



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 29, 2009

H.R. 1748 Fight Fraud Act of 2009

As ordered reported by the House Committee on the Judiciary on April 28, 2009

SUMMARY

H.R. 1748 would broaden the coverage of current laws against financial crimes, including fraud affecting mortgages, securities, and federal assistance and relief programs. The bill would authorize the appropriation of \$520 million over the 2010-2011 period for the Department of Justice (DOJ), the Postal Inspection Service, and other federal agencies to investigate and prosecute violators of the bill's provisions. The bill also would authorize the appropriation of \$395 million over the 2010-2015 period for DOJ to make grants to states and other entities to combat financial and other crimes.

CBO estimates that implementing H.R. 1748 would cost \$805 million over the 2010-2014 period, assuming appropriation of the authorized amounts. Enacting H.R. 1748 could affect direct spending and revenues; CBO has no basis for estimating the timing or magnitude of any such effects, but we estimate that there would be no net change in costs over time.

H.R. 1748 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1748 is shown in the following table. The costs of this legislation fall within budget functions 370 (commerce and housing credit), 450 (community and regional development), and 750 (administration of justice).

By Fiscal Year, in Millions of Dollars						
	2010	2011	2012	2013	2014	2010-2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Funding for DOJ and Other Federal Agencies to Combat Financial Crimes						
Authorization Level	265	255	0	0	0	520
Estimated Outlays	228	252	34	5	1	520
DOJ Grants						
Authorization Level	125	128	31	34	37	355
Estimated Outlays	28	66	70	61	60	285
Total						
Authorization Level	390	383	31	34	37	875
Estimated Outlays	256	318	104	66	61	805

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted during fiscal year 2009, that the authorized amounts will be appropriated each year, and that spending will follow historical patterns for the authorized activities.

Spending Subject to Appropriation

H.R. 1748 would authorize the appropriation of \$265 million for fiscal year 2010 and \$255 million for fiscal year 2011 for DOJ and other federal agencies to investigate and prosecute financial crimes. Of those totals, the bill would authorize \$75 million for 2010 and \$65 million for 2011 for the Federal Bureau of Investigation. In addition, for each of fiscal years 2010 and 2011, the bill would authorize:

- \$90 million for offices of the United States Attorneys and DOJ's criminal, civil, and tax divisions;
- \$30 million for the Postal Inspection Service;
- \$30 million for the Inspector General for the Department of Housing and Urban Development;
- \$20 million for the Administrative Office of the United States Courts; and
- \$20 million for the United States Secret Service.

In addition, H.R. 1748 would authorize the appropriation of \$100 million for each of fiscal years 2010 and 2011 for DOJ to make grants to states to combat financial crimes, including fraud affecting mortgages, securities, and financial institutions. The bill also would authorize an appropriation totaling \$155 million over the 2010-2014 period (and \$40 million for 2015) for DOJ to make grants to state and local governments and nonprofit organizations to combat terrorist acts, economic crimes (including financial and mortgage fraud), and cybercrimes.

Revenues and Direct Spending

H.R. 1748 could increase collections of civil and criminal fines for violations of the bill's provisions. Civil fines are recorded as revenues and deposited in the U.S. Treasury. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and subsequently spent without further appropriation.

CBO has no basis for estimating the magnitude of any additional collections of civil and criminal fines. However, we estimate that any such effects would have no net costs over time.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1748 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Assuming the appropriation of authorized amounts, those governments would receive \$285 million over the 2010-2014 period to investigate and prosecute fraud and computer crimes. Any costs would be incurred voluntarily as a condition of receiving federal assistance.

PREVIOUS CBO ESTIMATE

On March 18, 2009, CBO transmitted a cost estimate for S. 386, the Fraud Enforcement on Recovery Act of 2009, as reported by the Senate Committee on the Judiciary on March 5, 2009. That bill would broaden the coverage of current laws against financial crimes and would authorize the appropriation of \$245 million for each of fiscal years 2010 and 2011 for DOJ and other federal agencies to investigate and prosecute violators of the bill's provisions. The CBO cost estimates reflect the differences between those bills.

ESTIMATE PREPARED BY:

Federal Costs: Mark Grabowicz

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Marin Randall

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis