



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 28, 2016

### **S. 2850** **Microloan Program Modernization Act of 2016**

*As reported by the Senate Committee on Small Business and Entrepreneurship  
on May 24, 2016*

S. 2850 would amend the Small Business Administration's (SBA) microloan program. CBO estimates that implementing S. 2850 would have no significant effect on the federal budget.

Under current law, SBA operates a program that makes loans and grants to eligible nonprofit entities (known as intermediaries) that use those funds to make microloans (loans that are less than \$50,000) to newly-established or growing small businesses. Participating intermediaries can use grant funds from SBA to provide technical assistance to small businesses that receive a microloan. S. 2850 would raise the amount SBA may commit to an intermediary and eliminate the cap on the amount of grant funds that intermediaries can spend on pre-loan training and technical assistance for prospective borrowers. The bill also would direct SBA to conduct a study to determine why some intermediaries that are eligible to participate in the program fail to do so and to recommend ways to increase program participation and decrease costs. Based on information from SBA, CBO estimates that the costs to conduct the study and update SBA rules would not be significant.

S. 2850 also would direct the Government Accountability Office to evaluate SBA's oversight of intermediaries and the microloan program. Based on the costs of similar reports, CBO estimates that the costs to report on those activities would not be significant.

Enacting S. 2850 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 2850 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2850 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 contact for this estimate is Stephen Rabent. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.