



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 14, 2007

**H.R. 1362
Accountability in Contracting Act**

*As ordered reported by the House Committee on Armed Services
on March 13, 2007*

H.R. 1362 would amend federal contracting rules. Specifically the legislation would require federal agencies to limit the length of noncompetitive contracts. It also would require agencies to limit the use of sole-source contracts and maximize the use of fixed-price contracts, when possible. Those provisions could increase the costs to administer contracts, but also could result in the use of contractual arrangements that might lower costs to the government. CBO has no basis for estimating the net impact on the budget of those provisions. Such impacts would primarily affect discretionary spending, although small changes in mandatory spending could occur.

The legislation also would require federal agencies to report to the Congress on overcharges by contractors and on the use of noncompetitive contracts. In addition, H.R. 1362 would require reviews and reports by the Government Accountability Office on the use of federal contracts. Based on the cost of similar activities, CBO estimates that those provisions would increase federal administrative costs by less than \$10 million a year, assuming appropriation of the necessary amounts.

H.R. 1362 would amend restrictions on where federal procurement officials can work after they leave the government. Enacting those changes could affect federal revenues as a result of new civil penalties for violations of those restrictions. Collections of civil penalties are recorded in the budget as revenues. CBO estimates, however, that any increase in revenues that would result from enacting the bill would not be significant.

H.R. 1362 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.

On March 12, 2007, CBO transmitted a cost estimate for H.R. 1362, the Accountability in Contracting Act, as ordered reported by the Committee on Oversight and Government Reform on March 8, 2007. The two versions of the bill are generally similar. Unlike the Armed Services Committee's version, the earlier version would authorize additional appropriations for contract management, which CBO estimates would cost \$20 billion over the next four years.

The CBO staff contacts for this estimate are David Newman and Matthew Pickford. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.