

At a Glance

S. 10, VA Clinician Appreciation, Recruitment, Education, Expansion, and Retention Support (CAREERS) Act of 2023

As ordered reported by the Senate Committee on Veterans' Affairs on February 16, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	687	1,873
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	687	1,873
Spending Subject to Appropriation (Outlays)	0	1,348	2,891

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034? > \$2.5 billion	Statutory pay-as-you-go procedures apply?	Yes
	Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034? < \$5 billion	Contains intergovernmental mandate?	No
	Contains private-sector mandate?	No

The bill would

- Require the Department of Veterans Affairs (VA) to implement new pay systems that will increase compensation for VA's health care providers and staff
- Allow more VA health care employees to be reimbursed for the costs of continued professional education, compulsory licenses and certifications
- Authorize VA to provide special incentive payments to nurses and pharmacists
- Increase workforce training requirements and providers to meet the needs of aging veterans
- Require several studies and reports related to improving the recruitment, retention, and oversight of VA's health care workforce

Estimated budgetary effects would mainly stem from

- Increasing salaries and special bonuses
- Increasing payments for personnel training and continued education

Areas of significant uncertainty include

- Anticipating how VA would revise its pay systems

Detailed estimate begins on the next page.

Bill Summary

S. 10 would require the Department of Veterans Affairs (VA) to make several changes to its management of the department's health care workforce, including raising salaries, increasing payments for continuing professional education, providing special incentive payments, and increasing training for employees who care for elderly veterans. The bill also would require the department to complete several studies and reports to the Congress related to training, recruiting, retaining, and managing health care employees.

Estimated Federal Cost

The estimated budgetary effects of S. 10 are shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

Table 1. Estimated Budgetary Effects of S. 10													
By Fiscal Year, Millions of Dollars												2023- 2028	2023- 2033
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Increases in Spending Subject to Appropriation													
Estimated Budget Authority	0	265	276	285	289	295	299	305	315	324	330	1,410	2,983
Estimated Outlays	0	233	266	277	283	289	293	299	309	318	324	1,348	2,891
Increases in Direct Spending													
Estimated Authorization	0	109	126	142	159	178	197	219	240	264	292	714	1,926
Estimated Outlays	0	96	122	139	156	174	193	214	235	258	286	687	1,873

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted at the beginning of 2024 and that the estimated amounts will be appropriated each year. Estimated outlays are based on historical spending patterns for the affected programs.

Provisions Affecting Both Spending Subject to Appropriation and Direct Spending.

S. 10 would increase costs for programs that have typically been paid from discretionary appropriations. Some of the beneficiaries of those programs would be veterans who have been exposed to environmental hazards; thus CBO expects that some of the costs of implementing the bill would be paid from the Toxic Exposures Fund (TEF) established by Public Law 117-168, the Honoring our PACT Act. The TEF is a mandatory appropriation that VA uses to pay for health care, disability claims processing, medical research, and



information technology modernization that benefit veterans who were exposed to environmental hazards.

Additional spending from the TEF occurs if legislation increases the costs of similar activities that benefit veterans with such exposure. Therefore, in addition to increasing spending subject to appropriation, the bill would increase amounts paid from the TEF, which are classified as direct spending.

In CBO's projections, the percentage of costs paid by the TEF is estimated to grow over time based on the amount of formerly discretionary appropriations that CBO estimated will be provided through the mandatory appropriation as specified in the Honoring our PACT Act.¹ For purposes of this estimate, those growing percentages are applied to the estimated increase in costs under S. 10. Accordingly, CBO estimates that 24 percent of the costs of the changes from this bill would be paid from the TEF in 2024, increasing to 47 percent in 2033. All told, CBO estimates that implementing S. 10 would increase spending subject to appropriation by \$2.9 billion and would increase direct spending by \$1.9 billion over the 2023-2033 period.

Compensation Adjustments. Sections 201 and 202 would require VA to make several changes to the pay scale of certain VA personnel, thereby increasing staffing costs. In total, implementing those changes would cost \$3.2 billion over the 2023-2033 period, CBO estimates. Spending subject to appropriation would increase by \$1.9 billion and direct spending would increase by \$1.3 billion.

Physicians, Podiatrists, Dentists, and Optometrists. Section 201 would require VA to replace its current pay system, which includes components for base pay, market pay, and performance pay, with a single component system that compensates physicians, podiatrists, dentists, and optometrists at amounts sufficient to meet the department's recruiting and retention goals. The provision also would authorize VA to waive the \$400,000 pay cap during the five-year period after enactment. Using data on the number of physicians, podiatrists, dentists, and optometrists employed by VA, CBO estimates that about 17,000 of those health care providers would receive \$18,000 more each year under the single-rate system and that about 200 employees would receive an additional \$16,000 under the waiver authority. CBO also estimates that VA would be able to hire an additional 100 health care providers at an average compensation of \$295,000 because the increased pay would make working at VA more attractive.

