



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

September 25, 2014

**H.R. 4399
Comprehensive Department of Veterans Affairs Performance
Management and Reform Act of 2014**

*As ordered reported by the House Committee on Veterans' Affairs
on September 10, 2014*

H.R. 4399 would require the Department of Veterans Affairs (VA) to implement an improved performance appraisal process for senior executive service (SES) employees of the department as well as physicians and dentists employed by VA. The bill also would eliminate performance awards to SES employees of VA over the 2014-2018 period. CBO estimates that implementing H.R. 4399 would reduce net personnel costs by \$14 million over the 2015-2019 period, assuming appropriation actions consistent with the bill.

Under section 1, VA would be required to provide individual annual performance requirements to SES employees and to base 50 percent of each employee's annual performance review on achieving such requirements. VA also would be required to submit annual reports to the Congress regarding the performance requirements and their successful achievement under the performance appraisal process. Finally, VA would be required to establish a performance appraisal system for physicians and dentists employed by the department. Based on information from VA, CBO estimates that implementing section 1 would cost less than \$1 million over the 2015-2019 period.

Section 2 would eliminate the authority for VA to pay awards and bonuses to SES employees over the 2014-2018 period. From 2008 to 2012, VA paid an average of about \$3.5 million each year in awards and bonus payments to SES employees. Assuming such payments will continue at about that level under current law, adjusted for inflation, CBO estimates that implementing section 2 would reduce discretionary spending for performance awards by about \$15 million over the 2015-2019 period, assuming appropriation actions consistent with the bill.

Enacting H.R. 4399 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 4399 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 Dwayne M. Wright. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.