

At a Glance

H.R. 2543, Federal Reserve Racial and Economic Equity Act

As ordered reported by the House Committee on Financial Services on April 21, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	0	0
Revenues	0	-5	-10
Increase or Decrease (-) in the Deficit	0	5	10
Spending Subject to Appropriation (Outlays)	0	0	0

Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Task the Board of Governors of the Federal Reserve with conducting its work in way that fosters the elimination of racial and ethnic disparities in certain financial and economic areas
- Require the inclusion of discussion of racial disparities and efforts to reduce them in semi-annual Congressional testimony and report

Estimated budgetary effects would mainly stem from

- Additional operating costs for the Federal Reserve, resulting in lower remittances from the Federal Reserve to the Treasury, which are recorded as revenues

Areas of significant uncertainty include

- Anticipating the extent to which new hiring or other costs would be incurred

Detailed estimate begins on the next page.

Bill Summary

H.R. 2543 would amend the Federal Reserve Act to require the Board of Governors of the Federal Reserve and the Federal Open Market Committee to exercise their duties in a way that fosters the elimination of certain racial and ethnic disparities. CBO estimates that enacting H.R. 2543 would decrease revenues by \$10 million over the 2021-2031 period.

Estimated Federal Cost

The estimated budgetary effect of H.R. 2543 is shown in Table 1.

Table 1. Estimated Budgetary Effects of H.R. 2543													
By Fiscal Year, Millions of Dollars												2021-2026	2021-2031
2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
Decreases in Revenues													
Estimated Revenues	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted before the end of fiscal year 2021 and that the new responsibilities would be carried out starting in 2022.

Revenues

H.R. 2543 would impose new duties on the Board of Governors of the Federal Reserve and the Federal Open Market Committee. Using information from the Board of Governors, CBO estimates that enacting the bill would decrease revenues by \$10 million over the 2021-2031 period. That decrease in revenues stems from increased costs, which reduce remittances from the Federal Reserve to the Treasury. Remittances are recorded in the budget as revenues.

Under current law, the Federal Reserve includes certain demographic information by race and ethnicity in several of its major reports, including in its semi-annual testimony and monetary policy report to the Congress. CBO anticipates that the Federal Reserve would hire additional staff members to implement the new requirements of the bill, specifically to track and report additional data and analysis by race, to identify and pursue opportunities within its responsibilities to eliminate racial disparities, and to report on the status and results of that work. Those increased costs reflect the equivalent of three to four full-time staff members.

Uncertainty

That budgetary estimate is subject to considerable uncertainty. In particular, the Board of Governors retains broad discretion in how to meet the new requirements imposed by the bill. The Board could choose to meet the requirements in a way that would not require hiring a



significant number of new staff or incurring other additional costs. By contrast, the Board could instead choose to put significant new resources into expanding new capacities and hiring a substantial number of new staff. CBO's estimate, which is intended to represent a midpoint of possible outcomes, reflects a moderate net increase in staff.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 2543 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates: None.

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