CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 29, 2007

H.R. 984
Executive Branch Reform Act of 2007

As ordered reported by the House Committee on Oversight and Government Reform on February 14, 2007

SUMMARY

H.R. 984 would amend the Ethics in Government Act of 1978 and the Office of Federal Procurement Policy Act. Major provisions of the legislation would require increased public disclosure regarding contacts between certain executive branch officials and lobbyists and would expand employment restrictions on certain federal employees leaving government service. In addition, H.R. 984 would require new regulations and a report by the National Archives and Records Administration (NARA) concerning the inappropriate designation of government information as classified information by federal agencies.

CBO estimates that implementing H.R. 984 would cost $5 million in fiscal year 2008 and about $25 million over the 2008-2012 period, subject to the availability of appropriated funds. Enacting the bill could affect revenues, but CBO estimates that any increase in revenue collections would not be significant. Enacting the bill would not affect direct spending.

H.R. 984 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. H.R. 984 contains private-sector mandates, as defined in UMRA, on certain officials of the executive branch who leave government service after March 31, 2007, but before the bill is enacted. CBO expects that the direct cost of complying with those mandates would fall well below the annual threshold for private-sector mandates ($131 million in 2007, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 984 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
SPENDING SUBJECT TO APPROPRIATION [a]						
Spending Under Current Law for the Office of Government Ethics						
Estimated Authorization Level [b]	11	11	12	12	13	13
Estimated Outlays	11	11	12	12	13	13
Proposed Changes						
Estimated Authorization Level	0	5	5	5	5	6
Estimated Outlays	0	5	5	5	5	6
Spending Under H.R. 984 for the Office of Government Ethics						
Estimated Authorization Level	11	16	17	17	18	19
Estimated Outlays	11	16	17	17	18	19

a. Enacting the bill also could affect revenues, but CBO estimates that any such effects would not be significant.

b. The 2007 level is the amount appropriated for the Office of Government Ethics for that year. The amounts for the 2008-2012 period assume that the 2007 appropriation would be adjusted annually for anticipated inflation.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the H.R. 984 will be enacted near the end of fiscal year 2007, that the necessary amounts will be appropriated over the 2008-2012 period, and that outlays will follow historical spending patterns of the Office of Government Ethics (OGE).

Spending Subject to Appropriation

The legislation would require certain executive branch officials to disclose contacts with private parties seeking to influence government actions, and it would expand restrictions on certain federal employees leaving or beginning government service. H.R. 984 also would require the Office of Government Ethics to enforce those new restrictions.

Under current law, OGE manages financial disclosure reporting for about 1,000 Presidential appointees and provides guidance and training to the executive branch regarding workplace ethics issues. According to information from OGE, the Office of Personnel Management, and the uniformed services, CBO estimates that the expanded reporting requirements proposed in H.R. 984 would affect no more than 7,000 employees. Those employees would include high-level political appointees, White House staff, and military officers.

Based on information from OGE, CBE estimates that the initial startup costs for the increased reporting requirement would be about $3 million in 2008, mostly for work related to the electronic filing system. In addition, CBO estimates that the office would need about 40 new attorneys, paralegals, auditors, and administrative personnel, as well as additional computer resources to oversee workplace ethics reporting and compliance by those additional federal employees. We anticipate that this increase in staffing and the additional office space would occur over two years. Thus, CBO estimates that implementing the legislation would cost about $5 million in 2008 and about $25 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

H.R. 984 also would require the NARA to issue regulations to prevent inappropriate designation of information as classified information by federal agencies. Based on information from the NARA, this provision would codify and expand current policy. CBO estimates that preparing regulations and a report on this issue would cost less than $500,000 over the 2008-2012 period.

Revenues

Enacting H.R. 984 could affect federal revenues from the collection of new civil penalties for violations of workplace ethics rules. Collections of civil penalties are recorded in the budget as revenues. CBO estimates, however, that any change in revenues that would result from enacting the bill would not be significant.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 984 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 984 contains private-sector mandates, as defined in UMRA, on certain officials of the executive branch who leave government service after March 31, 2007, but before the bill is enacted. The bill would restrict former high-level personnel (as outlined in the bill) from conducting certain lobbying activities for two years. In addition, the bill would extend to two years the current restriction on former procurement officials prohibiting them from accepting compensation from a contractor as an employee, officer, director, or consultant if the former official was involved in awarding certain contracts to that contractor.

The cost of the mandates would be the loss of net income resulting from the incremental restrictions on those departing executive branch officials. While the bill would limit the lobbying activities of former high-level personnel for a period, the bill would not ban all lobbying activities by such former personnel. In addition, while the bill would extend the restriction on compensation for former procurement officials in lines of business directly related to awarded contracts, the bill would not prohibit them from accepting compensation from other contractors. Consequently, CBO expects that the direct cost of complying with the mandates would be minimal and would fall below the annual threshold establish by UMRA ($131 million in 2007, adjusted annually for inflation).

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