

119<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 7507

To require the Comptroller General of the United States to conduct a study of the impact of Federal reductions in force on State and local governments, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 11, 2026

Mrs. McCLAIN DELANEY (for herself, Mr. SUBRAMANYAM, Ms. NORTON, Mr. OLSZEWSKI, Mr. WALKINSHAW, Ms. ELFRETH, Mr. IVEY, Mr. MOULTON, Mr. VINDMAN, and Mr. LYNCH) introduced the following bill; which was referred to the Committee on Oversight and Government Reform

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## A BILL

To require the Comptroller General of the United States to conduct a study of the impact of Federal reductions in force on State and local governments, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Fiscal Harms of Fed-  
5       eral Firings Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

1           (1) Federal Reductions in Force (RIFs) may  
2           displace workers, altering where affected individuals  
3           live and work across States and localities.

4           (2) Such workforce reductions may increase de-  
5           mand for State-administered services, including un-  
6           employment insurance, medicaid, workforce retrain-  
7           ing, housing assistance, and other social services.

8           (3) RIFs may reduce economic activity and tax  
9           revenues in regions with a high concentration of  
10          Federal employment.

11          (4) States and local governments vary signifi-  
12          cantly in their fiscal capacity to absorb the short-  
13          and long-term impacts of large-scale Federal work-  
14          force reductions.

15          (5) There is currently no comprehensive Fed-  
16          eral assessment of how RIFs affect State and local  
17          government budgets, revenues, and expenditures.

18 **SEC. 3. STUDY OF THE IMPACT OF FEDERAL REDUCTIONS**  
19                                   **IN FORCE ON STATE AND LOCAL GOVERN-**  
20                                   **MENT BUDGETS.**

21          (a) IN GENERAL.—The Comptroller General of the  
22          United States shall conduct a comprehensive study on the  
23          impacts of RIFs on the budgets of States and local gov-  
24          ernments.

1 (b) SCOPE OF STUDY.—The study shall examine, at  
2 a minimum—

3 (1) changes in State or local government ex-  
4 penditures resulting from a RIF related to—

5 (A) unemployment insurance;

6 (B) Medicaid and other health programs;

7 (C) workforce development and retraining;

8 or

9 (D) housing and income assistance pro-  
10 grams;

11 (2) impacts on State and local government tax  
12 revenues as a result of a RIF, including income,  
13 sales, and property taxes;

14 (3) regional economic effects, including employ-  
15 ment shifts and impacts on the private-sector;

16 (4) administrative and operational challenges  
17 faced by States and local governments responding to  
18 RIFs;

19 (5) differences in impacts on States and local  
20 governments based on—

21 (A) size and scale of the RIF;

22 (B) geographic concentration of Federal  
23 employees; and

24 (C) State and local government fiscal ca-  
25 pacity and labor market conditions;

1           (6) historical case studies of significant RIFs  
2           on States or local governments occurring within the  
3           previous 20 years; and

4           (7) strategies used by States and local govern-  
5           ments to mitigate fiscal and economic impacts.

6           (c) CONSULTATION AND DATA COLLECTION.—

7           (1) CONSULTATION.—In conducting the study,  
8           the Comptroller General shall seek to consult with—

9                   (A) State and local government budget of-  
10                  ficers and governors offices;

11                  (B) State and local government workforce  
12                  and labor agencies;

13                  (C) relevant Federal agencies, including  
14                  the Office of Personnel Management and the  
15                  Department of Labor; and

16                  (D) economists, labor market experts, and  
17                  public finance researchers.

18           (2) DATA SOURCES.—The study may use ad-  
19           ministrative data, surveys, economic modeling, and  
20           publicly available fiscal and labor statistics.

21           (d) GAO REPORTS TO CONGRESS.—

22           (1) DEADLINE.—Not later than 18 months  
23           after the date of the enactment of this Act, the  
24           Comptroller General shall submit a report on the  
25           study to—

1 (A) the Committee on Education and  
2 Workforce of the House of Representatives;

3 (B) the Committee on Health, Education,  
4 Labor, and Pensions of the Senate;

5 (C) the Committee on Oversight and Gov-  
6 ernment Reform of the House of Representa-  
7 tives; and

8 (D) the Committee on Homeland Security  
9 and Governmental Affairs of the Senate.

10 (2) CONTENTS.—The report under paragraph  
11 (1) shall include—

12 (A) findings and analysis from the study,  
13 including—

14 (i) an analysis of whether each RIF  
15 studied improved the respective agency's  
16 efficiency; and

17 (ii) any recommendations, including  
18 any recommendations for statutory or ad-  
19 ministrative changes to provide support for  
20 displaced employees and States and local  
21 governments impacted by RIFs;

22 (B) identification of States and local gov-  
23 ernments that experienced the greatest fiscal ef-  
24 fects of RIFs;

1 (C) projected short-term and long-term  
2 budgetary impacts on States and local govern-  
3 ments; and

4 (D) policy options for Congress to con-  
5 sider, including potential Federal assistance, co-  
6 ordination mechanisms, or advance planning  
7 tools.

8 (3) PUBLIC AVAILABILITY.—The Comptroller  
9 General shall make the report under paragraph (1)  
10 publicly available on the website of the Government  
11 Accountability Office.

12 (e) DEFINITIONS.—In this Act—

13 (1) the term “reduction in force” or “RIF”  
14 means a reduction in force under subchapter I of  
15 chapter 35 or section 3595 of title 5, United States  
16 Code, or any other significant downsizing of Federal  
17 civilian employees; and

18 (2) the term “State” means each of the several  
19 States, the District of Columbia, and any territory  
20 or possession of the United States.

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