



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 2, 2013

S. 511 **Expanding Access to Capital for Entrepreneurial Leaders Act**

*As ordered reported by the Senate Committee on Small Business and Entrepreneurship
on June 17, 2013*

S. 511 would set the maximum amount of debt that the Small Business Administration (SBA) can guarantee under the Small Business Investment Company (SBIC) program at \$4 billion per year, adjusted annually for inflation. Further, the bill would raise the maximum amount of debt that the SBA can guarantee for a group of companies participating in the program that are operated together (“a family of funds”) from \$225 million to \$350 million.

Under current law, businesses participating in the SBIC program are required to pay various fees that are sufficient to offset the program’s estimated subsidy cost—that is, the estimated long-term cost to the government of a loan guarantee, calculated on a net-present-value basis. Based on information from SBA, CBO expects that increasing the loan levels for the program and for a family of funds would not affect the estimated subsidy cost, nor would the changes increase the cost to administer the program (which is recorded on a cash basis). Therefore, CBO estimates that implementing S. 511 would not affect discretionary spending. Enacting S. 511 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 511 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 Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.