



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 9, 2015

### **S. 958**

#### **Small Business Fairness Act**

*As ordered reported by the Senate Committee on Small Business  
and Entrepreneurship on April 23, 2015*

#### **SUMMARY**

S. 958 would amend the Small Business Act to allow small businesses to join together to submit bids for federal contracts. The Small Business Administration (SBA) would have one year to issue regulations to implement this authority.

CBO estimates that implementing S. 958 would increase the administrative costs of federal agencies by \$25 million over the 2016-2020 period, assuming the availability of appropriated funds. Enacting S. 958 could affect direct spending by some agencies (such as the Tennessee Valley Authority) because they are authorized to use receipts from the sale of goods, fees, and other collections to cover their operating costs. Therefore, pay-as-you-go procedures apply. Because most of those agencies can make adjustments to the amounts collected as operating costs change, CBO estimates that any net changes in direct spending by those agencies would not be significant. Enacting the bill would not affect revenues.

S. 958 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 958 is shown in the following table. The costs of this legislation would fall within budget functions 050 (national defense), 800 (general government) and all other budget functions that include administrative costs for procurement.

	By Fiscal Year, in Millions of Dollars					2016- 2020
	2016	2017	2018	2019	2020	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	10	6	3	3	3	25
Estimated Outlays	10	6	3	3	3	25

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 958 will be enacted in late 2015 and that spending will follow historical patterns for similar activities.

S. 958 would amend the Small Business Act to allow small businesses to join together to submit bids for bundled, consolidated, and multiple-award federal contracts. When evaluating procurement bids, the legislation would require agencies to consider the capabilities, prior experience, and past performance of the joint team of small businesses collectively. A small business participating in such a joint bid would still be considered a small business.

Using information from the Office of Personnel Management, CBO estimates that more than 36,000 federal employees are responsible for administering the procurement of goods and services for the government at a cost of more than \$3 billion annually. Based on information from SBA and the General Services Administration (GSA) about the costs of prior modifications to federal procurement laws, CBO estimates that implementing S. 958 would cost \$25 million over the 2016-2020 period. Most of those amounts would be used to train procurement staff on new rules for evaluating procurement bids from teams of small businesses. Federal agencies also would need to modify their computer systems used in the procurement process to accommodate the small business teams. In subsequent years federal procurement offices would need to issue new certifications to confirm that teams of small businesses qualify as small businesses under procurement laws. Under S. 958, CBO expects that agencies would continue to procure goods and services at the lowest price available; therefore, we estimate that implementing S. 958 would not significantly increase the cost of goods and services procured by the federal government.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting S. 958 could affect direct spending by some agencies (such as the Tennessee Valley Authority) because they are authorized to use receipts from the sale of goods, fees, and other collections to cover their operating costs. Therefore, pay-as-you-go procedures apply. Because most of those agencies can adjust the amounts collected as operating costs change, CBO estimates that any net changes in direct spending by those agencies would not be significant. Enacting the bill would not affect revenues.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 958 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

Federal Costs: Matthew Pickford  
Impact on State, Local, and Tribal Governments: Logan Smith  
Impact on the Private Sector: Melissa Merrell

### **ESTIMATE APPROVED BY:**

Theresa Gullo  
Assistant Director for Budget Analysis