



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 21, 2017

### **S. 696**

### **Stop Improper Federal Bonuses Act**

*As ordered reported by the Senate Committee on Homeland Security  
and Governmental Affairs on May 17, 2017*

S. 696 would prohibit federal agencies from awarding a bonus to an employee for five years after an adverse finding against the employee. The bill defines an adverse finding as a determination that an employee violated agency policy for which the employee could be removed or suspended from employment for 14 or more days or that the employee violated the law and could be imprisoned for more than 1 year. Additionally, any bonuses given to an employee in the same year as an adverse finding would be returned to the agency.

Under current law, there are no restrictions on awarding bonuses to federal employees. Information from the Office of Personnel Management indicates that some employees with conduct and performance issues have received bonuses. However, while the legislation would slightly diminish the pool of people eligible for bonuses, CBO expects it would not change the total amount of bonus money that could be awarded. Therefore, CBO estimates that implementing S. 696 would not have a significant effect on the federal budget.

Enacting S. 696 could affect direct spending by some agencies (such as the Tennessee Valley Authority) because they are authorized to use receipts from the sale of goods, fees, and other collections to cover their operating costs; therefore, pay-as-you-go procedures apply. Because most of those agencies can make adjustments to the amounts collected and because CBO does not expect a significant number of returned bonuses, any net changes in direct spending by those agencies would likely not be significant. Enacting the bill would not affect revenues.

Enacting S. 696 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year period beginning in 2028.

S. 696 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.

The CBO staff contact for this estimate is Dan Ready. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.