CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 14, 2017

H.R. 3731

Secret Service Recruitment and Retention Act of 2017

As ordered reported by the House Committee on Oversight and Government Reform on September 13, 2017

SUMMARY

H.R. 3731 would remove certain limits on premium pay earned by employees of the Secret Service who either provided protective services in calendar year 2017 or will provide them in 2018. The bill's provisions would not apply to years after 2018. CBO estimates that enacting the bill would increase direct spending by $10 million in fiscal year 2018. We also estimate that implementing the bill would increase spending subject to appropriation by about $7 million in fiscal year 2018 and $3 million in fiscal year 2019.

Because enacting H.R. 3731 would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 3731 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3731 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3731 is shown in the following table. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
INCREASES IN DIRECT SPENDING												
Estimated Budget Authority	10	0	0	0	0	0	0	0	0	0	10	10
Estimated Outlays	10	0	0	0	0	0	0	0	0	0	10	10
INCREASES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	7	3	0	0	0	0	0	0	0	0	10	10
Estimated Outlays	7	3	0	0	0	0	0	0	0	0	10	10

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted in early 2018 and that the necessary amounts will be appropriated for fiscal years 2018 and 2019. Estimated outlays are based on the historical rate of spending for Secret Service pay.

Direct Spending (Retroactive Pay)

H.R. 3731 would remove certain limits on premium pay earned by employees of the Secret Service who provided protective services in calendar year 2017. Assuming the bill is enacted in early 2018, nearly all the additional pay earned in calendar year 2017 would be paid retroactively in fiscal year 2018. The retroactive pay authorized by H.R. 3731 would be considered an entitlement for federal employees who have already performed the work for which the bill would provide compensation.

Based on 2017 pay records through September of this year, the Secret Service expects that the legislation would benefit about 1,200 employees who would be paid about \$8,600 more, on average, for hours worked in calendar year 2017. Thus, CBO estimates that enacting the bill would increase direct spending by about \$10 million in fiscal year 2018. (For comparison purposes, the Secret Service disbursed about \$13 million in similar additional premium pay in calendar year 2016, which was a presidential election year and for which limits on employee compensation also were lifted.) If the bill is enacted later in 2018, then it would increase direct spending by more than \$10 million because more retroactive pay would be required.

Spending Subject to Appropriation

For any hours worked in calendar year 2018—after the assumed enactment of the bill—we expect that any additional compensation would not be retroactive, but would be paid on a regular basis (probably biweekly) as those hours are worked by employees. Based on an analysis of information provided by the Secret Service, CBO estimates that enacting the bill would cost about $7 million in fiscal year 2018 and about $3 million in fiscal year 2019, assuming appropriation of the necessary amounts. If the bill is enacted later in 2018, then 2018 spending subject to appropriation would be less than $7 million because more compensation would be paid retroactively (direct spending).

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 the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3731, the Secret Service Recruitment and Retention Act of 2017, as ordered reported by the House Committee on Oversight and Government Reform on September 13, 2017.

	By Fiscal Year, in Millions of Dollars											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	10	0	0	0	0	0	0	0	0	0	10	10

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

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

MANDATES

H.R. 3731 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY

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