CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 2, 2015

H.R. 280

A bill to authorize the Secretary of Veterans Affairs to recoup bonuses and awards paid to employees of the Department of Veterans Affairs

As ordered reported by the House Committee on Veterans' Affairs on February 12, 2015

H.R. 280 would give the Secretary of Veterans Affairs the authority to recoup all or part of awards and bonuses that were paid to employees of the agency. Affected employees would have to be provided with a notice of recoupment and an opportunity for a hearing conducted by another agency of the federal government. The new authority would apply to payments made by the Department of Veterans Affairs (VA) before the date of enactment of H.R. 280, as well as those made after that date. Based on discussions with the agency, CBO expects that this provision would be used infrequently, primarily to recoup payments made to senior VA employees who were determined to have committed a serious violation of the agency's standards of conduct. Of the roughly $400 million that VA pays out each year for awards and bonuses, about $4 million goes to senior staff.

Most federal statutes of limitation are no more than six years. On that basis, CBO expects that VA would not attempt to recoup payments made more than six years prior to the date of enactment. In addition, the authority would only affect current employees of VA; employees who resigned or retired would be exempt from recoupment.

In recovering overpayments made to employees, federal agencies have several options: they can require lump-sum or installment payments, or they can use salary offsets—regular deductions from bi-weekly payroll payments. Based on general practices at federal agencies, CBO assumes that in most cases VA would offset future salary payments. Such offsets would reduce discretionary costs. In those cases where VA would require a lump-sum or installment repayment, the funds would generally be deposited in the Treasury and would be considered a reduction in direct spending. Because CBO believes that this authority would be used infrequently, and because employees could avoid recoupment by leaving the agency, we estimate that implementing H.R. 280 would decrease personnel costs by less than $500,000 over the 2016-2020 period, assuming appropriation actions consistent with the bill. In addition, enacting the bill would reduce direct spending by an insignificant amount; therefore, pay-as-you-go procedures apply.

Enacting H.R. 280 would not affect revenues.

H.R. 280 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) by permitting the Secretary of Veterans Affairs to recoup awards and bonuses given to VA employees. The Secretary could direct any employee to repay all or a portion of the amounts paid. Requiring employees to repay their awards and bonuses retroactively would impose a private-sector mandate on those employees. CBO expects that, in total, the amount of bonuses and awards recouped would not be substantial. Therefore, CBO estimates that the cost of the mandate to VA employees would fall well below the annual threshold for private-sector mandates established in UMRA ($154 million in 2015, adjusted annually for inflation).

H.R. 280 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are Dwayne M. Wright (for federal costs) and Paige Piper/Bach (for private-sector effects). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.