CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 26, 2006

H.R. 5112
Executive Branch Reform Act of 2006

As ordered reported by the House Committee on Government Reform on April 6, 2006

SUMMARY

H.R. 5112 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 disclosure regarding contacts between certain executive branch officials and lobbyists and would expand restrictions on certain federal employees and on federal employees leaving government service. In addition, H.R. 5112 would require new regulations and a report by the National Archives and Records Administration (NARA) on the inappropriate designation of government information as classified information by federal agencies.

CBO estimates that implementing H.R. 5112 would cost about $2 million in fiscal year 2007 and $20 million over the 2007-2011 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. 5112 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal government.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5112 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
SPENDING SUBJECT TO APPROPRIATION[a]					
Office of Government Ethics					
Authorization Level	11	12	12	13	13
Estimated Outlays	11	12	12	13	13
Proposed Changes:					
Estimated Authorization Level	2	3	4	5	6
Estimated Outlays	2	3	4	5	6
Spending Under H.R. 5112 for the Office of Government Ethics					
Estimated Authorization Level	13	15	16	18	19
Estimated Outlays	13	15	16	18	19

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

BASIS OF ESTIMATE

For this estimate, CBO assumes that the H.R. 5112 will be enacted near the end of fiscal year 2006, that the necessary amounts will be appropriated over the 2007-2011 period, and that spending 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. 5112 also would require the Office of Government Ethics to enforce the new lobbying restrictions.

Under current law, OGE manages financial reporting for about 1,000 Presidential appointees and provides guidance and training to the executive branch regarding workplace ethics issues. According to information from the Office of Personnel Management (OPM) and data from the uniformed services, CBO estimates that approximately 8,000 employees would be affected by the expanded reporting requirements proposed in H.R. 5112.

CBO estimates that OGE would need about 40 new attorneys, paralegals, auditors, and administrative personnel and additional computer resources to oversee workplace ethics reporting and compliance by those additional federal employees. In addition, we anticipate that this increase in staffing would occur over four years. Thus, CBO estimates that implementing the legislation would cost about $20 million over the 2007-2011 period, assuming appropriation of the necessary amounts.

H.R. 5112 also would require the NARA to report on and issue regulations to prevent inappropriate classification of information as classified 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 would cost less than $500,000 over the 2007-2008 period.

Revenues

Enacting H.R. 5112 could affect federal revenues as a result 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.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5112 contains no intergovernmental or private-sector mandates as defined in the UMRA and would impose no costs on state, local, or tribal government.

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