



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 23, 2016

H.R. 2532 **Bonuses for Cost-Cutters Act of 2016**

*As ordered reported by the House Committee on Oversight and Government Reform
on September 15, 2016*

Under current law, Inspectors General (IG) can pay bonuses to federal employees who identify waste, fraud, or mismanagement of funds. H.R. 2532 would authorize agencies to pay bonuses to employees who identify unnecessary expenditures from amounts provided for agencies' salaries and expenses. Under the bill, if an agency's IG and its Chief Financial Officer agree that funds appropriated to the agency are no longer required then 90 percent of those surplus amounts would be transferred to the Treasury. The agency would retain 10 percent of the surplus funds and could pay a bonus to the employee who identified those surplus amounts.

To the extent that the process envisioned under H.R. 2532 results in fewer unnecessary expenditures, implementing the bill could reduce federal spending; however, CBO has no basis for estimating any reductions in spending under the bill.

Because salaries and expenses for some agencies are mandatory appropriations, enacting the bill could affect direct spending; therefore, pay-as-you-go procedures apply. Enacting H.R. 2532 would not affect revenues.

CBO estimates that enacting H.R. 2532 would not increase direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 2532 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On July 29, 2016, CBO provided a cost estimate for S. 1378, Bonuses for Cost-Cutters Act of 2016, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on May 25, 2016. The two pieces of legislation are similar and CBO's estimates of their budgetary effects are the same.

The CBO staff contacts for this estimate are Megan Carroll and Matthew Pickford. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.