

At a Glance

H.R. 2123, Diversity and Inclusion Data Accountability and Transparency Act of 2021

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	6	13
Revenues	0	-3	-6
Increase or Decrease (-) in the Deficit	0	9	19
Spending Subject to Appropriation (Outlays)	0	*	not estimated
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?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

* = between zero and \$500,000.

The bill would

- Require banking and financial entities to disclose data on diversity in management, employment, and business activities to their federal financial regulators
- Impose a private-sector mandate by requiring companies to report additional information to federal regulators and increase the cost of an existing mandate on companies if regulators raise fees to pay for implementation of the bill

Estimated budgetary effects would mainly stem from

- Additional responsibilities for certain federal financial regulators

Detailed estimate begins on the next page.

Bill Summary

H.R. 2123 would require banking and financial entities to disclose data on diversity in management, employment, and business activities to their regulator's Office of Minority and Women Inclusion. The financial regulators that would receive the new diversity information include the Consumer Financial Protection Bureau (CFPB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Federal Reserve, and Securities and Exchange Commission (SEC).

Basis of Estimate

The costs of the legislation fall within budget function 370 (commerce and housing credit). Based on information from the affected agencies, CBO estimates that each agency would need two additional employees to write regulations and process the new diversity data each year. Each agency also would incur costs to initially upgrade and annually update its information technology systems. The estimated costs do not include agency efforts beyond collecting and processing the new data. Costs would be higher if agencies used the data more broadly in their regulatory and supervisory activities.

Assuming enactment late in fiscal year 2021, CBO estimates that H.R. 2123 would increase net direct spending by \$13 million, decrease revenues by \$6 million, and thus increase the federal deficit by \$19 million over the 2021-2031 period (see Table 1). In addition, there would be an insignificant effect on spending subject to appropriation.

Direct Spending

The operating costs for the CFPB, FDIC, NCUA, and OCC are classified in the federal budget as direct spending. Using information from those agencies, CBO estimates that implementing the bill would increase gross direct spending by \$25 million over the 2021-2031 period. However, the NCUA and OCC collect fees from financial institutions to offset their operating costs; those fees are treated as reductions in direct spending. On net, CBO estimates that direct spending would increase by \$13 million over the 2021-2031 period.

Revenues

Costs incurred by the Federal Reserve reduce remittances to the Treasury, which are recorded in the budget as revenues. CBO estimates that enacting H.R. 2123 would decrease revenues by \$6 million over the 2021-2031 period.

Spending Subject to Appropriation

Using information from the SEC, CBO estimates that it would cost the agency \$4 million over the 2021-2026 period to implement the bill's requirements. However, because the SEC is authorized to collect fees each year to offset its annual appropriation, CBO expects that the net effect over the 2021-2026 period would be negligible, assuming appropriation actions consistent with that authority.



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 outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 1.

Table 1.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 2123, the Diversity and Inclusion Data Accountability and Transparency Act of 2021, as Ordered Reported by the House Committee on Financial Services on April 21, 2021

	By Fiscal Year, Millions of Dollars											2021- 2026	2021- 2031
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	Net Increase in the Deficit												
Pay-As-You-Go Effect	0	2	2	2	2	2	2	2	2	2	2	9	19
Memorandum:													
Increases in Outlays	0	1	1	1	1	1	1	1	1	1	1	6	13
Decreases in Revenues	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-6

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 2123 would not significantly increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates

By requiring certain private-sector companies to report additional information to federal financial regulators, H.R. 2123 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). The cost of the mandate would equal the expenses incurred by those companies to comply with the new disclosure requirements. Because the mandated entities already collect and report similar information to federal regulators, CBO estimates those costs would not exceed the private-sector threshold established in UMRA (\$170 million 2021, adjusted annually for inflation).

If federal regulators increase annual fee collections to offset the costs associated with implementing the bill, H.R. 2123 would increase the cost of an existing private-sector mandate on commercial entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and would fall well below the threshold established in UMRA for private-sector mandates.

H.R. 2123 contains no intergovernmental mandates as defined in UMRA.



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