CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 18, 2017

H.R. 24
Federal Reserve Transparency Act of 2017

As ordered reported by the House Committee on Oversight and Government Reform on March 28, 2017

H.R. 24 would amend federal law regarding audits of the Federal Reserve System. Specifically, the bill would direct the Government Accountability Office (GAO) to prepare, within 12 months of enactment, an audit of the Board of Governors of the Federal Reserve System and the Federal Reserve banks. The bill would also repeal prohibitions under current law that prevent GAO from auditing the Federal Reserve's monetary policy and any of the Federal Reserve's transactions involving a foreign central bank, the government of a foreign country, or a nonprivate international financing organization. CBO expects that the removal of those prohibitions would result in future requests from Members of Congress for GAO to conduct additional oversight and analysis of the Federal Reserve System on a periodic basis.

Based on an analysis of information from GAO regarding the amount of effort required for its previous audit of the Federal Reserve, which was required by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111-203), CBO estimates that implementing H.R. 24 would cost $6 million over the 2018-2022 period; such spending would be subject to the availability of appropriated funds. That cost would cover full-time and part-time GAO employees plus administrative expenses necessary to prepare the audit required by the bill as well as additional oversight and analysis that CBO expects would result from implementing the bill.

In addition, based on information provided by the Federal Reserve and on information provided by GAO regarding the likely costs of similar proposals aimed at oversight of the Federal Reserve, CBO estimates that enacting H.R. 24 would increase costs of the Federal Reserve starting in 2018, and thus decrease federal revenues by $3 million over the 2018-2027 period. That estimate of revenue reductions reflects higher costs of the Federal Reserve System associated with coordination of the initial audit and future oversight and analysis by GAO. Because enacting H.R. 24 would affect revenues, pay-as-you-go procedures apply. CBO estimates that enacting H.R. 24 would not affect direct spending.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 24, as ordered reported by the House Committee on Oversight and Government Reform on March 28, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	1	0	0	0	0	0	0	0	0	0	2	3

Note: Components may not sum to totals because of rounding.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2028.

H.R. 24 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 the estimate is Nathaniel Frentz. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis, and John McClelland, Assistant Director for Tax Analysis.