



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 3, 2000

S. 870

Inspector General Act Amendments of 2000

*As ordered reported by the Senate Committee on Governmental Affairs
on September 27, 2000*

S. 870 would amend the Inspector General Act of 1978 to raise the annual salary level of 28 inspectors general (IGs) from level IV to level III of the executive schedule, prohibit the payment of cash awards and bonuses to IGs, streamline certain reporting requirements, and require that IG offices be evaluated by an independent entity every three years. In addition, the bill would require the General Accounting Office (GAO) to study and report to the Congress on whether it would be cost effective and in the public interest to consolidate IG offices. GAO would have six months from enactment to complete its report.

Subject to the availability of appropriated funds, CBO estimates that implementing the bill would cost up to \$1.5 million in fiscal year 2001 and, on average, around \$1 million each year thereafter. That estimate includes annual costs of between \$200,000 and \$250,000 for increasing the pay of certain IGs and, based on information from GAO, about \$1 million to review one-third of the roughly 60 IG offices each year, as well as savings of less than \$500,000 a year to streamline reporting requirements. For fiscal year 2001, the estimate includes additional costs of less than \$500,000 for GAO to study and report on the consolidation of IG offices. Prohibiting IGs from accepting cash awards and bonuses would codify existing administrative policy and thus have no budgetary effect.

For most agencies with IG offices, any change in costs would be subject to the availability of appropriations. However, because the bill would affect direct spending by a few agencies that are not funded through annual appropriations, such as the Federal Deposit Insurance Corporation, the Tennessee Valley Authority, and the National Credit Union Administration, pay-as-you-go procedures would apply. CBO estimates that enacting the bill would have a negligible impact on direct spending.

S. 870 contains no intergovernmental mandates or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is John R. Righter. The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.