



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 21, 2013

H.R. 1874 **Pro-Growth Budgeting Act of 2013**

As ordered reported by the House Committee on the Budget on June 19, 2013

SUMMARY

H.R. 1874 would require the Congressional Budget Office to provide a macroeconomic impact analysis for bills that are estimated to have a large budgetary effect.

Under H.R. 1874, CBO would be required to provide—to the extent practicable—an analysis of the impact on the economy of any bill that would have an estimated budgetary effect of greater than 0.25 percent of gross domestic product (GDP) in any fiscal year. (Currently, that threshold would be about \$40 billion, based on GDP of about \$16 trillion.) The macroeconomic analysis would include the estimated effect on revenues and outlays of a change in GDP resulting from the legislation being evaluated. The bill also would require CBO to publicly provide the assumptions and models underlying those analyses.

CBO estimates that implementing H.R. 1874 would cost about \$2 million over the 2014-2018 period, assuming appropriation of the necessary amounts. Enacting H.R. 1874 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1874 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1874 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					2014- 2018
	2014	2015	2016	2017	2018	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	*	*	*	*	*	2
Estimated Outlays	*	*	*	*	*	2

Note: * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted late in 2013, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar activities.

CBO estimates that in order to prepare for the macroeconomic impact studies, as called for in H.R. 1874, the agency would probably need two or three additional staff members. (The amount of extra personnel resources needed is uncertain, as it would depend on how many pieces of legislation with budgetary effects greater than 0.25 percent of GDP in a fiscal year are considered by the Congress in each year.) In addition to taking the lead on new macroeconomic impact studies, the additional CBO staff members would be responsible for preparing the descriptions of underlying assumptions and models for the public (as required by the bill). Based on current average costs (including salaries and associated benefits), adding two or three staff members would cost between \$300,000 and \$500,000 per year beginning in fiscal year 2014, resulting in a five-year cost of roughly \$2 million.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1874 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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