



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

August 22, 2000

**S. 1810**

**Veterans Programs Enhancement Act of 2000**

*As ordered reported by the Senate Committee on Veterans' Affairs on July 27, 2000*

**SUMMARY**

S. 1810 contains provisions that would affect a wide range of veterans' programs, including readjustment benefits, disability compensation, dependency and indemnity compensation (DIC), and veterans' medical care. CBO estimates that enacting the bill would increase direct spending by \$44 million in 2001, \$651 million over the 2001-2005 period, and \$1.7 billion over the 2001-2010 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply. In addition, the bill would authorize funding or modify provisions governing a number of discretionary veterans' programs, which would result in additional outlays of \$64 million in 2001 and \$369 million over the 2001-2005 period, assuming appropriation of the necessary amounts.

S. 1810 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. Any costs to state, local, or tribal governments as a result of enactment of this bill would be incurred voluntarily.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of the bill is shown in Table 1. The costs of this legislation fall within budget function 700 (veterans benefits and services).

**TABLE 1. ESTIMATED BUDGETARY IMPACT OF S. 1810, AS ORDERED REPORTED BY THE SENATE COMMITTEE ON VETERANS' AFFAIRS**

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
<b>CHANGES IN DIRECT SPENDING</b>					
Estimated Budget Authority	32	76	154	177	197
Estimated Outlays	44	81	152	176	198
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	126	93	61	61	61
Estimated Outlays	64	98	72	71	64

## **BASIS OF ESTIMATE**

### **Direct Spending**

The bill would affect direct spending in several programs, including disability compensation, veterans' home loans, and readjustment benefits (see Table 2).

**Disability Compensation.** Enacting the bill would increase direct spending for compensation for veterans exposed to radiation, veterans who suffer a service-connected loss of one or both breasts, and certain veterans' children with birth defects.

*Veterans exposed to radiation.* Section 102 would add four conditions to the list of diseases presumed to be connected to participation in atmospheric testing or occupation of Hiroshima and Nagasaki. By requiring a presumption that, for certain veterans, these illnesses are service-connected, the bill would increase the number of radiation-exposed veterans who are eligible for disability compensation or whose spouses are eligible for dependency and indemnity compensation. CBO estimates that enacting section 102 would increase direct spending by \$19 million in 2001 and by about \$513 million over the 2001-2005 period.

Data from the Defense Special Weapons Agency (formerly the Defense Nuclear Agency) indicate that approximately 210,000 military personnel participated in atmospheric nuclear tests. In addition, approximately 200,000 military personnel participated in the post-war occupation of Hiroshima and Nagasaki, Japan. Assuming that the average age of participants

was 24 years at the time for participation, CBO estimates that about 200,000 of those veterans are alive today.

**TABLE 2. ESTIMATED CHANGES IN DIRECT SPENDING UNDER S. 1810**

	By Fiscal Year, Outlays in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
<b>DISABILITY COMPENSATION</b>						
Spending Under Current Law	18,816	19,719	20,505	21,215	21,898	24,377
Proposed Changes	<u>0</u>	<u>20</u>	<u>63</u>	<u>121</u>	<u>146</u>	<u>169</u>
Spending Under S. 1810	18,816	19,739	20,568	21,336	22,044	24,546
<b>VETERANS' HOME LOANS</b>						
Spending Under Current Law	506	187	154	395	393	390
Proposed Changes	<u>0</u>	<u>9</u>	<u>8</u>	<u>25</u>	<u>25</u>	<u>24</u>
Spending Under S. 1810	506	196	162	420	418	414
<b>READJUSTMENT BENEFITS</b>						
Spending Under Current Law	1,459	1,473	1,489	1,512	1,545	1,587
Proposed Changes	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Spending Under S. 1810	1,459	1,474	1,491	1,514	1,547	1,589
<b>SERVICE-DISABLED VETERANS' INSURANCE</b>						
Spending Under Current Law	13	18	5	5	5	5
Proposed Changes	<u>0</u>	<u>a</u>	<u>a</u>	<u>1</u>	<u>1</u>	<u>1</u>
Spending Under S. 1810	13	18	5	6	6	6
<b>PRESCRIPTION COPAYMENTS</b>						
Spending Under Current Law	0	-68	-41	-41	-39	-36
Proposed Changes	<u>0</u>	<u>14</u>	<u>8</u>	<u>3</u>	<u>2</u>	<u>2</u>
Spending Under S. 1810	0	-54	-33	-38	-37	-34
a. Less than \$500,000.						

