



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 29, 2014

H.R. 3675 **Federal Communications Commission Process Reform Act of 2013**

*As ordered reported by the House Committee on Energy and Commerce
on December 10, 2013*

SUMMARY

H.R. 3675 would make a number of changes to procedures that the Federal Communications Commission (FCC) follows in its rulemaking processes. The bill also would require the FCC to create a public database of information about complaints made by consumers of telecommunications services. Finally, the bill would permanently exempt the Universal Service Fund (USF) from provisions of the Antideficiency Act.

CBO estimates that enacting H.R. 3675 would increase direct spending by \$197 million over the 2014-2023 period; therefore, pay-as-you-go procedures apply. Enacting H.R. 3675 would not affect revenues.

Further, CBO estimates that implementing H.R. 3675 to amend the FCC's operating procedures would cost \$15 million over the next five years, assuming appropriation of the necessary amounts; however, the FCC is authorized to collect fees sufficient to offset the cost of its regulatory activities each year. Therefore, CBO estimates that the net cost to implement those provisions of H.R. 3675 would not be significant, assuming annual appropriation actions consistent with the agency's authorities.

H.R. 3675 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

To the extent that the FCC would increase annual fee collections to offset the costs of implementing its additional regulatory activities, the bill would impose a private-sector mandate on some commercial entities regulated by the FCC. Based on information from the FCC, CBO estimates that the cost of the mandate would be small, and fall well below the annual threshold established in UMRA for private-sector mandates (\$152 million in 2014, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3675 is shown in the following table. The costs of this legislation falls within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars													
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-2019	2014-2024	
CHANGES IN DIRECT SPENDING^a														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	91	69	15	3	3	4	4	4	4	4	178	197

a. CBO estimates H.R. 3675 also would have an insignificant net impact on spending that is subject to appropriation.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the middle of fiscal year 2014.

Direct Spending

H.R. 3675 would permanently exempt the USF from provisions of the Antideficiency Act. Created by the Telecommunications Act of 1996, the USF redistributes income from interstate telecommunications carriers to other carriers providing services to high-cost areas, low-income households, schools, libraries, and nonprofit health care providers in rural areas. The cash flows from the USF appear in the budget as revenues (for fund collections) and direct spending (for amounts distributed from the fund).

Under current law, the USF has a temporary exemption from the Antideficiency Act that will expire at the end of calendar year 2015. Spending for one of the fund's initiatives, the Schools and Libraries program, is affected by that exemption. When the USF receives and approves an application for funding from the Schools and Libraries program, it obligates funds to be paid to the recipient pending compliance with certain grant conditions. While the exemption is in place, the USF is able to obligate funds for schools and libraries without having sufficient amounts available to meet those obligations. Without the exemption, the Schools and Libraries program would be unable to obligate funds until sufficient resources to meet its obligation became available. This program, which distributes funds to eligible institutions to provide affordable Internet and telecommunications services, spent \$2.1 billion for those purposes in fiscal year 2013. By

making the exemption permanent, H.R. 3675 would allow the program to obligate and spend funds faster than it would without the exemption.

CBO does not expect that the USF would collect or spend more as a result of the exemption; rather, we estimate that the timing of the spending would change. Specifically, CBO estimates that under the exemption, spending patterns would shift so that on balance more funds would be spent relative to the current-law baseline estimates over the next 10 years. CBO estimates that the increase in the rate of spending would increase costs by \$197 million over the 2014-2024 period.

Spending Subject to Appropriation

H.R. 3675 would require the FCC to adopt new rules related to the agency’s decision-making processes and to present certain information in greater detail on the agency website. Based on information from the FCC, CBO estimates that implementing those provisions would cost about \$15 million over the 2014-2019 period for additional administrative and information technology costs. However, the FCC is authorized to collect fees sufficient to offset its regulatory costs each year; therefore, CBO estimates that the net cost to implement H.R. 3675 would not be significant over the 2014-2019 period, assuming appropriation actions consistent with that authority.

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. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3675, as ordered reported by the House Committee on Energy and Commerce on December 10, 2013

	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
NET INCREASE IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	0	91	69	15	3	3	4	4	4	4	178	197	

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3675 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

Assuming the FCC would increase annual fee collections to offset the costs of its additional regulatory activities, the bill would increase the cost of an existing mandate on some commercial entities regulated by the agency. The FCC is authorized to collect fees sufficient to offset its regulatory costs each year, subject to its annual appropriation. If as a result of the bill the FCC increases its fees, the bill would impose a private-sector mandate on private entities required to pay those fees. Based on information from the FCC, CBO estimates that the cost of the mandate would be small—about \$15 million over the next five years—and fall well below the annual threshold established in UMRA for private-sector mandates (\$152 million in 2014, adjusted annually for inflation).

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