



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 10, 2017

### **H.R. 1367**

**A bill to improve the authority of the Secretary of Veterans Affairs to hire and retain physicians and other employees of the Department of Veterans Affairs, and for other purposes**

*As ordered reported by the House Committee on Veterans' Affairs  
on March 8, 2017*

### **SUMMARY**

H.R. 1367 would modify the administrative procedures used to recruit and hire medical staff at the Department of Veterans Affairs (VA). The bill includes provisions that would:

- Establish a database for recruiting and job placement,
- Measure and collect information on hiring, and
- Establish a fellowship program for management.

In total, CBO estimates that implementing H.R. 1367 would cost \$28 million over the 2017-2022 period, subject to appropriation of the necessary amounts.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 1367 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1367 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 H.R. 1367 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars						2017-
	2017	2018	2019	2020	2021	2022	2022
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Database for Recruitment							
Estimated Authorization Level	0	1	3	5	5	5	19
Estimated Outlays	0	1	3	4	5	5	18
Information on Hiring							
Estimated Authorization Level	0	1	1	1	1	2	6
Estimated Outlays	0	1	1	1	1	2	6
Managerial Fellowship Program							
Estimated Authorization Level	0	*	*	*	*	*	2
Estimated Outlays	0	*	*	*	*	*	2
Other Provisions							
Estimated Authorization Level	0	2	*	*	*	*	2
Estimated Outlays	0	2	*	*	*	*	2
Total Changes							
Estimated Authorization Level	0	5	5	6	6	7	29
Estimated Outlays	0	4	4	6	6	7	28

Note: Components may not add to totals because of rounding; \* = between zero and \$500,000.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1367 will be enacted late in 2017, that the estimated amounts will be appropriated each year, and that outlays will follow historical spending patterns for affected programs.

**Database for Recruitment.** Section 7 would require VA to establish a single database that lists all vacant positions at the department and to use that database to match applicants to all vacant positions for which they have the necessary qualifications. Currently, VA uses a human resources system (HR SMART) that lists all vacant positions at the department. Based on an analysis of information from VA, CBO expects the department would gradually hire up to 40 additional human resources staff (with an average compensation of \$100,000 in 2017) to track and match job applicants to multiple vacant positions. As a result, CBO estimates implementing this section would cost \$18 million over the 2017-2022 period.

**Information on Hiring.** Section 11 would require VA to measure and collect information on indicators of hiring effectiveness. On the basis of information from the department that this system would require significant resources and time, CBO expects that VA would hire one full-time employee to manage that data within each of the 21 regions of the VA health care system (with an average compensation of \$60,000 in 2017). As a result, CBO estimates that implementing this section would cost \$6 million over the 2017-2022 period.

**Managerial Fellowship Program.** Section 3 would establish an exchange program for managerial staff between VA and the private sector. The fellowship program would provide certain employees at VA the opportunity to work and train in the private sector for one year, while their counterpart in the private sector would gain the opportunity to work at VA during that time. The fellows would continue to receive compensation from their original employers during the exchange. Upon completion of the fellowship, VA employees would be required to work for at least two additional years at the department. The program would be offered to up to 30 employees at VA and an equal number in the private sector. CBO estimates that implementing this section would cost \$2 million over the 2017-2022 period for the salaries of several staff members to manage the fellowship program.

**Other Provisions.** Other sections would require the Government Accountability Office to conduct a study on succession planning at VA medical facilities, the Veterans Benefits Administration, and the National Cemetery Administration and require annual training for certain employees. Together, CBO estimates implementing those sections would cost \$2 million over the 2017-2022 period.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting H.R. 1367 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 1367 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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