CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

January 30, 2017

S. 96
Improving Rural Call Quality and Reliability Act of 2017

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on January 24, 2017

The Federal Communications Commission (FCC) is an independent agency that regulates various aspects of wireline (telephone, for example), wireless, cable, and satellite communications. S. 96 would require certain providers of voice communication services to register with the FCC. It also would require the agency to issue rules establishing service quality standards for those providers.

CBO assumes that S. 96 will be enacted in the first half of fiscal year 2017. On the basis of an analysis of information from the FCC, CBO estimates that implementing S. 96 would cost $4 million over the 2017-2022 period for the agency to establish and operate the registry of voice communication service providers and to promulgate rules establishing service quality standards. However, the FCC is authorized to collect fees sufficient to offset the costs of its regulatory activities each year. Therefore, CBO estimates that the net cost to implement S. 96 would be negligible, assuming annual appropriation actions consistent the agency’s authorities.

Enacting S. 96 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 96 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 96 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

The bill contains private-sector mandates as defined in UMRA. Specifically, the bill would require all intermediate providers of voice communications services to register with the FCC and to comply with service quality standards established by the agency. (Intermediate providers contract with other telecommunication providers to transmit voice calls from one destination to another.) The bill also would require telecommunications providers that contract with intermediate providers to use only those providers that are registered with the FCC. Lastly, if the FCC increases annual fee collections to offset the costs of implementing its additional regulatory activities, the bill would increase the cost of an existing mandate on commercial entities required to pay those fees. On the basis of information about current industry and regulatory practices, CBO estimates that the incremental cost to comply with the requirements of the bill would not be substantial. Further, any increase in fees would amount to no more than $4 million over 2017-2022 period. Therefore, CBO estimates that the aggregate cost of the mandates in the bill would fall well below the annual threshold established in UMRA for private-sector mandates ($156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Director for Budget Analysis.