



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 14, 2015

H.R. 2583 **Federal Communications Commission Process Reform Act of 2015**

*As ordered reported by the House Committee on Energy and Commerce
on June 3, 2015*

SUMMARY

H.R. 2583 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 exempt the Universal Service Fund (USF) from provisions of the Antideficiency Act through December 31, 2020.

CBO estimates that enacting H.R. 2583 would change the timing of spending from the USF, which would affect direct spending over the 2016-2025 period; therefore, pay-as-you-go procedures apply. We estimate, however, that the timing changes would net to zero over the ten-year period. Enacting H.R. 2583 would not affect revenues.

Further, CBO estimates that implementing H.R. 2583 to amend the FCC's operating procedures would cost \$10 million over the next five years; such spending would be subject to the availability of appropriated funds. Under current law, 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. 2583 would not be significant, assuming annual appropriation actions consistent with the agency's authorities.

H.R. 2583 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.

If the FCC increases 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 (\$154 million in 2015, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2583 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											2016-	2016-	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025		
CHANGES IN DIRECT SPENDING^a														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	
Estimated Outlays	0	0	151	115	26	6	-158	-118	-22	0	292	0	0	

a. CBO estimates that implementing H.R. 2583 also would have an insignificant net effect on spending subject to appropriation.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the beginning of fiscal year 2016.

Direct Spending

H.R. 2583 would exempt the USF from provisions of the Antideficiency Act through December 31, 2020. Created by the Telecommunications Act of 1996, the USF redistributes income from interstate telecommunications carriers to other carriers that provide 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 2016. 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 those obligations became available. This program, which distributes funds to eligible institutions to provide affordable Internet and telecommunications services, spent \$2.3 billion for those purposes in fiscal year 2014. By

extending the exemption through 2020, H.R. 2583 would continue to 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 funds would be spent more quickly relative to the current-law baseline estimates during the period the proposed exemption would be in force. However, spending in the years immediately after the expiration of the proposed exemption would decrease, relative to the baseline, because of that shift. Thus, CBO estimates that under the bill direct spending would increase by \$292 million over the 2016-2020 period; but over the 2016-2025 period there would be no change in direct spending.

Spending Subject to Appropriation

H.R. 2583 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’s website. Based on information from the FCC, CBO estimates that implementing those provisions would cost about \$10 million over the 2016-2020 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. 2583 would not be significant over the ten-year 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. 2583, as ordered reported by the House Committee on Energy and Commerce on June 3, 2015

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
CHANGES IN DIRECT SPENDING												
Statutory Pay-As-You-Go Impact	0	0	151	115	26	6	-158	-118	-22	0	292	0

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2583 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

If the FCC increases annual fee collections to offset the costs of implementing its additional regulatory activities, the bill would increase the cost of an existing mandate to pay those fees by 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. Based on information from the FCC, CBO estimates that the cost of the mandate would be small—no more than about \$10 million over the next five years—and fall well below the annual threshold established in UMRA for private-sector mandates (\$154 million in 2015, adjusted annually for inflation).

ESTIMATE PREPARED BY:

Federal Costs: Susan Willie

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Marin Burnett

ESTIMATE APPROVED BY:

H. Samuel Papenfuss

Deputy Assistant Director for Budget Analysis