To estimate the caseload of veterans having each disease, CBO used disease and age-specific incidence and mortality rates from the National Cancer Institute. (CBO has no basis for estimating different incidence and mortality rates for this particular population.) Based on this analysis, CBO estimates that about 8,000 of these veterans and nearly 11,000 spouses of deceased veterans would be eligible for benefits in 2001. The estimate assumes that roughly 25,000 veterans died from these diseases during the 1945-2000 period, that two-thirds of the deceased veterans had spouses, that 20 percent of those spouses remarried, making them ineligible for DIC, and that some spouses died during the same period.

For the 2001-2005 period, CBO estimates benefit payments based on the incidence of the qualifying diseases, expected mortality rates among veterans and survivors, the number of potential beneficiaries at the start of 2001, and assumptions about annual participation. CBO projects that of the 19,000 veterans and survivors who would be eligible for benefits in 2001 about 2,000 would receive benefits in that year. Recognizing that a small number of affected veterans and survivors may draw benefits under current law and that not all potential new beneficiaries would participate, CBO assumes that 50 percent of all eligible survivors at the end of 2000 would apply for benefits and 75 percent of all veterans and post-1998 survivors would participate in the program. We also assume that it would take about three years to reach the full estimated participation rate. CBO anticipates that by 2005 approximately 13,000 veterans and survivors would receive benefits as a result of enacting this section.

CBO used data from the Department of Veterans Affairs (VA) that was specific to the four diseases to calculate the average compensation payments to veterans. Average annual benefits for veterans with the diseases vary from about \$16,000 for brain cancer to about \$5,000 for ovarian cancer, reflecting the differing disability ratings of veterans currently receiving benefits for these illnesses. However, those benefit levels also include payments to veterans for additional disabilities, and thus incremental benefits under section 102 would be less than those averages. CBO has no information as to what portions of those averages stem from disabilities other than those covered by the bill. We assume that incremental compensation benefits would fall below those averages by \$2,000. For DIC recipients, the estimated benefit is approximately \$11,000 annually for all survivors. This estimate also assumes that beneficiaries would receive annual cost-of-living adjustments.

Section 102 also would lead VA to provide additional medical care services, assuming appropriation of necessary amounts. Information about those estimated costs are provided below with other spending subject to appropriation.

*Compensation for mastectomies.* Section 103 would provide additional disability compensation to veterans who suffer a service-connected loss of one or both breasts by mastectomy. Under current law, veterans who lose certain body parts or sensory or vocal capabilities because of a service-connected condition are entitled to special monthly

compensation of \$76 a month in 2000 for each eligible impairment. Section 103 would authorize these special payments for veterans who have lost one or both breasts from a radical or modified mastectomy that is related to a service-connected condition.

CBO estimates that about 350 veterans are currently receiving disability payments for these type of mastectomies, and based on data from VA, about 35 new beneficiaries are added every year. Over the 2001-2004 period, the new payments would cost less than \$500,000 annually. From 2005 through 2010, annual spending would be over \$500,000 but less than \$1 million.

*Children with birth defects.* Under current law, certain children with spina bifida are eligible for benefits from VA. Section 162 would extend those benefits to certain children with other birth defects. Children with birth defects that are genetic in nature and that arise from well-known and recognized causes would not be eligible.

This section provides for a monthly allowance to be paid to each individual based on the severity of the disability. The bill would establish four levels of disability and associated payments that would range from \$100 a month to \$1,272 a month. For this estimate, CBO assumes that potential beneficiaries would be distributed uniformly across the four categories and that 75 percent of them would apply for and receive payments. CBO estimates that the allowance would cost about \$1 million a year.

Section 162 also would extend health care benefits to these children, assuming appropriation of the necessary amounts. Information about the estimated costs are provided below with other spending subject to appropriation.

