



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 23, 2014

### **H.R. 201** **Poverty Impact Trigger Act of 2013**

*As introduced on January 4, 2014*

H.R. 201 would establish a Poverty Impact Division within the Congressional Budget Office (CBO) to project the effect of legislation on individuals and families whose income falls below a poverty threshold defined in the bill as 200 percent of the poverty line, as established by current law. (The bill also refers to this new division as the CBO Poverty Index Division.) In addition, H.R. 201 would amend the Rules of the House of Representatives to establish a point of order against considering legislation that would authorize an appropriation of \$10 million or more unless an impact statement from the new CBO division accompanies the bill.

Based on the cost of completing other analyses that are similar in scope, CBO estimates that implementing H.R. 201 would cost \$1 million to \$2 million annually, assuming appropriation of the necessary amounts. Those funds would be used to pay for salaries and expenses of analysts and a manager for the new division, including the costs of acquiring the necessary data. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

On average, the agency produces more than 500 formal cost estimates per Congressional session and thousands of informal estimates. Based on a review of previous formal cost estimates, CBO expects that each year about 50 to 75 bills ordered reported by committees would directly affect people with low incomes. Under the bill, the Poverty Impact Division would not review revenue legislation. We expect the new division would need to create a comprehensive microsimulation model to analyze the effects of legislation on people living in poverty. CBO estimates that creating a new Poverty Impact Division would require the agency to hire 5 to 10 additional staff members.

H.R. 201 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 contacts for this estimate are Matthew Pickford and Molly Dahl. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.