

## At a Glance

### S. 875, the FIRM Act

As reported by the Senate Committee on Banking, Housing, and Urban Affairs on March 18, 2025

By Fiscal Year, Millions of Dollars	2026	2026-2030	2026-2035
Direct Spending (Outlays)	3	10	15
Revenues	*	-10	-15
Increase or Decrease (-) in the Deficit	3	20	30
Spending Subject to Appropriation (Outlays)	0	0	0

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2036?  Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2036?	<b>&lt; \$2.5 billion</b>	Statutory pay-as-you-go procedures apply?	<b>Yes</b>
	<b>&lt; \$5 billion</b>	<b>Mandate Effects</b>	
		Contains intergovernmental mandate?	<b>No</b>
		Contains private-sector mandate?	<b>Yes, Under Threshold</b>

\* = between -\$500,000 and zero.

#### The bill would

- Prohibit the consideration of reputational risk by federal banking agencies when regulating, examining, or supervising a depository institution or credit union
- Require federal financial regulatory agencies to tailor regulatory actions to the relevant institutions based on their risk profiles and business models
- Reduce certain reporting requirements for community banks eligible for a simplified capital leverage ratio
- Require federal banking agencies to report on the modernization of bank supervision
- Increase the cost of an existing private-sector mandate if federal banking regulators increase annual fees to offset the cost of implementing the bill

#### Estimated budgetary effects would mainly stem from

- Increased administrative costs for financial regulators

**Detailed estimate begins on the next page.**

See also

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



## Bill Summary

S. 875 would prohibit the consideration of reputational risk by the relevant federal financial regulators when regulating, examining, or supervising financial institutions. Those federal financial regulators include the Consumer Financial Protection Bureau (CFPB), the Federal Deposit Insurance Corporation (FDIC), the National Credit union association (NCUA), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve.

The bill also would require federal financial regulatory agencies to limit the burden of financial regulations by tailoring regulatory actions to the relevant institutions based on their risk profiles and business models. Additionally, S. 875 would reduce certain reporting requirements for community banks eligible for a simplified capital leverage ratio and require federal banking agencies to report on the modernization of bank supervision.

## Estimated Federal Cost

The estimated budgetary effect of S. 875 is shown in Table 1. The costs of the legislation fall within budget function 370 (commerce and housing credit).

<b>Table 1. Estimated Budgetary Effects of S.875</b>												
	<b>By Fiscal Year, Millions of Dollars</b>										<b>2026- 2030</b>	<b>2026- 2035</b>
	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>		
	<b>Increases in Direct Spending</b>											
Estimated Budget Authority	3	3	2	1	1	1	1	1	1	1	10	15
Estimated Outlays	3	3	2	1	1	1	1	1	1	1	10	15
	<b>Decreases (-) in Revenues</b>											
Estimated Revenues	*	*	*	*	-10	-1	-1	-1	-1	-1	-10	-15
	<b>Net Increase in the Deficit From Changes in Direct Spending and Revenues</b>											
Effect on the Deficit	3	3	2	1	11	2	2	2	2	2	20	30

\* = between -\$500,000 and zero.

## Basis of Estimate

CBO expects that S. 875 will be enacted in fiscal year 2026. Enacting the bill would impose additional administrative costs on the federal financial regulators, CBO estimates. We expect that during the three years after enactment, the regulatory agencies would conduct rulemaking, publish reports, and train examiners. After that, the agencies would incur additional administrative costs for ongoing tailoring of regulations.



## **Direct Spending**

The operating costs for the CFPB, FDIC, NCUA, and OCC are classified in the federal budget as direct spending. Using information from the affected agencies, CBO estimates that enacting the bill would increase gross direct spending by \$35 million over the 2026-2035 period for the FDIC, NCUA, and OCC. However, the NCUA and OCC are authorized to collect fees from regulated institutions to cover administrative expenses. After accounting for those fees, CBO estimates that enacting S. 875 would increase net direct spending for those three agencies by \$15 million over the 2026-2035 period.

Under current law, the CFPB is permanently authorized to spend amounts transferred from the combined earnings of the Federal Reserve in an amount necessary to carry out its responsibilities, subject to a statutory cap that was most recently lowered by the 2025 reconciliation act. CBO expects that the CFPB will spend all the transferred funds up to its cap in each year over the 2026-2035 period for its current activities, so CBO does not attribute any increase in direct spending for the CFPB to this bill.

## **Revenues**

Costs incurred by the Federal Reserve reduce remittances to the Treasury, which are recorded in the budget as revenues. CBO estimates that enacting S. 875 would decrease revenues by \$15 million over the 2026-2035 period.

Changes in costs for the Federal Reserve banks have historically resulted in changes to remittances during the same year. However, since fiscal year 2023, the central bank has recorded a deferred asset to account for accrued net losses from expenses in excess of income. As a result, remittances have been largely suspended. In CBO's projections, remittances from the Federal Reserve will generally be suspended until 2030, and until they resume, most changes in costs incurred by the system will not be recorded as changes in remittances.<sup>1</sup>

## **Spending Subject to Appropriation**

Because CBO expects that, under current law, the CFPB will spend all transferred funds up to its statutory cap in the years that the combined earnings of the Federal Reserve are sufficient to fund the CFPB, any spending for additional costs from implementing the bill would need to be provided by future appropriations. The appropriations for 2026 did not include any additional amounts for the CFPB. As a result, CBO does not expect the agency would receive future appropriations to cover the additional activities required by S. 875. On that basis, CBO expects that enacting S. 875 would have no effect on federal spending for the CFPB.

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1. For more information, see Congressional Budget Office, Recent Changes to CBO's Projections of Remittances From the Federal Reserve (February 2023), [www.cbo.gov/publication/58913](https://www.cbo.gov/publication/58913).



## Pay-As-You-Go Considerations

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 outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 2.

**Table 2.**  
**CBO's Estimate of the Statutory Pay-As-You-Go Effects of S. 875, the FIRM Act, as Reported by the Senate Committee on Banking, Housing, and Urban Affairs on March 18, 2025**

	By Fiscal Year, Millions of Dollars										2026-2030	2026-2035
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035		
	<b>Net Increase in the On-Budget Deficit</b>											
Pay-As-You-Go Effect	3	3	2	1	11	2	2	2	2	2	20	30
<b>Memorandum:</b>												
Changes in Outlays	3	3	2	1	1	1	1	1	1	1	10	15
Changes in Revenues	0	0	0	0	-10	-1	-1	-1	-1	-1	-10	-15

## Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting S. 875 would not increase net direct spending by more than \$2.5 billion in any of the four consecutive 10-year periods beginning in 2036.

CBO estimates that enacting S. 875 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2036.

## Mandates

If federal banking regulators increase annual fees to offset the costs of implementing the bill, S. 875 would increase the costs of an existing private-sector mandate on entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and would fall well below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates (\$206 million in 2025, adjusted annually for inflation).

The bill contains no intergovernmental mandates as defined in UMRA.



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