



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 4, 1997

### **H.R. 1544**

### **Federal Agency Compliance Act**

*As ordered reported by the House Committee on the Judiciary on September 16, 1997*

H.R. 1544 would require federal agencies to abide by appellate court precedents in a particular circuit when administering policies or regulations in that circuit, except under certain circumstances. The bill also would direct federal agencies to avoid unnecessary relitigation of legal issues, especially in instances where three or more judicial circuits have handed down rulings unfavorable to the government.

Based on information from the Department of Justice, CBO believes that federal agencies are generally in compliance with federal law and that they usually exercise appropriate discretion when determining whether an appeal in any particular case is warranted. For example, the Social Security Administration (SSA)—one of the agencies potentially most affected by this bill—already has a policy on acquiescence that essentially meets the requirements of H.R. 1544. However, because its numerous administrative proceedings often involve contentious issues such as determining disability, SSA's administrators and administrative law judges (ALJs) occasionally differ as to the applicability of precedents in particular cases. This bill, by specifically reinforcing the obligation of administrative law judges to adhere to appeals court precedents for their particular circuit, could intensify those differences in some cases, most likely causing ALJs to award disability benefits in more cases than they otherwise would. Spending or receipts of other agencies could be similarly affected. For example, the bill could result in a slight revenue loss to the government if it were to cause the Internal Revenue Service to adhere to appellate court precedents in particular circuits more than it otherwise would. In addition, the legislation might cause SSA and other agencies to devote more resources to monitoring their adjudicative proceedings. Such occurrences are likely to result in some increase in costs or decrease in revenues to the government, but CBO cannot predict the extent of these occurrences or their budgetary impact.

Because enactment of the bill could affect direct spending and receipts, pay-as-you-go procedures would apply. The bill contains no intergovernmental or private-sector mandates

as defined in the Unfunded Mandates Reform Act of 1995 and would impose no costs on state, local, or tribal governments.

The CBO staff contacts for this estimate are Susanne S. Mehlman (for federal costs), Kathy Ruffing (for social security), and Pearl Richardson (for revenues). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director For Budget Analysis.