

**H.R. 3279, Diversity in Corporate Leadership Act of 2019**

As ordered reported by the House Committee on Financial Services on July 11, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Statutory pay-as-you-go procedures apply?	No	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between zero and \$500,000.			

H.R. 3279 would require the Securities and Exchange Commission (SEC) to establish an advisory group, composed of members from government, academia, and the private sector, to study strategies to increase the gender, racial, and ethnic diversity of the boards of directors of public companies. The group would issue a report to the SEC and the Congress on their findings, which the SEC would make publicly available. H.R. 3279 also would require the SEC to issue an annual report to the Congress on the status of board of director diversity following the issuance of the advisory group report. Finally, H.R. 3279 would require the SEC to issue a rule mandating that public companies annually disclose the gender, racial, and ethnic composition of their boards of directors (including nominees).

Using information from the SEC, CBO estimates that the agency would spend \$2 million over the 2019-2024 period to convene the advisory group, issue the annual reports and carry out the rulemaking process. Such spending would be subject to the availability of appropriated funds. Because the SEC is authorized to collect fees each year to offset its annual appropriation, CBO expects that any net change in discretionary spending over the 2019-2024 period would be negligible.

H.R. 3279 contains private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of the mandates would be well below the threshold established in UMRA (\$164 million in 2019, adjusted annually for inflation).



By requiring public companies to annually disclose to their shareholders the gender, racial, and ethnic composition of their board of directors (including nominees), the bill would impose a mandate as defined in UMRA. The incremental cost of the mandate would be small because the mandated entities already collect or possess the information to be reported under the bill.

If the SEC increased fees to offset the costs associated with implementing the bill, H.R. 3279 would increase the cost of an existing mandate on private entities required to pay those assessments. CBO estimates that the incremental cost of the mandate would be small.

H.R. 3279 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contact for this estimate is David Hughes. The estimate was reviewed by Theresa Gullo, Assistant Director for Budget Analysis.