



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 10, 2018

### **H.R. 4431** **Correcting Miscalculations in Veterans' Pensions Act**

*As ordered reported by the House Committee on Oversight and Government Reform  
on November 30, 2017*

H.R. 4431 would allow federal agencies to pay the interest owed by any former employees who chose to count their prior military service for civilian retirement benefits, if the interest results from an administrative error.

Under current law, federal employees may include years of prior military service in the calculation of their civil service retirement benefits if they pay a deposit to cover the retirement contributions they would have paid if that period of military service had been civilian service. Administrative errors occur when employees receive inaccurate information about the amount or the due date of the deposit. If employees owe additional funds to convert their period of military service because of an administrative error, they also owe interest on the amount due.

Based on a small sample of cases and information from the Merit Systems Protection Board, CBO estimates that H.R. 4431 would affect just a few federal retirees each year and that the average amount of interest accrued in each case would be about \$15,000. Enacting H.R. 4431 would allow federal agencies the option to make those interest payments on behalf of their former employees using funds appropriated for salaries and expenses. Considering the small number of retirees that would be affected and that some agencies already have the authority to make such payments, CBO estimates that implementing the provision would cost less than \$500,000 over the 2019-2023 period. Any such spending would be subject to the availability of appropriated funds.

Allowing federal agencies to pay the interest costs associated with administrative errors in converting military service could make it more likely that some retirees would pay their deposit (or corrected deposit) and thus receive a higher retirement benefit. (In those cases, the higher benefit payments would be partially offset by the deposit payments, which are recorded as revenues.) However, given the limited number of retirees that could be affected, CBO estimates that the increases in direct spending and revenues would each be less than \$500,000 over the 2019-2028 period.

Because enacting H.R. 4431 would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 4431 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 4431 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Amber G. Marcellino. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.