



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 27, 2017

H.R. 2056 **Microloan Modernization Act of 2017**

As ordered reported by the House Committee on Small Business on June 15, 2017

H.R. 2056 would make several changes to the Small Business Administration's (SBA) microloan program. CBO estimates that implementing H.R. 2056 would have no significant effect on the federal budget.

Under current law, the SBA operates a program that makes loans and grants to eligible nonprofit entities (known as intermediaries). Intermediaries use those funds to make microloans (small loans that are less than \$50,000) to newly-established or growing small businesses. Participating intermediaries use grant funds from the SBA to provide technical assistance to small businesses that receive a microloan or that are prospective borrowers. H.R. 2056 would raise the amount the SBA may commit to an intermediary and raise 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 the SBA to conduct a study of intermediaries to determine why some that are eligible to participate in the program fail to do so, and to recommend ways to increase participation and decrease costs. Based on information from the SBA, CBO estimates that the costs to conduct the study and to update the SBA rules would not be significant.

H.R. 2056 also would direct the General Accountability Office (GAO) to evaluate the SBA's oversight of intermediaries and the microloan program. Based on the costs of similar reports conducted by GAO, CBO estimates that the costs to report on these activities would not be significant.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 2056 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2056 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 Theresa Gullo, Assistant Director for Budget Analysis.