



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 13, 2015

S. 742

Stop Wasteful Federal Bonuses Act of 2015

*As reported by the Senate Committee on Homeland Security and Governmental Affairs
on June 24, 2015*

S. 742 would amend federal law to prohibit a federal agency 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 an employee violated the law and could be imprisoned for more than 1 year. Under the bill all bonuses given to employees in the same year as an adverse finding would be returned to the agency.

Under current law, there is no prohibition on awarding bonuses to federal employees. Information from the Department of Veterans Affairs and the Internal Revenue Service 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. 742 would not have a significant effect on the federal budget.

Enacting S. 742 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 we do not expect a significant number of returned bonuses, CBO estimates that any net changes in direct spending by those agencies would not be significant. Enacting the bill would not affect revenues.

S. 742 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

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