



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 8, 2012

H.R. 3987
Small Business Protection Act of 2012

As ordered reported by the House Committee on Small Business on March 22, 2012

SUMMARY

H.R. 3987 would limit the authority of the Small Business Administration (SBA) to set certain size standards for the purpose of establishing eligibility for various federal assistance programs. The bill also would broaden the amount of information provided to the public when the SBA proposes or modifies a size standard.

Based on information from the SBA, CBO estimates that implementing H.R. 3987 would cost \$12 million over the 2013-2017 period, assuming appropriation of the necessary amounts. CBO estimates that enacting H.R. 3987 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 3987 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3987 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					2013- 2017
	2013	2014	2015	2016	2017	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	1	3	3	3	3	13
Estimated Outlays	1	2	3	3	3	12

BASIS OF ESTIMATE

Under current law, the SBA sets out specific criteria, referred to as size standards, that a business must meet to be considered a small business that is eligible for certain federal assistance programs. The agency has established 41 different size standards covering more than 1,100 industries classified in the North American Industry Classification System (NAICS).

H.R. 3987 would limit the SBA's authority to set size standards for groups of industries unless the agency can justify that the size standard is appropriate for every individual industry included in the grouping. The bill also would require the SBA to make certain information available, including an analysis of the competitive environment and the effect of the standard on the industry in question when proposing or modifying a size standard.

The SBA currently has a staff of four to review and update the 41 established size standards. Based on information from the SBA, CBO expects that the agency would need to add 16 staff positions over time to develop size standards for more than 1,100 individual industries in the NAICS or to provide justification for size standards that would apply to groups of industries. CBO estimates that implementing H.R. 3987 would cost \$12 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3987 contains no intergovernmental or private-sector mandates as defined UMRA and would not affect the budgets of state, local, or tribal governments.

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