Congressional Budget Office
Cost Estimate

August 9, 2019

H.R. 3661, Patriotic Employer Protection Act of 2019

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

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	*	not estimated

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
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 zero and $500,000.

Under its disaster loan program, the Small Business Administration (SBA) provides direct loans to people and small businesses, including those that suffered substantial economic injury because essential employees were ordered to active duty during a military conflict. S. 3661 would expand the definition of active military service used to determine loan eligibility to mean any period of service for at least 30 consecutive days including periods of full-time training, attendance at military schools, and National Guard duty. Expanding the definition of active military service also would increase eligibility for a program that allows loan recipients to defer the repayment of principal and interest on disaster loans.

Using information from the SBA about the disaster loan program, CBO estimates that implementing the bill would slightly increase the total amount of loans administered by the SBA. That increase would increase the estimated subsidy cost of disaster loans by an insignificant amount.[1] The total subsidy cost of the disaster loan program was $548 million in 2018. Historically, less than 2 percent of disaster loans are made each year to small businesses who suffer economic injury because of employees being called into military service.

1. The subsidy cost is the estimated long-term cost to the government, calculated on a net-present-value basis. Present value is a single number that expresses a flow of current and future income (or payments) in terms of an equivalent lump sum received (or paid) at a specific time. That value depends on the rate of interest (called the discount rate) used to translate future cash flows into current dollars.

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

The bill also would expand the pool of people and businesses who are eligible to defer the payment of principal and interest for disaster loans in certain circumstances. Because that provision could affect the timing of expected payments for loans currently outstanding, the budgetary effects of those changes would be treated as direct spending and recorded in the year of enactment. Using information from the SBA, CBO estimates that the net increase in direct spending from that provision would be insignificant over the 2020-2029 period.

The CBO staff contact for this estimate is Jon Sperl and. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.