

H.R. 788, Stop Settlement Slush Funds Act of 2023

As ordered reported by the House Committee on the Judiciary on June 14, 2023

By Fiscal Year, Millions of Dollars		2023	2023-2028	2023-2033
Direct Spending (Outlays)		0	a	a
Revenues		0	a	a
Increase or Decrease (-) in the Deficit		0	a	a
Spending Subject to Appropriation (Outlays)		0	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	Cannot Determine	Statutory pay-as-you-go procedures apply?		Yes
		Mandate Effects		
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	Cannot Determine	Contains intergovernmental mandate?		No
		Contains private-sector mandate?		No
a. CBO has no basis to estimate the direction or magnitude of the changes in revenues and direct spending or the effect on the deficit stemming from enactment of H.R. 788.				
* = between zero and \$500,000.				

H.R. 788 would prohibit government agencies from entering or enforcing any civil settlement agreement that requires the other party to the settlement (such as a corporation) to make a donation to a third party. That prohibition would not include payments to provide restitution or other remedies associated with the harm caused by the responsible party. In recent settlements with federal agencies, large corporations have sometimes been required to donate funds to nonprofit institutions as a part of their restitution in lieu of paying those amounts to the government in the form of a penalty. The prohibition in H.R. 788 would sunset seven years after enactment.

Based on conversations with officials from the Department of Justice, CBO expects that, by precluding any such donations in civil settlements, enactment of H.R. 788 would likely reduce the number of civil settlements reached in the future and result in more litigation by federal agencies. Such settlements are typically recorded as revenues to the government. While most revenues are deposited in the General Fund of the Treasury, some are deposited in specific funds, such as the Assets Forfeiture Fund, from which they can be spent without appropriations action.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



Accordingly, CBO expects that enacting H.R. 788 would affect both revenues and direct spending. However, CBO has no basis to estimate the direction or magnitude of those effects because we cannot predict the number or content of future settlements that would be precluded by the legislation, decisions made by federal agencies (including about whether and how to prosecute individual cases), or the outcome of future litigation. CBO expects that, under the bill, more cases would go to trial instead of being settled out of court, but we cannot determine whether the penalties awarded from a trial would be larger or smaller, on average, than the amounts that would be agreed to under the type of settlements the bill would preclude.

The bill also would require federal agencies to submit an annual report to the Congress, as well as to the Congressional Budget Office, if certain settlement agreements were entered into during that year by the agency in violation of the prohibitions in H.R. 788. Based on the cost of similar activities, CBO estimates that preparing those reports would cost less than \$500,000 annually; such spending would be subject to the availability of appropriated funds.

In addition, enacting the bill 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.

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

A handwritten signature in black ink, appearing to read "Phillip L. Swagel".

Phillip L. Swagel
Director, Congressional Budget Office