**Veterans' Home Loans.** The bill also would increase direct spending for certain veterans' housing benefits.

*Increase in loan guaranty.* Section 122 would increase the maximum loan guaranty amount from \$50,750 to \$63,175, thereby raising the maximum loan amount from \$203,000 to \$252,700 (for large loan amounts, VA can only guaranty 25 percent of the loan amount). CBO estimates that enacting this section would increase direct spending by \$9 million in 2001 and by \$90 million over the 2001-2005 period. The cost over 10 years would be approximately \$220 million. Based on information from VA, CBO estimates that the provision would result in 8,000 new loans a year over the 2001-2010 period. In addition, roughly 3,000 loans each year would now be made with higher loan amounts—these would not be new borrowers, but veterans who would no longer need a downpayment to qualify for the VA loan guaranty benefit.

*Other housing provisions.* Section 121 would prohibit VA from reducing a grant for specially adapted housing if the title to the property is held jointly by the veteran and another person. Section 123 would waive the loan fee for any veteran who has been rated eligible for compensation benefits even if an effective date for receiving compensation has not yet been established; under current law, a veteran must be receiving compensation payments before the loan fee is waived. Both sections would affect few borrowers and would have insignificant effects on direct spending.

**Readjustment Benefits.** Subtitle B contains several provisions that would affect veterans readjustment benefits.

*Diploma requirement.* To be eligible for the Montgomery GI Bill (MGIB) under current law, an individual must meet certain educational prerequisites before the end of his or her initial period of obligated service. Section 111 would remove the time constraint by allowing a secondary school diploma or its equivalent to be obtained at any time before applying for MGIB benefits. Based on information from the Department of Defense (DoD), CBO estimates that this section would make an additional 300 individuals eligible for the program each year. Based on current usage rates for MGIB benefits, CBO estimates an additional 20 trainees would use MGIB benefits in 2001, increasing to almost 300 additional trainees in 2010. CBO estimates that the provision would cost \$100,000 in 2001, \$2 million over the 2001-2005 period, and \$7 million over the 2001-2010 period.

*Obligation for duty.* MGIB eligibility also requires an individual to complete his initial service obligation. Section 112 would relax that requirement, allowing eligibility to be based on any completed period of obligated service. This would allow an individual who separated from the service during one period of duty to qualify for MGIB benefits by completing a subsequent obligated period of service. Based on information from DoD, CBO estimates that, of those individuals separating from the service each year, an additional 65 would be eligible for MGIB benefits. Assuming that about half of these individuals use their benefits and that they train according to current usage rates, the cost would be about \$60,000 in 2001, about \$1 million over the 2001-2005 period, and about \$3 million over the 2001-2010 period.

*Preparatory courses.* Section 113 would extend MGIB benefits to cover preparatory courses for college or graduate school entrance exams. Veterans who would otherwise consume their entire entitlement would forgo a payment at the end of their training if they use the benefit under this section, but for all other veterans, this section would add to spending. CBO estimates that this provision would increase direct spending by about \$3 million over the 2001-2005 period. The estimate assumes that each year about 1,700 participants would receive an average benefit of about \$365 for preparatory courses.

*Period of eligibility.* Section 114 would offer certain children, who are eligible for education benefits because of the service-connected death or total disability of a parent, a greater choice as to the beginning date of their eligibility period. Current law allows a child who becomes eligible for such benefits between the ages of 18 and 26 to choose a starting date that is either the date of the parent's death or the date the Secretary of Veterans Affairs finds the death to be service-connected. Section 114 would allow those adult children to begin the period of eligibility at any time between those two dates. Similarly, adult children whose eligibility is based on a parent's disability could choose to begin their eligibility periods at any time between the effective date of the parent's disability and the date the Secretary first finds the disability to be permanent, total, and service-connected.

The bill would extend the eligibility period for about 1,700 adult children whose benefits expire each year according to data from VA. About 7 percent of them are training when they reach the end of the eligibility period. CBO assumes that half of those adult children whose eligibility period expires could gain extra time by changing their start dates as the bill would allow. CBO estimates this provision would result in an additional 60 trainees a year at a total annual cost of about \$200,000.

*Effective date of entitlement.* Section 115 would allow retroactive payments to otherwise eligible dependents of veterans for education undertaken during the period after the veteran died or became totally disabled but before the disability was found to be total or the death or disability was found to be service-connected. Currently, most dependents file an application for benefits after the Secretary's finding of service-connected death or disability. While this finding may be made several years after the date of death or what is found to be the effective date of the disability, benefits may not be granted for more than one year before the date of receipt of the dependent's application. This section would direct the Secretary to consider any application received within a year of the finding to have been filed on the effective date of death or disability.

