



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 12, 2015

### **S. 1616** **Saving Federal Dollars Through Better Use of Government Purchase and Travel Cards Act of 2015**

*As ordered reported by the Senate Committee on Homeland Security  
and Governmental Affairs on June 24, 2015*

#### **SUMMARY**

S. 1616 would increase oversight of federal agencies' use of purchase and travel cards. The legislation would establish an Office of Federal Charge Card Analytics and Review within the Government Services Administration (GSA) to examine purchases made using federal charge cards. Under S. 1616, GSA also would establish an interagency task force to facilitate the sharing of information and to promote best practices to reduce fraud and improper payments. Finally, S. 1616 would require GSA to report to the Congress on the effectiveness of those efforts.

Based on information from GSA regarding the current government charge card program, CBO estimates that implementing S. 1616 would cost \$65 million over the 2016-2020 period, assuming appropriation of the necessary amounts. Enacting S. 1616 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 1616 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1616 is shown in the following table. The costs of this legislation fall within function 800 (general government).

	By Fiscal Year, in Millions of Dollars					2016-2020
	2016	2017	2018	2019	2020	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	10	15	15	15	10	65
Estimated Outlays	9	15	15	15	11	65

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted near the end of fiscal year 2015, that the necessary amounts will be appropriated each year, and that spending will follow historical patterns for federal salaries and expenses.

Under current law and policy, agencies have many tools to combat fraud and misuse related to charge cards. Agencies have coordinators to oversee the use of charge cards; they also use tools such as credit limits, blocks on merchants based on the type of business, activity reports, and employee guides that explain best practices for using federal charge cards. In addition the 72 Inspector Generals (IG) and their 14,000 employees spend about \$2.5 billion a year to detect and deter fraud, waste, and mismanagement of government funds.

The legislation would expand the role of GSA in overseeing government-wide use of charge cards by establishing the Office of Federal Charge Card Analytics and Review. This new office would examine all charge card purchases made by federal employees and contractors with an aim to reduce improper purchases.

Based on the costs to operate the Recovery Accountability and Transparency Board (Recovery Board), which sought to detect and prevent waste, fraud, and abuse of funds provided by the American Recovery and Reinvestment Act of 2009, CBO estimates that GSA would spend \$65 million over the 2016-2020 period to monitor government charge card spending. Including start-up spending in 2016, those amounts would fund the creation of an operations center with software to aggregate and analyze large volumes of charge card data. CBO expects that some costs to analyze the charge cards would diminish over time as some standardized work was developed.

The proposed Office of Federal Charge Card Analytics and Review may detect additional waste, fraud, and abuse beyond what is already identified by similar efforts under current law. Such efforts could result in savings. However, CBO has no basis for predicting whether the efforts of the new office would lead to a significant increase in the recovery

of fraudulent payments, or would significantly reduce future instances of improper use of charge cards.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1616 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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