



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 26, 2017

S. 842 **Fair Chance Act**

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on May 17, 2017*

S. 842 would amend federal law to prevent federal employers and contractors from asking about a job applicant's criminal history until after the applicant has received a conditional job offer. The bill also would direct the Bureau of Justice Statistics within the Department of Justice to issue reports to the Congress on the employment of former federal prisoners.

There is no general prohibition against hiring ex-offenders; however, regulations do prevent their employment in certain positions. Most of the provisions of the bill would codify a recently promulgated regulation that delays inquiries into the criminal history of potential employees until later in the hiring process. Thus, CBO estimates that enacting S. 842 would cost less than \$500,000 annually to prepare the required reports; such spending would be subject to the availability of appropriated funds.

Enacting S. 842 could affect direct spending by some agencies (such as the Tennessee Valley Authority) because they are authorized to use receipts from the sale of goods, fees, and other collections to cover their operating costs. Therefore, pay-as-you-go procedures apply. Because most of those agencies can make adjustments to the amounts collected as operating costs change, CBO estimates that any net changes in direct spending by those agencies would not be significant.

Further, enacting S. 842 could increase the collection of civil and criminal fines from federal employees who fail to follow federal hiring procedures. Those fines are recorded in the budget as revenues. Criminal fines are available to be spent without future appropriation action. Therefore, enacting the legislation could increase federal revenues and associated direct spending, but CBO estimates that such increases would not be significant in any year.

CBO estimates that enacting S. 842 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 842 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.