



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 12, 2014

### **H.R. 24** **Federal Reserve Transparency Act of 2014**

*As ordered reported by the House Committee on Oversight and Government Reform  
on July 24, 2014*

H.R. 24 would amend federal law regarding audits of the Federal Reserve System. Specifically, the bill would direct the Government Accountability Office (GAO) to prepare, within 12 months of enactment, an audit of the Board of Governors of the Federal Reserve System and the Federal Reserve banks. The bill would also repeal prohibitions under current law that prevent GAO from auditing the Federal Reserve's monetary policy and any of the Federal Reserve's transactions involving a foreign central bank, the government of a foreign country, or a nonprivate international financing organization. CBO expects that the removal of those prohibitions would result in future requests from Members of Congress for GAO to conduct additional oversight and analysis of the Federal Reserve System on a periodic basis.

Based on information from GAO regarding the amount of effort required for its previous audit of the Federal Reserve, which was required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203), CBO estimates that implementing H.R. 24 would increase discretionary spending by \$5 million over the 2015-2019 period, assuming appropriation of the necessary amounts. That cost would cover the full-time and part-time GAO employees plus administrative expenses necessary to prepare the audit required by the bill as well as future oversight and analysis that CBO expects would result from the enactment of the bill.

In addition, based on information provided by the Federal Reserve and on information provided by GAO regarding the likely costs of similar proposals regarding oversight of the Federal Reserve, CBO estimates that enacting H.R. 24 would increase costs of the Federal Reserve and thus decrease federal revenues by less than \$500,000 in each year of the 2015-2024 period, and by \$3 million in total over that period. That estimate of revenue reductions reflects higher costs of the Federal Reserve System associated with coordination of the initial audit and future GAO oversight and analysis. Because enacting H.R. 24 would affect revenues, pay-as-you-go procedures apply. CBO estimates that enacting H.R. 24 would not affect direct spending.

H.R. 24 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 contacts for the estimate are Matthew Pickford (for federal costs) and Nathaniel Frenz (for revenues). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis, and David Weiner, Assistant Director for Tax Analysis.