Additionally, section 201 would allow VA to pay deferred earnings to certain physicians whose compensation exceeded the annual pay cap before January 2018. Based on

1. For additional information about spending from the TEF, see Congressional Budget Office, Statement for the Record Regarding How CBO Would Estimate the Effects of Future Authorizing Legislation on Spending From the Toxic Exposures Fund (December 2022), www.cbo.gov/publication/58843.



information from VA, CBO estimates that implementing the retroactive pay would result in a onetime cost of \$4 million.

Altogether, CBO estimates that implementing the changes in pay for physicians would cost \$3.2 billion over the 2023-2033 period, of which \$1.9 billion would be spending subject to appropriation and \$1.3 billion would be direct spending.

Directors of Medical Centers and Veterans Integrated Service Networks (VISNs). Section 202 would allow VA to pay a salary sufficient to fully staff directors of VA medical centers and VISNs. Under current law, salaries for those directors are capped at an annual rate of \$212,000. Under the bill, VA could increase the directors' salaries up to a limit of \$400,000. Using data on directors' compensation from VA, CBO expects that the salaries and benefits for about half of the nearly 200 directors would increase by an average 30 percent in the year after enactment. CBO estimates that increasing directors' pay would cost \$60 million over the 2023-2033 period, of which \$37 million would be spending subject to appropriation and \$23 million would be direct spending.

Continued Professional Education. Sections 223 and 101 would require VA to reimburse additional types of health care providers for continuing professional education expenses and to pay for the costs of licensing exams and certifications for people who receive health professional scholarships from the department. CBO estimates that, in total, implementing those provisions would cost \$1.3 billion over the 2023-2033 period, of which \$0.8 billion would be spending subject to appropriation and \$0.4 billion would be direct spending.

Reimbursement of Education Expenses. Under current law, full-time physicians and dentists employed by the department can be reimbursed up to \$1,000 annually for expenses relating to continuing professional education. Section 223 would make other health care employees, including nurses, pharmacists, psychologists, and physician assistants, eligible for such reimbursement. Based on information from VA, CBO estimates that about 250,000 additional employees would be eligible for reimbursement under the bill. According to VA, currently about half of eligible employees are reimbursed annually. Using similar take-up rates, CBO estimates that reimbursing those additional employees would cost \$1.2 billion over the 2023-2033 period, of which \$0.8 billion would be spending subject to appropriation and \$0.4 billion would be direct spending.

Licensing Exams and Certifications. Section 101 would require VA to pay the costs for any licensing exams and certifications that are required for recipients of its health professional scholarships such as the Readjustment Counseling Services Scholarship Program and the Employee Incentive Scholarship Program. There are about 10,000 scholarship recipients in the Veterans Health Administration, and CBO estimates that about half of them will take a licensing or certification exam annually. At an average rate of \$700 per exam, CBO estimates that those payments would cost about \$40 million over the 2023-2033 period, of

which \$24 million would be spending subject to appropriation and \$16 million would be direct spending.

Special Payments. S. 10 would authorize additional special payments for executive nurses and pharmacists. In total, implementing those provisions would cost \$178 million over the 2023-2033 period of which \$108 million would be spending subject to appropriation and \$70 million would be direct spending.

Nurse Executives. Nurse executives at each VA health care facility and regional office receive special pay under current law. Section 204 would authorize VA to qualify additional positions as nurse executives to increase recruitment and retention. CBO expects that VA would qualify about half of the current 1,100 specialty nurse positions as nurse executives, and that they would see their compensation increase by \$20,000 per year, on average. In total, CBO estimates that the special pay for nurse executives would cost \$109 million over the 2023-2033 period. Spending subject to appropriation would increase by \$66 million and direct spending would increase by \$43 million.

Pharmacist Executives. Under current law, the maximum special pay for pharmacist executives employed at VA is \$40,000 annually. Under the bill, the annual cap would increase to \$100,000. Based on information from VA, CBO estimates there are currently about 500 pharmacist executives nationwide. CBO estimates that VA would increase special pay for half of those executives by an average of \$30,000. Total costs over the 2023-2033 period would amount to \$69 million; spending subject to appropriation would increase by \$42 million and direct spending would increase by \$27 million.

Geriatrics Care. Section 102 would require VA to make several modifications to expand workforce training and team models to meet the needs of aging veterans. CBO estimates that those changes would cost \$34 million over the 2023-2033 period. Of that amount, \$19 million would be spending subject to appropriation and \$15 million would be direct spending.

Geriatrics Care Teams. The bill would require VA to establish geriatric care teams at each of its medical centers and at every community-based outpatient clinic where VA deems it feasible to establish such a team. Currently, VA provides geriatric care at about 90 facilities through teams consisting of a primary care provider, nurse care manager, clinical associate, administrative associate, social worker, and a clinical pharmacist. VA reports it has had difficulty establishing those teams more broadly because of staffing shortages for social workers. Thus, in order to expand the use of those teams, CBO expects VA would need to hire additional social workers.

