



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 29, 2016

### **H.R. 4138**

#### **A bill to authorize the Secretary of Veterans Affairs to recoup relocation expenses paid to or on behalf of employees of the Department of Veterans Affairs**

*As ordered reported by the House Committee on Veterans' Affairs'  
on May 18, 2016*

H.R. 4138 would grant the Department of Veterans Affairs (VA) the authority to recoup from an employee any relocation expenses paid on behalf of that employee if VA determines that such repayment is appropriate. Affected employees would have to be provided with a notice of recoupment and an opportunity for a hearing conducted by another agency of the federal government. Under current law, VA has the authority to recoup such payments from an employee only if VA has determined that such employee has been paid incorrectly.

The new authority would apply to payments made by VA before the date of enactment of H.R. 4138, as well as those made after that date. On the basis of discussions with the department, CBO expects that this provision would be used infrequently, primarily to recoup payments made to VA employees who were later determined to have committed a serious violation of the department's standards of conduct. Over the 2011-2015 period, VA paid, on average, about \$26 million per year to relocate about 900 individuals annually.

Most federal statutes of limitation are no more than six years. On that basis, CBO expects that VA would not attempt to recoup payments made more than six years prior to the date of enactment. In addition, the authority would only affect current employees of VA; employees who resigned or retired would be exempt from recoupment.

In recovering overpayments made to employees, federal agencies have several options: they can require lump-sum or installment payments, or they can use salary offsets—regular deductions from bi-weekly payroll payments. Based on general practices at federal agencies, CBO expects that in most cases VA would offset future salary payments. Such offsets would reduce discretionary costs. In those cases where VA would require a lump-sum or installment repayment, the funds would generally be deposited in the

Treasury and would be considered a reduction in direct spending. Because CBO believes that this authority would be used infrequently, and because employees could avoid recoupment by leaving the agency, we estimate that implementing H.R. 4138 would decrease personnel costs by less than \$500,000 over the 2017-2021 period, assuming appropriation actions consistent with the bill.

In addition, pay-as-you-go procedures apply because enacting the bill could reduce direct spending by an insignificant amount. Enacting H.R. 4138 would not affect revenues. CBO estimates that enacting H.R. 4138 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

By permitting the Secretary of Veterans Affairs to recoup all or a portion of relocation expenses paid to or on behalf of VA employees, H.R. 4138 could impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). Requiring employees to repay their relocation expenses that were paid out before the date of enactment would impose a private-sector mandate on those employees. CBO expects that, in total, the amount of relocation expenses recouped would not be substantial. Therefore, CBO estimates that the cost of the mandate to VA employees would fall well below the annual threshold for private-sector mandates established in UMRA (\$154 million in 2016, adjusted annually for inflation).

H.R. 4138 contains no intergovernmental mandates as defined in UMRA and would not affect budgets of state, local, or tribal governments.

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