

H.R. 4242, Greater Accountability in Pay Act of 2019

As ordered reported by the House Committee on Financial Services on September 20, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	*	*	*
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.			

H.R. 4242 would require public companies to annually disclose the percentage increase in pay for the median compensation of its executives and all other employees over the past year and to compare those increases with each other and with the percentage change in annual inflation. Emerging growth companies would be exempt from those requirements.

Using information from the Securities and Exchange Commission (SEC), CBO estimates that issuing rules to implement the bill would cost the SEC \$1 million in 2020 for three employees at an average cost of \$260,000 each. However, because the SEC is authorized to collect fees sufficient to offset its annual appropriation, CBO expects that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

Requiring public companies to annually disclose salary information to the SEC would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). The incremental cost of the mandate would be small because the mandated entities generally already possess or collect the information to be reported under the bill. Thus CBO estimates that the cost of the mandates would be well below the threshold established in UMRA (\$164 million in 2019, adjusted annually for inflation).



If the SEC increased fees to offset the costs associated with implementing the bill, H.R. 4242 would increase the cost of an existing mandate on private entities required to pay those assessments. CBO estimates that the incremental cost of the mandate would be small.

H.R. 4242 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are David Hughes (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.