



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 23, 2003

H.R. 886

A bill to amend title 38, United States Code, to provide for the payment of dependency and indemnity compensation to the survivors of former prisoners of war who died on or before September 30, 1999, under the same eligibility conditions as apply to payment of dependency and indemnity compensation to the survivors of former prisoners of war who die after that date

As introduced on February 25, 2003

SUMMARY

H.R. 886 would expand eligibility for dependency and indemnity compensation for survivors of former prisoners of war (POWs) who died on or before September 30, 1999, to match the eligibility under current law for survivors of former POWs who died after that date. CBO estimates that enacting H.R. 886 would increase direct spending by less than \$500,000 in 2004, about \$7 million over the 2004-2008 period, and almost \$15 million over the 2004-2013 period.

H.R. 886 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandated 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. 886 is shown in the following table. This estimate assumes that the legislation will be enacted by October 1, 2003. The costs of this legislation fall within budget function 700 (veterans benefits and services).

By Fiscal Year, in Millions of Dollars

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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CHANGES IN DIRECT SPENDING

Estimated Budget Authority	*	1	2	2	2	2	2	2	1	1
Estimated Outlays	*	1	2	2	2	2	2	2	1	1

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

BASIS OF ESTIMATE

Under current law, survivors of veterans who die as a result of a service-connected disability are eligible to receive dependency and indemnity compensation (DIC). Survivors of veterans who die from a nonservice-connected condition also can qualify to receive DIC if the veteran was:

- Continuously rated totally disabled for at least 10 years prior to death,
- Continuously rated totally disabled for at least five years after discharge from the military, or
- A former POW who was continuously rated totally disabled for at least one year prior to their death and who died after September 30, 1999.

H.R. 886 would extend eligibility for DIC to survivors of deceased former POWs who were continuously rated totally disabled for at least one year prior to their death and who died before September 30, 1999. According to data provided by the Department of Veterans Affairs (VA), since the end of World War II about 121,000 living POWs have been returned to U.S. military control after captivity. About 39,000 of these former POWs are still alive today.

Based on data provided by VA on the number of survivors who were granted DIC under current law upon the death of a former POW after September 30, 1999, and on expected mortality of the former POWs who died before that date and their survivors, CBO estimates that about 480 survivors would be newly eligible for DIC under H.R. 886. Because many of these deaths occurred over the last 50 years or more, during which survivors may have lost touch with veterans' organizations that could inform them about the new benefit, and

considering that some survivors may have remarried making them ineligible for DIC, CBO assumes that no more than one-third, or about 160, of these eligible survivors would apply for DIC under the bill. CBO also assumes that these new DIC cases would phase in over a five-year period as eligible survivors learn about their eligibility and complete the process of applying for benefits from VA.

The average DIC payment in fiscal year 2002 was \$12,244. Such payments are adjusted annually for increases in the cost of living. CBO estimates that enacting H.R. 886 would increase direct spending by less than \$500,000 in 2004, about \$7 million over the 2004-2008 period, and about \$15 million over the 2004-2013 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 886 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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