



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 27, 2016

S. 3009
National Guard and Reserve Entrepreneurship Support Act of 2016

*As reported by the Senate Committee on Small Business and Entrepreneurship
on June 9, 2016*

S. 3009 would modify the eligibility requirements to qualify for a loan under the Small Business Administration (SBA) disaster loan program and expand certain SBA outreach programs. CBO estimates that implementing S. 3009 would have no significant effect on the federal budget.

Under its Disaster Loan program, the SBA provides direct loans to certain small businesses including those that suffer substantial economic injury because essential employees were ordered to active duty during a military conflict. In recent years, this type of loan accounted for less than 4 percent of the total number of loans dispersed under the program. S. 3009 would expand the eligibility requirements to permit loan assistance when such deployment is not part of a military conflict. On the basis of information from the SBA about the use of the Disaster Loan program, CBO estimates that the value of loans administered by the SBA would increase slightly under the bill. CBO estimates that increase would have an insignificant effect on the subsidy cost of the Disaster Loan program which was \$36 million in 2015. (The subsidy cost of a federal direct loan is the estimated long-term cost to the government calculated on a net-present-value-basis.)

S. 3009 also would expand the target of certain SBA outreach programs that provide training and assistance to include the spouses of both veterans and members of the reserve component of the armed forces. On the basis of information from the SBA about the administrative costs of those programs, CBO estimates that implementing those provisions would increase the agency's costs but by an insignificant amount because the SBA is already expanding its outreach efforts towards those individuals.

Enacting S. 3009 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 3009 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 3009 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.