Based on information from the VA, CBO estimates section 115 would initially result in about 125 additional requests for retroactive benefits in 2001 and 2002, and about 50 additional requests in succeeding years. Thus, the cost would be higher in the first few years because of a backlog of newly qualified applicants. The estimated cost over the 2001-2005 period would be about \$2.5 million.

**Service-Disabled Veterans' Insurance.** The Service-Disabled Veterans' Insurance (SDVI) program insures veterans with service-connected disabilities. Participants receive a subsidy equal to the difference between the premiums they pay, which account for age but not disabilities, and the actual cost of the program. The term policies are renewable for life, but the premiums at the older ages can be costly. Section 131 would eliminate increases in

premiums when beneficiaries over age 70 renew their policies; that is, premiums on renewals would be capped at the rate for 70-year-olds.

For this estimate, CBO used data from VA on premiums for policyholders 70 or more years of age and the premiums under the proposed cap. The difference represents an additional subsidy that VA would provide. For 2001 and 2002, the cost would be less than \$500,000 annually. From 2003 through 2005, the annual cost would be more than \$500,000 but less than \$1 million.

**Prescription Copayments.** The bill contains a provision that would lower the amounts that VA receives from copayments for medical care. Under current law, VA may spend some of those receipts; thus, the impact on direct spending is limited to the effects of timing and the likelihood that VA does not spend as much as it collects. Because receipts would be forgone before spending would be lowered, the effect of timing is to raise costs in the near term. Eventually, the lowered spending would offset the loss of receipts except, however, to the extent that VA does not spend all that it could from those collections. CBO estimates that this provision would cost \$14 million in 2001, but the annual cost would decline to about \$2 million a year by 2004. At some point after then reduced spending might offset the forgone receipts. Other assumptions and impacts of this provision are discussed below with other parts of the bill that would affect spending subject to appropriation.

**Burial Benefits for Certain Filipino Veterans.** Section 141 would expand the eligibility for interment in national cemeteries to certain Filipino veterans of World War II (WWII). Current law allows for certain members of Philippine military forces that were in service to the Armed Forces of the United States during World War II to receive some veterans' benefits. This provision would allow for the burial of these veterans in national cemeteries. Using the number of living WWII Filipino veterans, expected mortality rates, assumptions about veterans' burial rates in national cemeteries, and the costs for such interment, CBO estimates that it would cost less than \$500,000 annually to provide this benefit.

### **Spending Subject to Appropriation**

Table 3 shows the estimated effects of S. 1810 on discretionary programs, assuming that appropriations are provided in the amount of the estimated authorizations.

**Medical Care.** Implementing the bill would increase discretionary spending for veterans' medical care by \$58 million in 2001 and \$287 million over the 2001-2005 period.

**TABLE 3. ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION FOR S. 1810**

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
<b>VETERANS' MEDICAL CARE</b>						
Spending Under Current Law						
Estimated Authorization Level <sup>a,b</sup>	19,493	19,493	19,493	19,493	19,493	19,493
Estimated Outlays	18,791	19,312	19,441	19,415	19,396	19,377
Proposed Changes						
Estimated Authorization Level	0	72	86	53	53	53
Estimated Outlays	0	58	78	49	51	51
Spending Under S. 1810						
Estimated Authorization Level	19,493	19,565	19,579	19,546	19,546	19,546
Estimated Outlays	18,791	19,370	19,518	19,464	19,447	19,428
<b>GENERAL OPERATING EXPENSES</b>						
Spending Under Current Law						
Estimated Authorization Level <sup>a,b</sup>	941	941	941	941	941	941
Estimated Outlays	925	941	941	941	941	941
Proposed Changes						
Estimated Authorization Level	0	4	7	8	8	8
Estimated Outlays	0	4	7	7	8	8
Spending Under S. 1810						
Estimated Authorization Level	941	945	948	949	949	949
Estimated Outlays	925	945	948	948	949	949
<b>CONSTRUCTION OF MEDICAL FACILITIES</b>						
Spending Under Current Law						
Budget Authority <sup>a</sup>	65	0	0	0	0	0
Estimated Outlays	253	217	171	116	56	27
Proposed Changes						
Estimated Authorization Level	0	50	0	0	0	0
Estimated Outlays	0	2	13	16	12	5
Spending Under S. 1810						
Estimated Authorization Level	65	50	0	0	0	0
Estimated Outlays	253	219	184	132	68	32
<b>SUMMARY OF CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	0	126	93	61	61	61
Estimated Outlays	0	64	98	72	71	64

a. The figure shown for 2000 is the amount appropriated for that year.

