CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 30, 2015

S. 242

Wounded Warriors Federal Leave Act of 2015

As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on March 4, 2015

SUMMARY

S. 242 would provide additional sick leave to veterans with a disability rated at 30 percent or greater who are newly hired by the federal government. That additional leave would have to be used for treatment of the employee's disability and would expire one year after it became available to the employee. CBO estimates that implementing S. 242 would cost $55 million over the next five years, subject to appropriation of the necessary funds. That cost represents the value of the additional sick leave that CBO estimates would be provided to newly hired veterans. In some cases that additional leave would lead to additional spending by agencies; in other cases agencies would lose the value of the work of the people using the additional days of leave.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 242 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 242 is shown in the following table. The costs of this legislation fall in all budget functions except function 900 (net interest) and 950 (offsetting receipts).

	By Fiscal Year, in Millions of Dollars						
	2015	2016	2017	2018	2019	2020	2015-2020
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	3	14	15	15	16	63
Estimated Outlays	0	2	9	14	15	16	55

BASIS OF ESTIMATE

For this estimate, CBO assumes S. 242 will be enacted late in fiscal year 2015 and the amounts estimated to be needed will be appropriated each year.

The legislation would provide a maximum of 104 hours of additional sick leave to veterans with a disability rated at 30 percent or greater who are newly hired by the federal government. The bill specifies that the additional leave would become available for employees hired one year or more after the date of enactment. That additional leave would have to be used for treatment of the employee's disability and would expire one year after it became available to the employee.

In 2009, President Obama signed an executive order establishing the Veterans Employment Initiative, which was designed to increase federal hiring of veterans. According to the Veterans Employment Council, the proportion of newly hired federal workers who are veterans increased from 35 percent in 2008 to 46 percent in 2013 (the most recent year for which data are available). During those years, the proportion of hired employees who are veterans with a disability rating of 30 percent or greater also increased, from 5.5 percent to 10.7 percent (from 7,000 to 11,000 employees per year). The rate of increase in hiring of disabled veterans has slowed recently, but CBO expects that about 8,000 to 9,000 disabled veterans will continue to be hired by the federal government each year through 2020.

The potential budgetary effects of this bill derive from the use of additional sick leave. The Office of Personnel Management (OPM) calculates that the average salary of new hires who are veterans with a disability rated at 30 percent or greater is $51,000. Data from OPM and research by the Congressional Research Service indicate that disabled veterans use more sick leave than other employees and that the temporary nature of the additional sick leave would encourage employees to use the benefit at a higher rate than regular leave. On average, CBO estimates that 60 percent of the leave made available under the bill would be used. Based on the anticipated number of new hires of disabled veterans, their average hourly rate, and their projected use of the additional sick leave that the bill would make available, CBO estimates that the legislation would cost $55 million over the 2015-2020 period.

How that additional cost would affect the federal budget is difficult to determine. Some of the disabled veterans who would be aided by this bill would, under current law, use annual leave to receive treatment for their disability; the provision of additional sick leave under the bill could mean that they have more accumulated leave when they separate from the government, which would lead to larger cash payments by the government at that time. Some government agencies might hire additional people or contract for additional services to make up for the lost output of the disabled workers who would take additional leave under the bill; that would raise federal costs in the near term, subject to the availability of appropriated funds. Some of the affected veterans would take more sick leave in total, and the agencies for which they work might not hire additional people or contract for additional services; in those cases, there would be no direct budgetary effect, but the government would lose the value of the work of those people on those additional days of sick leave. Therefore, although the additional cost would appear in different ways for disabled veterans and agencies in different circumstances, the government would nonetheless bear a cost for the additional leave that was taken.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 242 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS ESTIMATE

On March 4, 2015, CBO transmitted a cost estimate for H.R. 313, the Wounded Warriors Federal Leave Act of 2015, as ordered reported by the House Committee on Oversight and Government Reform on January 27, 2015. H.R. 313 is similar to S. 242, and the estimated budgetary effects are the same.

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