



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 26, 2016

S. 2968 **Office of Special Counsel Reauthorization Act of 2016**

*As ordered reported by the House Committee on Oversight and Government Reform
on May 25, 2016*

SUMMARY

S. 2968 would authorize appropriations for the Office of Special Counsel (OSC) for fiscal years 2016 through 2021. The bill also would amend several of the laws governing the OSC and would extend new legal protections to federal employees (known as whistleblowers) who report abuse, fraud, and waste related to government activities.

CBO estimates that implementing this legislation would cost \$145 million over the 2017-2021 period, assuming appropriation of the necessary amounts. Enacting S. 2968 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 2968 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2968 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

The estimated budgetary effects of S. 2968 are shown in the following table. The costs of this legislation fall within budget function 800 (general government).

| | By Fiscal Year, in Millions of Dollars | | | | | 2017- 2021 |
|---|--|------|------|------|------|---------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | |
| INCREASES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Office of Special Counsel | | | | | | |
| Estimated Authorization Level | 25 | 26 | 27 | 28 | 29 | 135 |
| Estimated Outlays | 23 | 26 | 27 | 28 | 29 | 133 |
| Other Provisions | | | | | | |
| Estimated Authorization Level | 2 | 2 | 2 | 2 | 2 | 10 |
| Estimated Outlays | 2 | 2 | 2 | 2 | 2 | 10 |
| Total Increases | | | | | | |
| Estimated Authorization Level | 27 | 28 | 29 | 30 | 31 | 145 |
| Estimated Outlays | 25 | 28 | 29 | 30 | 31 | 143 |

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2968 will be enacted near the end of fiscal year 2016, that the necessary amounts will be appropriated each year, and that spending will follow historical spending patterns for the agency.

Under current law, the OSC investigates complaints regarding reprisals against federal employees who inform authorities of fraud or other improprieties in the operation of federal programs. The OSC can order corrective action (such as job restoration, back pay, and reimbursement of attorneys' fees and medical costs) for valid complaints. If agencies fail to take corrective actions, the OSC or the employee can pursue a case through the Merit Systems Protection Board (MSPB) for resolution.

Reauthorization of OSC

Section 9 of the bill would authorize the annual appropriation, through 2021, of such sums as may be necessary for OSC operations. In 2016, the OSC received an appropriation of \$24 million; CBO estimates that continuing its activities at that level and adjusting for anticipated inflation would cost \$133 million over the 2017-2021 period.

Other Provisions

Under current law, when settling employment disputes between the federal government and employees over prohibited personnel practices, federal agencies are required to pay for an employee's attorney, any retroactive salary payments, and any travel or medical costs associated with the claim. S. 2968 would expand legal protections for whistleblowers and

would allow the OSC to seek corrective action for federal employees who suffered retaliation by their agency.

According to the MSPB and the OSC, these new legal protections would affect a small number of cases and would usually have settlement amounts of about \$20,000. Based on information about the probable number of such complaints and the cost of similar corrective actions provided by those agencies, CBO estimates that these new legal protections would increase awards and administrative costs by about \$80,000 for each of the 26 major federal agencies each year.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 2968 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2968 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE:

On April 11, 2016, CBO transmitted a cost estimate for H.R. 4639, the Thoroughly Investigating Retaliation Against Whistleblowers Act, as ordered reported by the House Committee on Oversight and Government Reform on March 1, 2016. Both pieces of legislation would reauthorize the OSC, but S. 2968 would authorize the office through 2021 and has additional provisions that would increase awards and administrative costs to agencies. Those differences are reflected in the estimated costs for each bill.

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