b. The estimate assumes that funding under current law will remain at the level appropriated for 2000 without adjustment for inflation. If funding over the 2001-2005 period is adjusted for inflation, the base amounts for medical care and general operating expenses would increase by about \$600 million a year and \$30 million a year, respectively. In both cases the estimated changes would remain as shown under "Proposed Changes."

*Prescription copayments.* Under current law, VA provides prescription drugs to beneficiaries when VA both writes and fills a prescription. The current copayment for these prescriptions is \$2, although VA may increase the copayment to \$5 in early 2001. Many veterans are exempted from the copayment because they have service-connected disabilities or a low enough income. Section 201 would raise the income threshold thereby increasing the number of veterans who would not pay for prescriptions.

For income-based exemptions the current threshold is about \$9,000 for a single individual, although the amount varies based on the number of dependents. The new threshold would be roughly \$22,000 for a single individual. According to VA, the individuals in the affected category purchase about 40 percent of the prescriptions for which VA charges a copayment. In 2001, CBO expects pharmaceutical copayments to reach about \$80 million from the \$2 copayment amount and an additional \$120 million from the increase in pharmaceutical copayments from \$2 to \$5. Thus, the cost of the proposal would be 40 percent of those amounts.

Differentiating the copayment into two streams is important because the relevant amounts are treated differently in federal budgeting. Money from the first \$2 in copayments can be spent by VA only if it receives a subsequent appropriation. (The authority to collect the first \$2 of the copayment expires at the end of fiscal year 2002.) Additional copayment receipts over \$2 can be spent automatically, that is, without further appropriation. Although the forgone receipts are nearly offset by a reduction in spending, the provision would result in a greater demand for appropriations to offset the reduced spending. CBO estimates that VA's need for discretionary funding would increase by \$297 million over the 2001-2005 period.

*Veterans exposed to radiation.* VA provides medical care to veterans based on priorities established in law. The highest priorities are given to veterans with service-connected disabilities, but VA also has a program to provide health care to veterans with potentially radiogenic diseases, but only for treatment of those diseases. Under section 102, certain veterans with lung, ovarian, colon, and tumors of the brain and central nervous system would receive the highest priorities because their diseases would be presumed to be service-connected. By requiring this presumption of service connection, the bill would probably draw a greater number of veterans to VA for care. It might also lead some veterans who currently receive care from VA to have a greater share of their needs taken care of by VA.

CBO estimates that implementing the bill would raise spending on veterans' medical care for radiation-related treatment by \$1 million in 2001 and by \$14 million over the 2001-2005 period, assuming appropriation of the necessary amounts. This estimate depends primarily on assumptions about how many of the affected veterans already receive the highest

priorities, how many veterans the bill would attract to the VA health system, and how many current patients would receive a greater range of care. The key assumptions are as follows:

- Roughly one-third of these veterans would already have high-priority access based on other compensable service-connected disabilities or income, as allowed under current law. (This figure is based on CBO's estimate of the proportion of WWII veterans with such status in 1996.)
- About one-tenth of the veterans who gain a higher priority would use VA medical services. CBO estimates that VA's per capita spending would be about \$13,000 annually for most new cancer patients. This cost factor, which is roughly three times VA's average annual cost per user, is based on a recent study showing a comparable difference between Medicare's average annual cost per beneficiary with certain types of cancer, including lung cancer, and all beneficiaries who receive medical care. CBO estimates that care for the remaining new patients would cost VA the same per capita amount that it spends for current patients.
- About one-fourth of the veterans who would use priority care under this bill would already be receiving cancer treatment from VA, based on data from the 1992 Survey of Veterans. CBO estimates that VA would spend an additional \$1,300 annually for these veterans.

Section 102 also would provide for additional payments of disability compensation and DIC that would constitute direct spending. The estimates of those costs are discussed above under the heading "Direct Spending."

