



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 25, 2015

H.R. 2499 **Veterans Entrepreneurship Act of 2015**

*As ordered reported by the House Committee on Small Business
on June 10, 2015*

Under current law, the Small Business Administration (SBA) waives payment of a guarantee fee for certain loans made under the agency's 7(a) loan guarantee program to veterans, military reservists, and their spouses. Under H.R. 2499, that waiver would be discontinued in years where the estimated cost for the program, as proposed by the President for the upcoming fiscal year, is greater than zero. The bill also would direct the agency to provide a report to the Congress on some of the outreach activities of women's business centers.

CBO estimates that implementing H.R. 2499 would have an insignificant effect on spending subject to appropriation. The SBA has discretion to adjust other fees authorized under the 7(a) program, within certain limits, to maintain an overall subsidy rate of zero; therefore, we expect the agency would use that flexibility to maintain the program at no cost, thereby allowing SBA to offer the waiver. We estimate that the bill's reporting requirements would not have a significant effect on the agency's workload or costs. Enacting H.R. 2499 would not affect direct spending or revenues; therefore pay-as-you-go procedures do not apply.

In fiscal year 2015, the estimated subsidy cost for the SBA's 7(a) program, that is, the estimated long-term cost to the government for loan guarantees calculated on a net-present-value basis, is zero. Over the 2010-2014 period, the subsidy rate for the 7(a) program ranged from 0.01 percent to 1.55 percent. Subsidy costs can fluctuate each year; therefore, CBO cannot predict the years in which the waiver would be authorized under H.R. 2499.

H.R. 2499 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.

On May 28, 2015, CBO transmitted a cost estimate for S. 957, the Veterans Entrepreneurship Act, as ordered reported by the Senate Committee on Small Business Entrepreneurship. The two bills are similar and the CBO cost estimates are the same.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa A. Gullo, Assistant Director for Budget Analysis.