



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 28, 2016

H.R. 4904 **MEGABYTE Act of 2016**

*As ordered reported by the House Committee on Oversight and Government Reform
on April 14, 2016*

H.R. 4904 would amend federal laws related to managing the federal government's licenses for information technology software. The bill would require the Office of Management and Budget (OMB) to issue a directive to each federal agency to develop a comprehensive policy for software licensing including a complete inventory of software licenses and to develop a mechanism to track, maintain, and analyze software use.

Most of the provisions of the bill would codify and expand current policies and practices of the federal government. OMB has reported that agencies spent about \$9 billion in 2015 on software licenses. The Federal Information Technology Acquisition Reform Act (FITARA) recently directed agencies to acquire and manage software in a more coordinated way. In addition, the Enterprise Software Category Team, managed by the General Services Administration, the Department of Defense, and OMB, is developing government-wide agreements for obtaining software licenses. Because such efforts to better manage software licenses are already underway, CBO estimates that the bill would not substantially change those efforts, and that implementing H.R. 4904 would have no significant net impact on the federal budget over the next five years. The bill could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net change in spending by those agencies would not be significant. Enacting H.R. 4904 would not affect revenues.

Some agencies have reported that they have spent less to acquire software by more effectively analyzing data on software licenses and the Government Accountability Office expects that there is the potential for even greater savings government-wide through more efficient spending to acquire software. CBO expects that by improving software purchasing decisions implementing H.R. 4904 could lead to lower federal costs. However, we expect most of the savings in this area will probably be achieved through current efforts to make cost effective decisions when acquiring software.

CBO estimates that enacting H.R. 4904 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

On April 21, 2016, CBO transmitted a cost estimate for S. 2340, the MEGABYTE Act of 2015, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on February 10, 2016. The two pieces of legislation are similar, and the CBO's estimates of the budgetary effects are the same.

H.R. 4904 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 this estimate is Matthew Pickford. The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.