



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 6, 2002

H.R. 4770

Ronald C. Sheffield Federal Property Protection Act of 2002

*As ordered reported by the House Committee on Transportation and Infrastructure
on May 22, 2002*

SUMMARY

H.R. 4770 would reorganize the Federal Protective Service (FPS) as a separate operating service of the General Services Administration (GSA). The FPS currently is part of GSA's Public Buildings Service (PBS). The bill also would reclassify certain officer and agent positions of the FPS by making them law enforcement officer positions. H.R. 4770 would also authorize FPS to improve pay and benefits for its law enforcement personnel to be comparable to other similar law enforcement organizations. In addition, the bill would require FPS to set minimum standards for security personnel working under contract on government property.

CBO estimates that implementing H.R. 4770 would cost \$34 million over the 2003-2007 period, assuming appropriation of the necessary amounts. Enacting the bill also would affect direct spending and revenues; therefore, pay-as-you-go procedures would apply. However, CBO estimates that the effects on direct spending and revenues would not be significant. H.R. 4770 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4770 is shown in the following table. The costs of this legislation fall within budget functions 800 (general government) and 600 (income security).

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION^a						
FPS Spending Under Current Law						
Estimated Authorization Level ^b	361	368	376	383	391	399
Estimated Outlays	356	363	371	378	386	393
Proposed Changes						
Estimated Authorization Level	0	7	6	7	7	7
Estimated Outlays	0	7	6	7	7	7
FPS Spending Under H.R. 4770						
Estimated Authorization Level	361	375	382	390	398	406
Estimated Outlays	356	370	377	385	393	400

a. Enactment of H.R. 4770 would also have a negligible impact on direct spending.

b. The 2002 level is the amount appropriated for the FPS for that year. The levels shown for 2003 through 2007 are CBO baseline projections of spending for FPS, adjusted for anticipated inflation.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4770 will be enacted by the start of fiscal year 2003 and that the necessary funds will be appropriated for each fiscal year. Subject to the availability of appropriated funds, CBO estimates that implementing H.R. 4770 would cost the FPS about \$34 million over the 2003-2007 period, most of which would be spent to increase the compensation of its officers and agents so that it would be comparable to compensation provided to similar law enforcement organizations. In addition, the bill could increase direct spending and revenues, but CBO estimates that such amounts would not be significant.

Spending Subject to Appropriation

Comparable law enforcement compensation. H.R. 4770 would require that FPS provide its law enforcement personnel with pay and benefits comparable to that of similar law enforcement organizations. Based on information from GSA, CBO estimates that implementing this provision would increase average annual compensation costs by \$3,800 a year for approximately 290 current GSA employees who are eligible to become law enforcement officers. The total increase in costs would be about \$6 million over the

2003-2007 period. In addition, the special pay rates for nonlaw enforcement officers that would be authorized by the bill would increase costs less than \$500,000 annually for the 2003-2007 period.

Retirement contributions. H.R. 4770 would treat Federal Protective Service officers as law enforcement officers under title 5 of the U.S. Code. Under title 5, contributions that agencies and workers make to the Civil Service Retirement and Disability Fund (CSRDF) are higher for workers treated as law enforcement officers than they are for regular civil service employees. Agency contributions for law enforcement personnel are 7.5 percent of basic pay for workers covered by the Civil Service Retirement System (CSRS) and 23.3 percent under the Federal Employees' Retirement System (FERS), compared to 7 percent and 10.7 percent, respectively, for regular employees. Retirement contributions by regular employees are 7 percent of basic pay for those under CSRS and 0.8 percent for FERS workers. Employee contribution rates for those considered law enforcement officers are half a percent higher under both retirement systems.

For the estimated 290 current GSA employees who would become law enforcement officers under the bill, retirement contributions by both the agency and the workers would be higher under H.R. 4770 than they would be under current law. CBO estimates GSA contributions to the CSRDF for those employees would increase by \$1 million in 2003 and by \$8 million over the 2003-2007 period.

In addition to higher contribution rates for the agency and some of its employees, H.R. 4770 would require GSA to make a series of makeup payments to the CSRDF on behalf of its current employees who become FPS officers. This makeup payment is intended to equal the additional agency and employee contributions that would have been made if those employees had been treated like law enforcement officers during their entire careers with GSA, plus interest. The bill would require GSA to spread these makeup payments into five equal installments. CBO estimates that GSA would pay \$3 million per year starting in 2003, with payments totaling \$15 million over the 2003-2007 period.

Establish FPS as separate operating service. H.R. 4770 would remove the FPS from the PBS and establish it as a separate operating service of GSA. As a result, the FPS would need to hire additional employees to provide support services, such as personnel and budgeting, that currently are provided centrally by the PBS. Based on information from GSA, CBO estimates adding 10 new employees would cost the FPS about \$500,000 annually over the 2003-2007 period.

Issue regulations. Finally, the bill would require the new FPS Commissioner to write regulations and issue separate guidelines for contract security personnel employed by FPS

in GSA-controlled buildings. CBO estimates that issuing the regulations and standards would cost less than \$500,000 in fiscal year 2003. In addition, because FPS does not expect it would make significant changes to the minimum contract requirements, CBO estimates that there would be no significant change in the cost of contract-provided security.

Direct Spending and Revenues

Under H.R. 4770, the estimated 290 members of the agency's current civil service workforce who would become law enforcement officers would be entitled to higher retirement benefits than they would receive under current law. However, because GSA anticipates that most of these employees will be relatively young, CBO expects that few of the new officers will begin receiving retirement benefits within the next five years. Therefore, CBO estimates H.R. 4770 would increase mandatory spending from the CSRDF by less than \$500,000 in each year during the 2003-2007 period.

Retirement contributions by the estimated 290 current GSA employees who become law enforcement officers would be higher under H.R. 4770 than they would be under current law. However, CBO estimates the increase in revenues from employee contributions would be less than \$500,000 a year during the five-year period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act specifies pay-as-you-go procedures for legislation affecting direct spending and receipts. Those procedures would apply to H.R. 4770 because it would affect direct spending and receipts, but CBO estimates that the annual amount of such changes would not be significant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4770 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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