Using information from VA, CBO estimates that VA would hire an additional social worker at 50 locations and that their annual compensation would average \$85,000. Expanding the program would cost \$31 million over the 2023-2033 period, of which \$17 million would be spending subject to appropriation and \$14 million would be direct spending.



Clinical Staff Training for Memory Loss. The bill would require VA to provide training to clinical staff who provide care to veterans with Alzheimer's disease and dementia. The training would be conducted in consultation with the Office of Rural Health for employees in rural and highly rural areas. CBO expects that VA would provide training to five clinical providers at each of the 50 rural health care facilities at a cost of \$1,000 per person (based on costs for similar training). CBO estimates the training would cost \$3 million over the 2023-2033 period, \$2 million in spending subject to appropriation and \$1 million in direct spending.

Spending Subject to Appropriation

Spending subject to appropriation would arise from the provisions described above. In addition, the bill would require VA to conduct three studies and deliver four recurring reports and two onetime reports to the Congress on program management, staffing levels, and the availability of services provided in homes and in the community. Based on the costs of similar studies and reports, CBO estimates that satisfying those requirements would cost \$6 million over the 2023-2033 period; such spending would be subject to the appropriation of available amounts.

In total, implementing S. 10 would increase discretionary spending by \$2.9 billion over the 2023-2033 period, CBO estimates. Such spending would be subject to the appropriation of the estimated amounts (see Table 2).



**Table 2.
Estimated Increases in Spending Subject to Appropriation Under S. 10**

	By Fiscal Year, Millions of Dollars											2023-2028	2023-2033
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Compensation Adjustments													
Estimated Authorization	0	158	171	179	187	195	202	210	221	231	242	890	1,996
Estimated Outlays	0	139	164	174	182	190	197	205	216	226	237	849	1,930
Continued Professional Education													
Estimated Authorization	0	92	91	90	88	86	84	83	82	81	75	447	852
Estimated Outlays	0	81	88	87	87	85	83	82	81	80	74	428	828
Special Payments													
Estimated Authorization	0	13	12	12	11	11	11	10	10	10	10	59	110
Estimated Outlays	0	11	12	12	11	11	11	10	10	10	10	57	108
Geriatrics Care													
Estimated Authorization	0	1	1	2	2	2	2	2	2	2	3	8	19
Estimated Outlays	0	1	1	2	2	2	2	2	2	2	3	8	19
Studies and Reports													
Estimated Authorization	0	1	1	2	1	1	*	*	*	*	*	6	6
Estimated Outlays	0	1	1	2	1	1	*	*	*	*	*	6	6
Total Changes													
Estimated Authorization	0	265	276	285	289	295	299	305	315	324	330	1,410	2,983
Estimated Outlays	0	233	266	277	283	289	293	299	309	318	324	1,348	2,891

* = between zero and \$500,000.

Direct Spending

The provisions described under the heading “Provisions Affecting Both Spending Subject to Appropriation and Direct Spending” would increase direct spending from the Toxic Exposures Fund by \$1.9 billion over the 2023-2033 period (see Table 3).



**Table 3.
Estimated Increases in Direct Spending Under S. 10**

	By Fiscal Year, Millions of Dollars											2023-2028	2023-2033
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Compensation Adjustments													
Estimated Authorization	0	74	87	99	111	125	139	156	174	194	215	496	1,374
Estimated Outlays	0	64	84	96	109	122	136	152	170	189	210	475	1,332
Continued Professional Education													
Estimated Authorization	0	29	32	36	40	45	49	53	56	60	67	182	467
Estimated Outlays	0	26	31	36	39	44	48	52	55	59	66	176	456
Special Pays													
Estimated Authorization	0	5	6	6	7	7	7	8	8	8	8	31	70
Estimated Outlays	0	5	6	6	7	7	7	8	8	8	8	31	70
Geriatrics Care													
Estimated Authorization	0	1	1	1	1	1	2	2	2	2	2	5	15
Estimated Outlays	0	1	1	1	1	1	2	2	2	2	2	5	15
Total Changes													
Estimated Authorization	0	109	126	142	159	178	197	219	240	264	292	714	1,926
Estimated Outlays	0	96	122	139	156	174	193	214	235	258	286	687	1,873

Uncertainty

CBO's estimate of the cost to revise VA's pay systems for certain health care employees is subject to considerable uncertainty. VA has not specified how it would revise its pay systems to attract and retain certain employees such as physicians, podiatrists, dentists, optometrists, and medical directors. If the number of employees whose salaries are affected or the increase in compensation under the new pay system differs from CBO's estimates, costs for compensation adjustments could be more or less than shown here.

Pay-As-You-Go Considerations:

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 3.



Increase in Long-Term Net Direct Spending and Deficits:

CBO estimates that enacting S. 10 would increase net direct spending by more than \$2.5 billion in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting S. 10 would increase on-budget deficits by less than \$5 billion in any of the four consecutive 10-year periods beginning in 2034.

Mandates: None.

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