we estimate that implementing H.R. 2882 would have no significant net effect on spending subject to appropriation.

H.R. 2882 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Susan Willie and Dwayne Wright. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.