



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 1, 2012

H.R. 4121 **Early Stage Small Business Contracting Act of 2012**

As ordered reported by the House Committee on Small Business on March 7, 2012

H.R. 4121 would require the Small Business Administration to establish a program to provide access to federal contracts to certain small businesses. Specifically, the legislation would give the first opportunity to obtain federal contracts valued between \$3,000 and \$75,000 to businesses that employ fewer than 16 people and have annual receipts of \$1 million or less. (The bill defines such firms as early-stage small businesses.) Under the bill, the SBA would certify the status of such businesses.

Based on information from the SBA and the General Services Administration, CBO estimates that implementing H.R. 4121 would cost about \$20 million over the 2013-2017 period, assuming appropriation of the necessary amounts. Those costs include about \$3 million a year for the SBA to administer the program and provide certifications and technical assistance to small businesses that meet the bill's definition. In addition, CBO estimates that \$5 million in start-up costs would be needed to train contract officers throughout the government to work with SBA and those small businesses to find appropriate opportunities and to help agencies meet their goals for contracting with small businesses. Enacting the legislation would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 4121 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 Matthew Pickford. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.