

S. 3287, CFO Vision Act of 2020

As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on July 22, 2020

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	100	not estimated
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

S. 3287 would revise requirements for the Office of Management and Budget (OMB) and federal agencies to prepare government-wide financial plans. Under current law, those plans cover five years; S. 3287 would replace those with four-year financial plans and would expand the information to be measured and reported. The bill also would broaden the requirements to audit each agency's internal controls.

Under S. 3287, the duties of each agency's Chief Financial Officer (CFO) would be expanded to:

- Implement the new four-year financial management plan,
- Evaluate the agency's performance against the financial metrics established in the plan, and
- Prepare performance reports that link performance and cost information.

See also CBO's *Cost Estimates Explained*, www.cbo.gov/publication/54437; *How CBO Prepares Cost Estimates*, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.



CBO is unaware of any comprehensive information on the costs associated with the activities of CFOs. Reports from the Government Accountability Office indicate that most agencies have devoted significant resources to improving their financial management systems. The federal government spends about \$45 billion annually on civilian information technology (IT) investments. The Federal Government’s IT Dashboard indicates that 80 percent of that spending is for operations and maintenance and about 20 percent is for modernization and enhancement. CBO expects that S. 3287 would codify, re-emphasize, and add to the financial management structure of the federal government. CBO estimates the new activities specified in S. 3287 would cost a total of \$20 million annually (less than \$1 million for each agency covered under the CFO Act of 1990), on average, over the 2021-2025 period; that spending would be subject to the availability of appropriated funds. Those costs, which are higher in the first few years would primarily stem from the additional administrative costs for new reporting requirements and changes to existing financial management system. Those costs would primarily be borne by the 24 agencies that are required to comply with the law.

Enacting S. 3287 could affect direct spending by some agencies that are allowed to use fees, receipts from the sale of goods, and other collections to cover operating costs. CBO estimates that any net changes in direct spending by those agencies would be negligible because most of them can adjust amounts collected to reflect changes in operating costs.

There are two areas of uncertainty in the bill. If implementing S.3287 would require investments to significantly modernize existing financial management systems at federal agencies, costs could be higher. In contrast, potential improvements in financial reporting from implementing the bill could lead to decreased costs if agency operations became more efficient.

Table 1.
Estimated Increases in Spending Subject to Appropriation Under S. 3287

	By Fiscal Year, Millions of Dollars						2020-2025
	2020	2021	2022	2023	2024	2025	
Estimated Authorization	0	25	25	20	15	15	100
Estimated Outlays	0	25	25	20	15	15	100

The CBO staff contact for this estimate is Matthew Pickford. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.