



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 25, 2015

H.R. 2243

Equity in Government Compensation Act of 2015

*As ordered reported by the House Committee on Financial Services
on July 28, 2015*

H.R. 2243 would direct the Federal Housing Finance Agency (FHFA) to roll back increases in compensation and benefits for Fannie Mae's and Freddie Mac's chief executive officers (CEO) to the levels that were in place on January 1, 2015. CBO estimates that enacting the legislation would not have a significant effect on the federal budget because while the bill would limit amounts paid for certain compensation, it would not directly change the income of Fannie Mae and Freddie Mac nor would it restrict how those entities could spend amounts realized by reducing such compensation. Because the legislation would affect direct spending pay-as-you-go-procedures apply. CBO estimates, however, that any decrease in direct spending would be insignificant. Enacting the bill would not affect revenues.

Based on information from FHFA and Fannie Mae's and Freddie Mac's quarterly financial reports, the compensation for the two CEOs was capped at \$600,000 annually beginning in 2013. On July 1, 2015, FHFA increased each of the CEO's total compensation to \$4 million to move the compensation levels closer to those in the financial industry and to align CEO compensation with the compensation levels of Fannie Mae's and Freddie Mac's eight Executive Vice Presidents, whose annual salaries range between \$2 million and \$3.5 million. Under the bill, the total compensation for each CEO would be reduced to \$600,000 annually. The bill also would indefinitely prohibit any increases in compensation and benefits for those CEOs.

H.R. 2243 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 Aurora Swanson. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.