



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 18, 2009

H.R. 854 **Over-Classification Reduction Act**

*As ordered reported by the House Committee on Oversight and Government Reform
on February 11, 2009*

H.R. 854 would amend federal law concerning the security classification of government documents. The legislation would require the National Archives and Records Administration (NARA), in consultation with other affected federal agencies, to develop regulations that prevent the overuse of classification procedures to prevent disclosure of information collected or prepared by the federal government. The legislation would require agencies to consider whether the disclosure of classified information could benefit state, local, or tribal governments as well as law enforcement activities or the public. The bill also would authorize training for federal employees on classifying information, and audits by inspectors general to determine whether information has been properly classified.

CBO estimates that implementing H.R. 854 would cost \$2 million in 2009 and \$27 million over the 2009-2014 period, assuming the availability of appropriated funds. Those costs would be incurred to implement new regulations and to conduct additional training and audits. Although the legislation could affect agencies not funded through annual appropriations (such as the Tennessee Valley Authority or the U.S. Postal Service), CBO estimates that any net increase in spending by those agencies would not be significant.

Most of the legislation would expand on current law and practices of the federal government. Information from NARA and the Departments of Homeland Security and Defense indicates that most agencies comply with existing NARA regulations regarding the classification of federal information and already provide annual training to employees on classification procedures. NARA and agencies would incur additional costs under the bill, however, to implement new regulations, perform audits, and provide additional training.

H.R. 854 contains no intergovernmental 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 Matthew Pickford. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.