



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 14, 2016

H.R. 24 **Federal Reserve Transparency Act of 2015**

*As ordered reported by the House Committee on Oversight and Government Reform
on May 17, 2016*

H.R. 24 would amend federal law with respect to audits of the Federal Reserve System by the Government Accountability Office (GAO). The bill would direct 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 also would 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 eliminating those prohibitions would lead to 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 about the level 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, CBO estimates that implementing H.R. 24 would cost \$5 million over the 2017-2021 period; such spending would be subject to the availability of appropriated funds. That amount would cover the costs to prepare the audit required by the bill as well as future analysis that CBO expects would be requested by the Congress following enactment of the bill.

In addition, based on information provided by the Federal Reserve and GAO about the costs of similar proposals regarding oversight of the Federal Reserve, CBO estimates that enacting H.R. 24 would increase costs to the Federal Reserve and thus decrease federal revenues by less than \$500,000 in each year of the 2017-2026 period and by \$3 million in total over that period. That estimate of reduced revenue reflects higher costs to the Federal Reserve System associated with coordination of the initial audit and future GAO oversight and analysis following enactment of H.R. 24. Because enacting H.R. 24 would reduce revenues, pay-as-you-go procedures apply. CBO estimates that enacting H.R. 24 would not affect direct spending.

CBO estimates that enacting H.R. 24 would not increase net direct spending or on-budget deficits by more than more than \$5 billion in any of the four consecutive 10-year periods beginning in 2027.

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 contact for the estimate is Nathaniel Frentz. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis, and Mark Booth, Unit Chief, Revenue Estimating.