



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 26, 2011

H.R. 2056

A bill to instruct the Inspector General of the Federal Deposit Insurance Corporation to study the impact of insured depository institution failures, and for other purposes

As ordered reported by the House Committee on Financial Services on July 20, 2011

H.R. 2056 would direct the Government Accountability Office (GAO) and the Inspector General of the Federal Deposit Insurance Corporation (FDIC) to study and report to the Congress on several matters relating to bank failures. Expenses of the FDIC are classified as direct spending; therefore, pay-as-you-go procedures would apply. However, CBO estimates that any costs incurred by the Inspector General would be offset by premiums collected from insured depository institutions, resulting in no net effect on direct spending over the next five years. Enacting this legislation would not affect revenues. CBO estimates that any additional cost to GAO would also be insignificant.

The bill 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.

H.R. 2056 would direct the Inspector General of the FDIC to conduct a study on several matters relating to bank failures, including: loss-share agreements, accounting methodologies, factors used to assess the adequacy of bank capital, and agency policies and procedures. The Inspector General would be required to report to the Congress no later than one year after enactment. Resources to conduct such a study would be derived from the Deposit Insurance Fund.

The legislation also would direct the GAO to conduct a study on the causes of certain bank failures, the impact of bank failures on communities, the effectiveness of loss-share agreements, and fair value accounting standards. The GAO would report findings and recommendations to the Congress no later than one year after enactment. CBO estimates that completing this study would cost less than \$500,000 in 2012, subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Dan Hoople. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.