



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

April 21, 1998

**S. 1642**

**Federal Financial Assistance Management Improvement Act of 1998**

*As ordered reported by the Senate Committee on Governmental Affairs on April 1, 1998*

**SUMMARY**

S. 1642 would require federal agencies to simplify the procedures for state and local governments and nonprofit organizations to apply for and report on federal grant and assistance programs. Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 1642 would cost between \$5 million and \$10 million over the 1999-2003 period. This estimate includes several million dollars in costs for federal agencies to develop and report on plans to implement the bill's provisions, between \$1 million and \$2 million for the Office of Management and Budget (OMB) to oversee the governmentwide effort, and about \$0.5 million for OMB to contract with the National Academy of Public Administration (NAPA) to study and report on the bill's effectiveness.

Because the bill could affect direct spending by agencies not funded through annual appropriations, such as the Tennessee Valley Authority, pay-as-you-go procedures would apply. CBO estimates that such effects would not be significant. S. 1642 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would impose no costs on state, local, or tribal governments.

**DESCRIPTION OF THE BILL'S MAJOR PROVISIONS**

The bill would direct OMB to oversee an interagency effort to implement the bill's eight objectives, including creating a single form for applicants to apply for multiple federal assistance programs and allowing applicants to apply for and report on the use of federal funds electronically. The bill also contains several reporting requirements. Within 18 months of enactment, agencies would be required to develop a plan to implement the bill's objectives, including a set of performance measures, which the agencies would report on in the following years. It also would require OMB to report to the Congress on the agencies'

plans and NAPA to evaluate and report to OMB and the Congress on the bill's effectiveness. The bill's provisions would sunset five years after enactment.

## **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

Subject to appropriation of the necessary amounts, CBO estimates that S. 1642 would increase planning and reporting costs by between \$5 million and \$10 million over the 1999-2003 period.

Much of S. 1642 would codify current law or current policy. For instance, a uniform application—SF 424, Application for Federal Assistance—already exists. Additionally, initiatives currently are under way to streamline application and reporting requirements (such as measures resulting from the Paperwork Reduction Act of 1995) and increase the use of electronic methods (such as the Interagency Electronic Grant Committee), although S. 1642 could expedite and improve such efforts. Expediting the reduction of paperwork requirements and the implementation of electronic information systems for federal financial assistance programs could reduce some administrative costs, but CBO expects that savings over the next five years would probably not be significant.

The bill would require agencies to devise plans to implement its eight objectives, including establishing performance measures to track their progress, and to report annually on their success relative to such measures. CBO estimates that such costs would not be significant for any one agency, but that, governmentwide, the costs would total at least several million dollars over the bill's five-year period. (We expect the bill would apply to the approximately 20 agencies that provide nearly all of domestic federal financial assistance.)

In addition, the bill would require OMB to oversee the governmentwide effort, which CBO estimates would cost between \$1 million and \$2 million. That estimate would cover the annual costs of one to two staff-years to coordinate and oversee the interagency effort, as well as the costs to review and comment on the agencies' performance plans and reports and to report to the Congress on such plans.

Finally, the bill would require that OMB contract with NAPA to evaluate and report on the bill's effectiveness. Based on information from NAPA, which estimates it would need about a year to complete the analysis, CBO estimates that the study would cost about \$0.5 million.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Enforcement Deficit Control Act of 1985 specifies procedures for legislation affecting directing spending and receipts. Pay-as-you-go procedures would apply to S. 1642 because it could affect spending by agencies not funded through annual appropriations. CBO estimates that such effects would not be significant.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1642 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill could reduce the cost of meeting application and reporting requirements for state, local, and tribal governments and nonprofit organizations receiving federal assistance.

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