



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 2, 2007

S. 457

A bill to extend the date on which the National Security Personnel System will first apply to certain defense laboratories

As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on February 15, 2007

S. 457 would delay the implementation of the National Security Personnel System (NSPS) at certain defense laboratories until October 1, 2011. Under current law, the employees at those laboratories may not be brought into the NSPS before October 1, 2008.

The NSPS was authorized as part of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136), and the new system is currently in the process of being implemented by the Department of Defense (DoD). In general, the NSPS provides greater flexibility in the award of civilian pay raises and bonuses than the General Schedule. The original authority for the NSPS prohibits implementation of the new personnel system at certain defense laboratories until October 1, 2008, in part because those laboratories already possess flexible hiring and compensation systems. The original delay in implementing the NSPS at those organizations was meant to allow time to study the flexibilities offered under the NSPS as compared to their current personnel systems. Based on information from DoD, those laboratories employ about 38,000 civilians.

Because the NSPS is supposed to be implemented in a manner that would not affect the total payroll of the compensation systems it is designed to replace, CBO expects that enacting S. 457 would have no significant budgetary effect.

S. 457 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Matt Schmit. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.