



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

September 14, 2015

**S. 1866
Veterans Small Business Ownership Improvements
Act of 2015**

*As ordered reported by the Senate Committee on Small Business and Entrepreneurship
on July 29, 2015*

SUMMARY

S. 1866 would authorize several programs to provide entrepreneurship training through the Small Business Administration (SBA) to veterans. S. 1866 also would require the SBA and the Government Accountability Office (GAO) to provide reports to the Congress on the performance and effectiveness of the programs authorized under the bill.

CBO estimates that implementing S. 1866 would cost \$52 million over the 2016-2020 period, assuming appropriation of the authorized and necessary amounts. Pay-as-you-go procedures do not apply to this legislation because enacting it would not affect direct spending or revenues.

S. 1866 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 1866 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					2016- 2020
	2016	2017	2018	2019	2020	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Veterans Entrepreneurial Development Programs						
Authorization Level	11	11	11	11	11	53
Estimated Outlays	6	9	11	11	11	47
Other Programs, Reports, and Online Efforts						
Estimated Authorization Level	2	1	1	1	1	6
Estimated Outlays	1	1	1	1	1	5
Total						
Estimated Authorization Level	12	11	11	11	11	57
Estimated Outlays	7	10	11	11	11	52

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted late in calendar year 2015, that the necessary amounts will be appropriated each year, and that spending will follow historical patterns for similar activities.

S. 1866 would authorize \$10.5 million annually for fiscal years 2016 through 2020 for several SBA programs that provide advice and assistance to veterans who desire to or have established small businesses. The bill also would authorize a pilot program for nonprofits to develop peer support groups to help eligible active members of the military as well as veterans explore issues related to self-employment and small business ownership. Finally, the bill would direct the SBA to make information about all of the agency's programs to support veterans' entrepreneurial efforts available online. CBO estimates that implementing S. 1866 would cost \$52 million over the 2016-2020 period, assuming the appropriation of the authorized and necessary amounts.

Veterans Entrepreneurial Development Programs

S. 1866 would authorize \$10.5 million for each of fiscal years 2016 through 2020 for the following programs to provide entrepreneurship training to members of the armed forces, veterans, and their spouses:

- the Boots to Business Program,
- the Women Veterans Business Training Program,
- the Business Training Program for Service Disabled Veterans, and
- the Veterans' Business Outreach Center program.

Based on information from the SBA, CBO estimates that implementing those provisions would cost \$47 million over the 2016-2020 period, assuming appropriation of the authorized amounts. SBA spent about \$10 million in fiscal year 2014 for entrepreneurial development programs aimed at veterans including Boots to Business and the Veterans Business Opportunity Center programs.

Other Programs, Reports and Online Efforts

Other provisions of S. 1866 would:

- Authorize the Veterans Business Owners Initiative Pilot Program to provide funding to nonprofit entities that would establish support groups for veterans interested in establishing a small business to help them understand the complexities of self-employment;
- Broaden the amount of information the SBA must submit to the Congress annually about its efforts to support entrepreneurs who are veterans;
- Require GAO to prepare reports on veterans' ability to access credit and on the Veterans Business Outreach Center program; and
- Require the SBA to develop a single online source for all resources the agency makes available to veterans.

Based on information from the SBA, CBO estimates that implementing those provisions would cost \$5 million over the 2016-2020 period, assuming appropriation of the necessary amounts. Of that amount, about \$1 million would be spent in one-time costs for the SBA to

upgrade its data collection and online resources, \$1 million would be spent to meet additional reporting requirements, and the balance would be spent to implement the new pilot program.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1866 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments may benefit from programs to provide assistance to veteran owners of small businesses. Any costs to those entities would be incurred voluntarily as a condition of receiving federal assistance.

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