



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 15, 2011

### **S. 890**

### **Fighting Fraud to Protect Taxpayers Act of 2011**

*As reported by the Senate Committee on the Judiciary on May 19, 2011*

#### **SUMMARY**

S. 890 would increase the funds available to the Department of Justice (DOJ) each year for investigating and prosecuting fraud offenses. The bill would establish a new federal crime relating to international money laundering. S. 890 also would require DOJ to prepare annual reports on settlements of certain fraud cases and funding of its debt collection and antifraud efforts.

CBO estimates that enacting S. 890 would increase direct spending by \$69 million over the 2012-2021 period. In addition, we estimate that enacting the bill would affect revenues, but such effects would not be significant. Because enacting the legislation would affect direct spending and revenues, pay-as-you-go procedures apply. We also estimate that implementing the bill would have discretionary costs of about \$1 million annually over the 10-year period.

S. 890 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 890 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2017-2021
<b>CHANGES IN DIRECT SPENDING</b>												
Estimated Budget Authority	7	7	7	7	7	7	7	7	7	7	35	70
Estimated Outlays	6	7	7	7	7	7	7	7	7	7	34	69
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>												
Estimated Authorization Level	1	1	1	1	1	1	1	1	1	1	5	10
Estimated Outlays	1	1	1	1	1	1	1	1	1	1	5	10

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 890 will be enacted by the end of fiscal year 2011.

### **Direct Spending and Revenues**

DOJ collects civil debt owed to federal agencies and returns most of the recovered amounts to those agencies, with remaining amounts deposited in the Treasury. Current law authorizes DOJ to retain and spend up to 3 percent of most debt it recovers to defray the costs of its debt collection efforts. S. 890 would permit DOJ to retain and spend an additional 0.5 percent annually to cover certain costs of investigating and prosecuting fraud offenses.

Based on the amount of civil debt recovered by DOJ in recent years, CBO expects the department to collect between \$3 billion and \$4 billion annually over the 2012-2021 period and to retain 3 percent of those amounts. Under current law, most of the remaining amounts will be returned to agencies and spent, so allowing DOJ to retain an extra 0.5 percent of those funds would have no significant net effect on federal spending. However, we estimate that each year about \$1.4 billion of debt collected by DOJ will be deposited in the Treasury and not available to be spent. CBO estimates that allowing DOJ to spend an additional 0.5 percent of those funds would increase direct spending by about \$7 million annually over the 2012-2021 period.

S. 890 would establish a new federal crime relating to international money laundering. Because those prosecuted and convicted under S. 890 could be subject to criminal fines, the federal government might collect additional fines if the legislation is enacted. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and later spent. CBO expects that any additional revenues and direct spending would not be significant because of the small number of cases likely to be affected.

## Spending Subject to Appropriation

S. 890 would direct DOJ to prepare an annual report for the Congress on the sources of the collections that it retains each year and on the spending of those funds. The bill also would require DOJ to prepare an annual report on cases involving major fraud or false claims against the United States that were resolved through settlement. Based on the costs of similar activities, CBO estimates that it would cost about \$1 million annually, subject to the availability of appropriated funds, for DOJ to prepare the reports required by the bill.

## PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. S. 890 would increase the funds available to DOJ each year for investigating and prosecuting fraud offenses. The bill also could affect direct spending and revenues through the collection and spending of criminal fines. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

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### CBO Estimate of Pay-As-You-Go Effects for S. 890 as reported by the Senate Committee on the Judiciary on May 19, 2011

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	By Fiscal Year, in Millions of Dollars											2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	6	7	7	7	7	7	7	7	7	7	34	69
<b>Memorandum:</b>													
Changes in Outlays	0	6	7	7	7	7	7	7	7	7	7	34	69
Changes in Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0

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## ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 890 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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