



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 28, 2012

H.R. 3433
Grant Reform and New Transparency Act of 2011

*As ordered reported by the House Committee on Oversight and Government Reform
on November 17, 2011*

H.R. 3433 would amend federal law pertaining to the awarding of federal grants. The legislation would require that federal agencies use merit-based award procedures in awarding grants, unless those grants are block grants, formula grants, or they are awarded according to some other standard required by statute. The bill also would require additional reports.

CBO estimates that implementing changes to the grant-award system as required under H.R. 3433 would cost less than \$1 million annually over the 2012-2017 period, assuming the availability of appropriated funds. Those costs would result primarily from preparing reports and making the required changes to agency Web sites. The bill also could affect direct spending by agencies not funded through annual appropriations, such as the Tennessee Valley Authority and Bonneville Power Administration; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net increase in spending by those agencies would not be significant. Enacting H.R. 3433 would not affect revenues.

Under current law, the agencies that award the most grants provide them primarily as formula or block grants or use merit-based procedures. Most of the provisions of H.R. 3433 would continue those current practices. Based on information from some of the largest grant-awarding agencies, CBO estimates that implementing the bill would lead to a small increase in administrative costs to oversee some award changes and to prepare additional reports.

H.R. 3433 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Jonathan Morancy. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.