

June 3, 2004

Honorable Christopher H. Smith  
Chairman  
Committee on Veterans' Affairs  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed table showing the direct spending effects of H.R. 1716, the Veterans Earn and Learn Act of 2004. A detailed explanation of the basis of the estimate will be forthcoming shortly.

H.R. 1716 would affect several veterans programs, including housing, readjustment benefits, compensation, pensions, and burial. CBO estimates that enacting this legislation would decrease direct spending for veterans programs by \$15 million over the 2005-2009 period and by \$19 million over the 2005-2014 period. In addition, CBO estimates that discretionary spending resulting from H.R. 1716 would be less than \$500,000 a year over the 2005-2009 period.

H.R. 1716 contains no intergovernmental mandates as defined by the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. The bill contains a private-sector mandate, but CBO estimates that the annual cost of this mandate would not exceed the threshold established in UMRA (\$120 million in 2004, adjusted annually for inflation).

Honorable Christopher H. Smith  
Page 2

If you wish further details on this estimate, we will be happy to provide them.  
The CBO staff contact is Sarah T. Jennings.

Sincerely,

Douglas Holtz-Eakin  
Director

Enclosure

cc: Honorable Lane Evans  
Ranking Democratic Member

---

ESTIMATED CHANGES IN DIRECT SPENDING UNDER H.R. 1716

---

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>HOUSING</b>											
Spending Under Current Law	-2,036	-144	-140	-144	-149	-153	-152	-155	96	98	165
Proposed Changes	0	-39	-41	-42	-42	-43	-44	-45	*	1	9
Spending Under H.R. 1716	-2,036	-183	-181	-186	-191	-196	-196	-200	96	99	174
<b>VETERANS' READJUSTMENT BENEFITS</b>											
Spending Under Current Law	2,665	2,852	3,008	3,166	3,315	3,458	3,590	3,737	3,853	3,974	4,098
Proposed Changes	0	4	40	42	48	51	56	-7	5	5	5
Spending Under H.R. 1716	2,665	2,856	3,048	3,208	3,363	3,509	3,646	3,730	3,858	3,979	4,103
<b>COMPENSATION, PENSION, AND BURIAL BENEFITS</b>											
Spending Under Current Law	30,585	35,858	33,713	31,472	34,366	34,754	35,180	38,339	33,919	37,254	37,944
Proposed Changes	0	2	1	1	1	2	2	2	2	2	2
Spending Under H.R. 1716	30,585	35,860	33,714	31,473	34,367	34,756	35,182	38,341	33,921	37,256	37,946
<b>Total Proposed Changes <sup>a</sup></b>	<b>0</b>	<b>-33</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>9</b>	<b>14</b>	<b>-50</b>	<b>8</b>	<b>7</b>	<b>16</b>

SOURCE: Congressional Budget Office.

NOTE: \* = less than \$500,000.

a. Five- and 10-year costs in the text differ slightly from a summation of the annual costs shown here because of rounding.

---

June 3, 2004