



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 26, 1999

H.R. 1603 **Selected Reserve Housing Loan Fairness Act of 1999**

As introduced on April 28, 1999

SUMMARY

H.R. 1603 would permanently extend home loan benefits for reservists. Under current law, these benefits expire on September 30, 2003. CBO estimates that the provision would cost \$1 million a year over the 2004-2009 period. Because these costs would be direct spending, pay-as-you-go procedures would apply. H.R. 1603 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. 1603 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans' affairs).

In recent years, the Department of Veterans Affairs (VA) has guaranteed between 8,000 and 10,000 loans a year for reservists, and the average loan amount has been roughly \$100,000. Based on this experience, CBO estimates that the VA would issue about 9,000 loan guarantees each year. At an estimated subsidy rate of 0.1 percent, these guarantees would result in additional outlays of about \$1 million annually over the 2004-2009 period.

By Fiscal Year, in Millions of Dollars											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
DIRECT SPENDING											
Subsidies for Guaranteed Loans											
Spending Under Current Law											
Estimated Budget Authority	134	99	76	66	239	243	246	249	251	254	258
Estimated Outlays	134	99	76	66	239	243	246	249	251	254	258
Proposed Changes											
Estimated Budget Authority	0	0	0	0	0	1	1	1	1	1	1
Estimated Outlays	0	0	0	0	0	1	1	1	1	1	1
Spending Under H.R. 1603											
Estimated Budget Authority	134	99	76	66	239	244	247	250	252	255	259
Estimated Outlays	134	99	76	66	239	244	247	250	252	255	259

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

By Fiscal Year, in Millions of Dollars											
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	0	0	0	0	1	1	1	1	1	1
Changes in receipts						Not Applicable					

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1603 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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