



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 12, 2007

### **S. 1046**

#### **Senior Professional Performance Act of 2007**

*As ordered reported by the Senate Committee on Homeland Security and  
Governmental Affairs on June 13, 2007*

#### **SUMMARY**

S. 1046 would raise the cap on base pay for certain senior-level, scientific, and professional employees while eliminating locality-based comparability payments for those employees. It also would make several other small changes to the procedures for new appointments of senior-level, scientific, and professional positions classified above GS-15. Finally, it would allow the Director of the Office of Personnel Management (OPM) to extend the certification of an agency's performance appraisal system, which is otherwise limited to 24 months under the bill, for up to six months. CBO estimates that implementing the legislation would cost the federal government roughly \$7 million between 2008 and 2012, which would be paid from discretionary appropriations. Enacting the bill would not affect direct spending or revenues.

S. 1046 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 following table shows the estimated costs of S. 1046. The costs of this legislation fall within nearly all budget functions.

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	*	*	1	2	3
Estimated Outlays	*	*	1	2	3
Note: * = less than \$500,000.					

## BASIS OF ESTIMATE

Under current law, senior-level (SL) and scientific and professional (ST) employees may receive basic pay up to Level IV of the Executive Schedule (\$145,400); their maximum pay with the locality-based comparability adjustment is set at Level III of the Executive Schedule (\$154,600). SL and ST employees receive the same annual across-the-board pay raises and locality-based comparability adjustments that General Schedule employees receive.

S. 1046 would raise the cap on base pay for most SL and ST employees to \$154,600 on the first day of the first pay period that occurs six months after enactment. Those employees working at agencies with a performance appraisal system that is certified as making meaningful distinctions based on relative performance would have their base pay capped at Level II of the Executive Schedule (\$168,000). Locality adjustments for SL and ST employees would be eliminated, affecting roughly 900 employees. The legislation specifies that no SL or ST employee will experience a reduction in pay (defined so as to include the locality adjustment).

CBO assumes that—under both current law and under the proposed legislation—the number of employees in the affected categories will remain constant over the 2008-2012 period and that base pay after 2007 will increase by CBO's projection of the employment cost index for wages and salaries (ECI) minus one-half percentage point in each year. Furthermore, CBO estimates the average merit adjustment after 2007 will raise pay by an additional one-half of one percent in each year for employees in agencies without an OPM-certified performance appraisal system and by 1.0 percent for employees who fall under a certified system. In addition, CBO assumes that those agencies that have received full certification from OPM for their Senior Executive Service appraisal system in 2007 will also receive approval for their SL and ST appraisal systems. CBO inflated the statutory caps on base pay and overall pay from 2008 through 2012 by projected raises for Executive Schedule employees. Data about the number of employees and average salary in each category comes from the Office of Personnel Management.

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

S. 1046 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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