



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 24, 2003

H.R. 1085 **NASA Flexibility Act of 2003**

As ordered reported by the House Committee on Science on July 22, 2003

SUMMARY

H.R. 1085 would allow the National Aeronautics and Space Administration (NASA) to modify its personnel and workforce practices. Under the bill, NASA would be allowed to pay higher bonuses to attract and retain individuals with special expertise, as well as to increase compensation or benefits for certain positions. In addition, the bill would authorize the appropriation of \$10 million a year for a new science and technology scholarship program.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 1085 would cost \$70 million over the 2004-2008 period. (In 2003, about \$2 billion was appropriated for NASA's personnel costs.) Enacting H.R. 1085 would not affect direct spending or revenues.

H.R. 1085 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 impact of H.R.1085 is shown in the following table. The costs of this legislation fall within budget functions 250 (general science, space, and technology) and 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	14	15	17	19	19
Estimated Outlays	5	11	16	19	19

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1085 will be enacted by the end of fiscal year 2003. We assume that the necessary amounts will be appropriated for each year and that outlays will occur at historical rates for NASA’s personnel costs.

This bill would authorize the appropriation of \$10 million a year for a science and technology scholarship program. Recipients would be required to work for NASA for a minimum of two—but no more than four—years.

Based on information from NASA, CBO estimates that expenditures for the new personnel benefits authorized by the bill would cost \$4 million to \$7 million a year (in 2003 dollars) in most or all of the next five years, depending on how extensively the agency used some of the new authorities. CBO estimates that spending for higher bonuses would account for most of the additional cost. According to NASA, over 5,000 of its roughly 18,000 employees will be eligible to retire by 2008, half of whom are in scientific and engineering fields.

Under H.R. 1085, new employees could receive bonuses equivalent to 100 percent of their salary under certain conditions (compared to 25 percent under current law), while current employees with critical skills could be given a one-time bonus equivalent to 50 percent of their salary (compared to 25 percent under current law). Based on information from NASA on how it expects to use the new authority, CBO estimates such bonuses would cost a total of about \$25 million over the next five years, assuming that such payments would likely increase over time in response to recruitment needs and payment schedules. The estimated cost is equivalent to giving the maximum bonus to an average of 90 individuals a year over the 2004-2008 period, or smaller bonuses to a larger number of people.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1085 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

CBO previously prepared cost estimates for two bills that were similar to H.R. 1085. All three bills contain similar provisions, but the estimated cost of H.R. 1085 is lower than for the other two because it would not authorize a personnel exchange program with industrial firms. The two other cost estimates were for H.R. 1836, the Civil Service and National Security Personnel Improvement Act, as ordered reported by the House Committee on Government Reform on May 8, 2003 (the cost estimate was transmitted on May 15, 2003); and for S. 610, a bill to amend the provisions of title 5, United States Code, to provide for workforce flexibilities and certain federal personnel provisions relating to the National Aeronautics and Space Administration, and for other purposes, as ordered reported by the Senate Committee on Governmental Affairs on June 17, 2003 (the cost estimate was transmitted on June 25, 2003).

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