*Children with birth defects.* Under current law, certain children with spina bifida are eligible for benefits from VA. Section 162 would extend those benefits to certain children with other birth defects. CBO estimates that fewer than 200 people would be eligible for benefits under the bill, based on information from VA and adjustments for mortality and the severity of the birth defect. Given the potential for severe birth defects, we estimate that the cost of providing health care to those individuals could total up to \$12,000 per person. As with spina bifida patients, new beneficiaries would not need to receive their health care at VA facilities, but could instead be reimbursed by VA for care received outside of the VA system. Because the health care need not be received at VA facilities, CBO expects that roughly 50 percent of those eligible would use this benefit. (If the care had to be received at VA facilities, we expect that this percentage would be significantly lower.) CBO estimates that providing health care to these people would cost \$1 million a year, assuming appropriation of the necessary amounts.

This section also provides for a monthly allowance that would constitute direct spending. The estimates of those costs are discussed above under the heading “Direct Spending.”

**General Operating Expenses.** CBO estimates that implementing S. 1810 would increase VA operating expenses by \$4 million in 2001 and \$34 million over the 2001-2005 period. Section 101 would require VA to provide more assistance than it does under current law to veterans who file claims for benefits. The bill would require VA to pursue certain records that are necessary to establish a claim, to inform veterans of any information the VA needs to adjudicate an incomplete claim, pursue information the veteran authorizes or requests the VA to obtain, and inform the veteran when the department cannot locate information pertinent to a claim.

If relevant for claims to disability compensation, VA would be required to obtain pertinent records, including a veterans’ medical record from military service, his or her service record, any records of treatment provided by the VA, and any other relevant materials available from other federal agencies. The bill would also require VA to provide medical exams to veterans who need them to substantiate their claims. Also, the bill would allow any claimant who had a claim denied since July 14, 1999, to resubmit it if the claim was denied because of insufficient evidence.

CBO expects that, in order to carry out its responsibilities under section 101, VA would have to hire additional claims adjudicators. Based on information from the VA, CBO assumes that 110 additional claims adjudicators would be hired at an estimated cost of \$3 million in salary and benefits in 2001 and about \$7 million annually thereafter. CBO estimates that training would cost about \$1 million a year and that one-time costs associated with expanding the claims processing staff would be about \$700,000 in 2001. The cost of providing medical exams is covered under current law. CBO does not expect a significant increase in benefit payments as a result of this bill.

**Construction of Medical Facilities.** Section 303 would authorize appropriations of \$50.1 million to complete three projects that are specified in the bill and to continue certain projects authorized under current law. CBO estimates that those funds would be spent over the next five years, with most of the outlays occurring from 2002 through 2004.

**Dose Reconstruction Review.** Section 171 would require DoD to enter into a contract with the National Academy of Sciences (NAS) to carry out periodic reviews of the dose reconstruction program, which is used to estimate the amount of radiation to which certain veterans may have been exposed. Between 1945 and 1962 about 200,000 active military personnel participated in atmospheric nuclear tests, and some were exposed to potentially harmful doses of radiation. For certain types of cancers not automatically presumed linked to radiation exposure, dose reconstruction is used to adjudicate compensation benefits. This

section would require NAS to review the current dose reconstruction program, over a period of not more than 24 months, to determine its accuracy. Based on information provided by NAS, CBO estimates that the two-year study would cost less than \$1 million.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in direct spending 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.

**TABLE 4. ESTIMATED IMPACT OF S. 1810 ON DIRECT SPENDING AND RECEIPTS**

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	44	81	152	176	198	193	186	208	214	217
Changes in receipts											Not applicable

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

S. 1810 contains no intergovernmental or private-sector mandates as defined in UMRA. A provision of the bill that would authorize the conveyance of the Fort Lyon medical facility would place certain conditions on the state of Colorado. Any costs to the state as a result of those conditions would be incurred voluntarily. The remaining provisions of the bill would impose no costs on state, local, or tribal governments.

**ESTIMATE PREPARED BY:**

Federal Costs:

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Disability Compensation: Michelle Patterson  
Veterans Medical Programs: Sam Papenfuss

Impact on State, Local, and Tribal Governments: Susan Sieg Tompkins

Impact on the Private Sector: Rachel Schmidt

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