



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

September 1, 2005

**H.R. 520**

**A bill to amend title 38, United States Code, to revise the effective date for payment of lump sums to persons awarded the Medal of Honor who are in receipt of special pension pursuant to section 1562 of such title, and for other purposes**

*As introduced on February 2, 2005*

**SUMMARY**

H.R. 520 would revise the effective date for eligibility for a lump-sum payment currently awarded to certain Medal of Honor (MoH) recipients. The bill also would direct the Department of Veterans Affairs (VA) to pay the lump-sum payment to the surviving spouse, children, or dependent parents, in cases where an eligible recipient is deceased. Finally, the bill also would authorize VA to pay a lump-sum payment to the surviving spouse, children, or dependent parents of MoH recipients who were awarded the medal posthumously. CBO estimates that enacting this bill would increase direct spending for pensions by less than \$500,000 in 2006 and about \$2 million over the 2006-2009 period.

H.R. 520 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 520 is shown in the following table. For this estimate, CBO assumes the bill will be enacted early in fiscal year 2006. The costs of this legislation fall within budget function 700 (veterans benefits and services).

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	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	0	*	1	*	*	0
Estimated Outlays	0	*	1	*	*	0

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

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## **BASIS OF ESTIMATE**

Under current law, living recipients of the Medal of Honor are eligible to receive a special monthly pension from VA upon their application for the pension. VA also provides the MoH recipient with a lump-sum payment to cover the time period between the first day of the first month beginning after the recognized act of valor and the last day of the month preceding the month in which the person's special pension began. The lump-sum payment is determined using the special pension rates that were in effect for that period.

H.R. 520 would make all MoH recipients who received this special pension on or after April 27, 1916, eligible for the lump-sum payment. For cases where an eligible recipient is deceased, the bill would direct VA to pay the lump-sum payment to the surviving spouse, surviving children or dependent parents, in that order. The bill also would authorize VA to pay a lump-sum payment to the surviving spouse, children, or dependent parents of MoH recipients who were awarded the medal posthumously. The lump-sum payment for posthumous recipients would cover the time period between the first day of the first month beginning after the recognized act of valor and the last day of the month preceding the month in which the recipient died.

According to information from the Congressional Medal of Honor Society (CMoHS), about 1,100 Congressional Medals of Honor have been awarded since April 27, 1916—about 570 to recipients who were living at the time their Medal of Honor was awarded and about 530 awarded posthumously.

### **Lump-Sum Payments to Survivors of Deceased MoH Recipients**

Based on data from CMOHS, CBO calculates that about 450 of the 570 recipients who were alive when their Medal of Honor was awarded are now deceased. Thus, their survivors would be eligible for a lump-sum payment under the bill. According to information from VA, the time period between the recognized act of valor and the first special pension payment totaled about 50 months, on average, for Medal of Honor recipients. Using an estimated average payment of \$136 a month (weighted to account for the distribution of MoH recipients by war and the changes in monthly pension rates over the 1916-1998 period), CBO estimates that lump-sum payments to survivors would total about \$6,900 on average. Neither VA nor CMOHS have information regarding survivors of MoH recipients. Absent that information, CBO assumes that only about 50 percent of deceased MoH recipients have eligible survivors who would apply for this lump-sum payment and that they would do so over the 2006-2009 period. Thus, CBO estimates that providing a lump-sum payment to the survivors of deceased MoH recipients would increase direct spending for pensions by less than \$500,000 in 2006 and about \$2 million over the 2006-2009 period.

### **Lump-Sum Payments to Survivors of Recipients of Posthumous Awards of MoH**

According to information from CMOHS, about 530 Medals of Honor have been awarded posthumously since April 27, 1916. A review of medal citations indicates that the survivors of only about 20 of these posthumous recipients would be eligible for a lump-sum payment from VA because most posthumous recipients were killed performing the act of valor. Based on data on the date of the act of valor and the date of death of each of these 20 recipients and the special pension rates over the 1916-1998 period (ranging from \$10 a month in 1916 to \$400 a month in 1998), CBO estimates that the potential cost of these lump-sum payments would total about \$180,000, with most of that amount paid to the survivors of eight MoH recipients. Assuming that most of the eligible survivors apply for the lump-sum payments, CBO estimates that providing a lump-sum payment to these survivors would increase direct spending for pensions by about \$180,000 over the 2006-2009 period.

Combined, CBO estimates that enacting provisions in H.R. 520 would increase direct spending by less than \$500,000 in 2006 and about \$2 million over the 2006-2010 period.

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

H.R. 520 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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