

At a Glance			
H.R. 5078, Prison to Proprietorship Act			
As passed by the House of Representatives on January 9, 2020			
By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	10	not estimated
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 5078 would direct the Small Business Administration (SBA), in coordination with the Federal Bureau of Prisons (BOP), to establish a program to provide entrepreneurship training to federally incarcerated people. Federal inmates who are within 18 months of being released would have a higher priority for participation and could continue in the program after being released.

H.R. 5078 would authorize the SBA to reimburse Small Business Development Centers (SBDCs) and Women’s Business Centers (WBCs) for the cost to deliver training courses, train mentors and instructors, and establish a system to match participating inmates with business centers offering those services. Under current law, SBDCs and WBCs offer entrepreneurial services to nearly 600,000 people each year at about 1,000 locations. At least 50 percent of the cost of those services are provided by state and local governments, universities, and the private sector. The federal share of those costs totals about \$150 million annually, or about \$250 per person.

Each year about 43,000 people are released from federal prisons in the United States. Using information on the participation rates of inmates in other education and training programs, CBO estimates that about 10 percent of eligible inmates would participate in an entrepreneurship program. Based on the initial costs of establishing other SBA programs, estimated participation rates and the cost to deliver services at federal prisons before and

after release, CBO estimates that it would cost \$6 million to establish the program. After establishing the program, CBO expects that the costs to train the new participants would be similar to the costs of serving SBDC’s and WBC’s existing clients. CBO estimates that the federal costs to provide training and mentoring under the legislation would total about \$1 million each year.

The costs of the legislation, detailed in Table 1, fall within budget function 370 (commerce and housing credit).

Table 1.
Estimated Increases in Spending Subject to Appropriation Under H.R. 5078

	By Fiscal Year, Millions of Dollars						2020-2025
	2020	2021	2022	2023	2024	2025	
Estimated Authorization	6	1	1	1	1	1	11
Estimated Outlays	*	4	3	1	1	1	10

Components may not sum to totals because of rounding; * = between zero and \$500,000.

The CBO staff contact for this estimate is Aurora Swanson. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis