



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 10, 2016

H.R. 3557 **FSOC Transparency and Accountability Act**

As ordered reported by the House Committee on Financial Services on November 4, 2015

H.R. 3557 would allow all members of the governing bodies of certain agencies that are represented on the Financial Stability Oversight Council (FSOC)—the Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), the Board of Governors of the Federal Reserve System (FRS), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA)—to become voting members of the FSOC. The bill, however, would allow only a single vote to be cast by each entity. Further, H.R. 3557 would require each of those entities to determine its vote on FSOC issues following the voting process already in place at each agency.

The bill also would require the FSOC to comply with the Federal Advisory Committee Act (FACA) and to follow the “Government in the Sunshine Act,” which allows members of the public access, with certain exceptions, to agency meetings.

CBO estimates that enacting H.R. 3557 would reduce revenues by \$8 million and increase direct spending by an insignificant amount over the 2016-2026 period. We estimate that implementing the bill would increase net discretionary costs by \$4 million over the 2016-2021 period. Because enacting H.R. 3557 would affect both direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 3557 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2027.

Based on information from the Federal Reserve, CBO estimates that H.R. 3557 would reduce the Federal Reserve’s remittances to the Treasury, and therefore revenues, by \$8 million over the 2016-2026 period. That reduction in revenue, which would amount to less than \$500,000 in 2016 and about \$1 million in each subsequent year, reflects increased costs for the Federal Reserve to hire additional staff to support members of the Board of Governors regarding voting on items to be considered by the FSOC.

Based on information from the Department of the Treasury, FDIC, and NCUA, CBO estimates that enacting H.R. 3557 would have an insignificant effect on net direct spending

over the 2016-2026 period. CBO expects FDIC and NCUA would spend less than \$500,000 per year to provide support to members of the governing board that would be voting on items to be considered by FSOC; further, those costs would be offset by fees charged by those agencies. CBO expects the annual costs to FSOC to comply with the new administrative requirements under the bill would be minimal in each year, and total less than \$500,000 over the 2016-2026 period. In addition, FSOC is authorized to levy an assessment on certain financial institutions to offset its operating costs. CBO expects FSOC would exercise that authority to offset the additional costs associated with H.R. 3557. We estimate that the annual increase in revenues from that levy also would be minimal, and also would total less than \$500,000 over the 2016-2026 period.

Based on information from the SEC and the CFTC, CBO estimates that the costs to both agencies to provide support to commission members that would be voting on items to be considered by FSOC would be roughly equal—about \$500,000 each, per year. Under current law, the SEC is authorized to collect fees sufficient to offset its appropriation each year. Therefore, we estimate that the net cost to the SEC would be negligible each year, assuming appropriation action consistent with that authority. CBO estimates that implementing this provision would cost about \$4 million over the 2016-2021 period for CFTC's portion of the total cost, assuming appropriation of the necessary amounts.

H.R. 3557 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 this estimate are Sarah Puro (for federal costs) and Nathaniel Frentz (for federal revenues). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.