



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 1, 1998

### **H.R. 1704** **Congressional Office of Regulatory Analysis Creation Act**

*As ordered reported by the House Committee on Government Reform and Oversight  
on May 21, 1998*

#### **SUMMARY**

H.R. 1704 would create a Congressional Office of Regulatory Analysis (CORA), to provide the Congress an independent analysis of the costs and benefits of rules that agencies issue as part of the regulatory process. The bill also would require CORA to report annually on the total cost of federal regulations to the U. S. economy. It would transfer to CORA certain functions now assigned to the General Accounting Office (GAO) and the Congressional Budget Office (CBO). To carry out these functions, the bill would authorize the appropriation of \$5.2 million a year for the 1998-2006 period. CBO estimates that implementing H.R. 1704 would have no budgetary impact for 1998 and a cost of about \$3 million in 1999 because the bill's provisions would not take effect until 180 days after enactment. We estimate outlays of about \$5 million in each of the fiscal years 2000 through 2006, assuming appropriation of the authorized amounts.

Enacting H.R. 1704 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. H.R. 1704 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**

H.R. 1704 would establish a new Congressional office, CORA, to analyze all major federal rules, and, upon request of a Member of Congress or a committee, any nonmajor rule. The Speaker of the House and the Majority Leader of the Senate would appoint the director, who could serve up to three terms of four years each. The director would be authorized to hire staff, experts, and consultants, and to secure data and support from executive and Congressional agencies. The bill would transfer to the director certain functions of the CBO, which, under the Unfunded Mandates Reform Act (Public Law 104-4), is required, if

requested, to compare its cost estimates for regulations with those transmitted by OMB. It also would transfer to CORA the responsibility of GAO to review procedures that federal agencies follow in preparing regulations as required by the Congressional Review Act (Public Law 104-21). Finally, CORA would be required to assist the House Committee on Government Reform and Oversight in carrying out its responsibilities.

Section 4 of the bill would require CORA to analyze major regulations issued by federal agencies using relevant agency data to evaluate the costs and benefits of complying with federal regulations. Descriptions of alternative approaches, along with their costs and benefits, would also be included in the analysis. CORA would be required to issue its report on each major rule within 30 calendar days after an agency's submission or publication of a proposed rule. H.R. 1704 would authorize the appropriation of \$5.2 million in each of the fiscal years 1998 through 2006 to carry out the duties of the new office, except that the authorization for CORA would decline to zero if appropriations for the legislative branch for a particular year exceed the 1998 appropriation reduced by the amount appropriated for CORA.

Assuming appropriation of the authorized amounts, CBO estimates that outlays would total about \$3 million in fiscal year 1999 and \$5.2 million in each of the fiscal years 2000 through 2006. Because the bill's provisions would not take effect until 180 days after enactment, CBO assumes that no appropriations would be made available for CORA in 1998.

We estimate that GAO would save about \$500,000 beginning in 1999 if its regulatory review functions were shifted to CORA. CBO currently catalogues regulatory impact analyses (RIAs) but has received no requests to date to prepare a cost estimate for an RIA; as a result, we expect that savings to CBO would be negligible if H.R. 1704 were enacted.

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

#### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 1704 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATE**

On March 13, 1998, CBO transmitted a cost estimate for H.R. 1704, as ordered reported by the House Committee on the Judiciary on March 4, 1998. The two versions of the bill are similar, but the version approved by the Committee on the Judiciary would require that CORA conduct a regulatory impact analysis of each major regulation issued by a federal agency, whereas the version approved by the Committee on Government Reform and Oversight would require CORA to analyze each major rule (but would not require the new office to complete RIAs). Both versions of the bill would limit the annual authorization of appropriations to about \$5 million. We estimated that the Judiciary Committee's version of the bill could cost as much as \$30 million a year if CORA were to complete independent and comprehensive RIAs of all major rules, but only about \$5 million annually if it were to conduct analyses consisting largely of reviews of agency studies.

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