

**H.R. 1615, VA-SBA Act**

As ordered reported by the House Committee on Small Business on July 17, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Deficit Effect	0	*	*
Spending Subject to Appropriation (Outlays)	*	3	not estimated
Statutory pay-as-you-go procedures apply?	Yes	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between -\$500,000 and \$500,000.			

Under current law, veteran-owned small businesses (VOSBs), including those owned by service-disabled veterans, are eligible for special consideration when applying for federal contracts. The Department of Veterans Affairs (VA) maintains a database of businesses and owners that are eligible to receive such consideration. H.R. 1615 would transfer the responsibility for maintaining that database to the Small Business Administration (SBA) starting two years after enactment. VA and SBA would share the responsibility to maintain the database for the two years before the transfer.

CBO expects that the cost to maintain the database would not change significantly under SBA management. However, H.R. 1615 would require VOSBs owned by service-disabled veterans to formally certify with the SBA to be eligible for special consideration when applying for federal contracts. Under current law, they can self-certify and about 11,000 do so; around 1,500 of those currently work under federal contracts. CBO expects that at least that many would seek formal certification under the bill over the next five years in order to keep or gain special consideration status when competing for future federal contracts. Using information from VA about the cost to process one application (about \$1,600), CBO estimates that processing those applications under the bill would cost \$3 million over the 2020-2024 period. Such spending would be subject to the availability of appropriated funds.

H.R. 1615 also would change how much VA reimburses the SBA for certain database-related costs. Under current law, VA is required to reimburse the SBA annually for its costs to hear challenges from veterans that have been excluded from the database. On average, VA reimburses the SBA about \$30,000 each year for those appeals using fees collected by VA from certain contracts; spending of those collections can occur without further appropriation. H.R. 1615 would change that reimbursement process starting in 2022. Under the new process, VA would reimburse the SBA annually for certifying VOSBs that seek special consideration in VA contracts. Using information from VA on the current number of VOSBs that are working under contract with VA, CBO estimates that 80 VOSBs would need to be newly certified or recertified each year at a cost totaling \$1 million over the 2020-2029 period. However, those costs would be offset by lower spending elsewhere so that the net effect would not be significant.

The CBO staff contacts for this estimate are David Hughes (for the Small Business Administration) and Logan Smith (for the Department of Veterans Affairs). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.