



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 21, 2010

S. 2862

Small Business Export Enhancement and International Trade Act of 2009

*As ordered reported by the Senate Committee on Small Business and Entrepreneurship
on December 17, 2009*

SUMMARY

S. 2862 would require the Small Business Administration's (SBA's) Office of International Trade (OIT) to develop policies and programs to increase the capacity of small businesses to engage in trade with foreign countries. The bill would authorize SBA to increase the number of trade finance specialists working in SBA's export assistance centers and establish a grant program that would provide funds to states to help small businesses expand into foreign markets. Finally, the bill would make several changes to the 7(a) loan program to ease the financial requirements for loan guarantees to small businesses engaged in international trade. Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 2862 would cost \$69 million over the 2010-2015 period. Enacting S. 2862 would not affect direct spending or revenues.

S. 2862 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2862 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars						2010-2015
	2010	2011	2012	2013	2014	2015	2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Grants to States							
Authorization Level	15	15	15	0	0	0	45
Estimated Outlays	6	20	15	3	1	0	45
Performance Tracking System							
Estimate Authorization Level	1	2	1	1	1	1	7
Estimated Outlays	0	2	1	1	1	1	6
Additional Staff and Costs							
Estimated Authorization Level	2	3	4	4	4	4	21
Estimated Outlays	1	2	3	4	4	4	18
Total							
Estimated Authorization Level	18	20	20	5	5	5	73
Estimated Outlays	7	24	19	8	6	5	69

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2862 will be enacted early in 2010, that appropriations will be provided in each fiscal year, and that spending will follow historical patterns. Based on information from SBA, CBO estimates that implementing S. 2862 would cost \$69 million over the 2010-2015 period.

Grants to States

S. 2862 would authorize the appropriation of \$15 million in each of fiscal years 2010, 2011, and 2012 to establish a pilot program that would make grants to states to provide assistance to small businesses that are planning to expand into foreign markets. CBO estimates that implementing the pilot program would cost \$45 million over the 2010-2015 period, assuming appropriation of the specified amounts.

Performance Tracking System

S. 2862 would require SBA to develop a system to track the volume of exports produced by small businesses as well as the OIT's performance toward goals related to increasing export growth. Based on information from SBA, CBO expects that the agency would test the tracking system using a pilot program in the first year and complete full development of the system two years after enactment of the bill. CBO estimates that developing and

maintaining the system would cost \$6 million over the 2010-2015 period, assuming appropriation of the necessary amounts.

Additional Staff and Costs

S. 2862 would direct SBA to fill certain positions to support trade financing for small businesses that have been vacant since 2003. Further, SBA would be required to increase the number of export finance specialists working at its export assistance centers within two years of the bill's enactment. Based on information from SBA, CBO estimates that 10 additional staff positions (two to fill vacancies and eight authorized by the bill) would be required and would cost \$9 million over the 2010-2015 period.

The bill also would require the OIT to develop strategies and programs to aid small businesses that are engaged in or affected by international trade. Based on information from SBA, CBO expects that an additional eight positions would be added to the OIT to develop programs that provide technical assistance and counseling in areas such as trade disputes and remedies as well as intellectual property protection. CBO estimates that the additional OIT staff would cost \$7 million over the 2010-2015 period.

The bill also would establish a program to certify certain employees to provide export assistance services to small businesses. The bill would authorize \$350,000 per year for SBA to reimburse participating business centers for costs incurred for the certification program. Based on information from SBA, CBO estimates that implementing this provision would cost \$2 million over the 2010-2015 period, assuming appropriation of the necessary amounts.

SBA Loans

Finally, the bill would increase the guarantee amount and the maximum loan limit for 7(a) loans that would be used for international trade or foreign market development. Based on information from SBA, CBO expects that these changes to loan terms would not have a significant effect on the cost of the program because of the small number of international trade loans. CBO estimates that implementing these changes would not significantly affect discretionary spending.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2862 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit state governments by establishing a grant program for states to help small businesses increase their exports. Any costs to state governments participating in the program would be incurred voluntarily.

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