



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 31, 1998

### **S. 1021**

### **Veterans' Employment Opportunities Act of 1998**

*As ordered reported by the Senate Committee on Veterans' Affairs on July 28, 1998*

#### **SUMMARY**

S. 1021 would strengthen and broaden the applicability of a set of laws popularly known as veterans' preference, which afford certain veterans preferential treatment in obtaining and keeping federal employment. Enacting this bill would probably increase personnel and management costs of the federal government, but CBO cannot estimate the amount of the added costs. For most agencies, any increase in spending would be subject to the availability of appropriated funds. The bill could also increase direct spending by agencies not funded through annual appropriations. Therefore, pay-as-you-go procedures would apply to the bill. With the possible exception of costs for the U.S. Postal Service, the bill's impact on direct spending is not likely to be significant. Spending by the Postal Service is classified as off-budget and is not subject to pay-as-you-go procedures.

S. 1021 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

Several provisions of S. 1021 would increase the costs to the federal government to administer and enforce the laws governing veterans' preference. However, because we have no way of predicting the number of veterans who would be affected by the bill's provisions, particularly the number of veterans who might seek redress under the bill's expanded procedures, CBO cannot estimate the amount of these additional costs. Areas of potential costs resulting from the bill are described below.

The largest potential budgetary impact of the bill would result from provisions that would allow veterans to appeal hiring and reduction-in-force decisions to the Merit Systems Protection Board (MSPB) and then to a district court, and that would increase the amount of

redress that an eligible veteran could receive for an affirmed violation. By expanding the number of veterans eligible to appeal hiring decisions, enacting S. 1021 could significantly increase the workload—and hence, the expenses—of the Department of Labor, which would receive the initial complaints, as well as the MSPB and the federal judiciary, which would handle any subsequent appeals.

In cases where the complainant prevails, the bill would require that the individual receive reasonable attorney fees, expert witness fees, and other litigation expenses. Currently, successful complainants are awarded only attorney fees. In cases where a violation is deemed as willful, S. 1021 would require the MSPB or district court to award damages in addition to any lost wages or benefits. The amount of damages would be limited to the amount of back pay owed by the agency. Thus, S. 1021 would likely result in the appeal of more cases, particularly those related to grievances over hiring decisions, and in the awarding of higher monetary judgments. CBO has no basis for estimating the number or cost of these additional appeals.

In addition, the bill would extend veterans' preference to certain, nonpolitical positions in the White House, the General Accounting Office, the judicial branch, and the legislative branch. In the case of the courts, it would exclude those appointments that are required by statute to be made by or with the approval of a court or judicial officer. For those agencies—such as CBO and the Capitol Police—that support the Congress, such an application would be difficult to implement. (The provision would not apply to the Library of Congress.) Because the employees of these agencies are not part of the Civil Service and since the agencies do not administer a test or use a numerical rating system that lends itself to factoring in the additional points required by law for preference-eligible veterans, it is uncertain how these agencies would comply with the bill. If the extension of veterans' preference caused the agencies to institute a new system for judging and hiring applicants, the associated costs could be significant.

For the judicial branch, the bill would require that the Judicial Conference of the United States prescribe regulations that are similar to those governing the executive branch. The bill also would direct the Office of Compliance and the Judicial Conference of the United States to establish procedures to provide veterans employed in the legislative and judicial branch with redress procedures similar to those available to executive branch employees. Thus, those agencies could also face new, potentially costly litigation related to grievances filed under this provision.

Finally, the bill would add veterans of the Persian Gulf War to the list of veterans for whom contractors must agree to take certain affirmative actions in order to receive federal contracts of \$10,000 or more. It would also require contractors to include additional information in reports they currently file annually with federal agencies. While these requirements could

increase the costs of federal contracts, CBO estimates that any increase in costs would be largely one-time and probably not significant.

### **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Because S. 1021 could increase direct spending by agencies not funded through annual appropriations, pay-as-you-go procedures would apply. With the possible exception of costs for the U.S. Postal Service, the bill's impact on direct spending is not likely to be significant. Spending by the Postal Service is classified as off-budget and is not subject to pay-as-you-go procedures.

### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1021 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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