



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 14, 2007

H.R. 1284
Veterans' Compensation Cost-of-Living Adjustment Act of 2007

*As cleared by the Congress on October 18, 2007,
and signed by the President on November 5, 2007*

H.R. 1284, enacted as Public Law 110-111, will increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The increase will take effect on December 1, 2007, and the results of the adjustment will be rounded to the next lower dollar.

A COLA equal to that payable to Social Security recipients is assumed in CBO's baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33) and extended to 2013 by the Veterans Benefits Act of 2003 (Public Law 108-183). As a result, Public Law 110-111 will have no budgetary effect for Congressional scorekeeping purposes.

The Social Security Administration has announced that the COLA increase this year will be 2.3 percent. On that basis, CBO estimates that the actual cost of this legislation will be about \$580 million in 2008 (the annualized cost will be about \$770 million in subsequent years).

On March 16, 2007, CBO transmitted an estimate for H.R. 1284, the Veterans' Cost-of-Living Adjustment Act of 2007, as ordered reported by the House Committee on Veterans' Affairs on March 15, 2007. The CBO estimate provided in March assumed that the COLA would be 1.5 percent. Differences in the estimated cost reflect the difference between the COLA increase estimated at that time and the 2.3 percent increase that has been announced.

The CBO staff contact for this estimate is Dwayne M. Wright. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.