



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 29, 2008

**H.R. 6221
Improving Veterans' Opportunity in Education
and Business Act of 2008**

*As ordered reported by the House Committee on Veterans' Affairs
on July 16, 2008*

SUMMARY

H.R. 6221 would require the Department of Veterans Affairs (VA) to establish and expand programs to improve veterans' employment opportunities. CBO estimates that implementing the bill would cost \$314 million over the 2009-2013 period, assuming appropriation of the estimated amounts. (That estimate does not include costs, if any, that might result from terminating contracts under section 2.) Enacting the bill would not affect direct spending or revenues.

H.R. 6221 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 6221 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars					2009- 2013
	2009	2010	2011	2012	2013	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a						
MOST Program						
Authorization Level	60	60	60	60	60	300
Estimated Outlays	30	57	60	60	60	267
Work-Study Pilot Program						
Authorization Level	10	10	10	10	10	50
Estimated Outlays	7	10	10	10	10	47
Total Changes						
Authorization Level	70	70	70	70	70	350
Estimated Outlays	37	67	70	70	70	314

a. Total does not include costs, if any, resulting from the termination of contracts under section 2.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the start of fiscal year 2009, that the specified amounts will be appropriated each year, and that outlays will follow historical spending patterns for similar programs.

H.R. 6221 would authorize appropriations to expand job training, work-study, and small business opportunities for veterans. Based on information from VA, CBO estimates that the bill would cost \$314 million over the 2009-2013 period, assuming appropriation of the specified amounts.

Military Occupational Specialty Transition (MOST) Program. Section 4 would establish the MOST program to increase veterans' opportunities to participate in apprenticeships or on-the-job training. Under MOST, VA would pay employers 50 percent of an eligible veteran's salary—up to \$20,000 per trainee—for up to a year during the training or apprenticeship. The bill would authorize the appropriation of \$60 million each year over the 2009-2013 period. Based on information from VA, CBO expects more than 3,000 veterans to participate in the program annually. CBO estimates that implementing the MOST program would cost \$267 million over the 2009-2013 period, assuming appropriation of the specified amounts.

Work-Study Pilot Program. Section 3 would require VA to conduct a five-year pilot program to expand work-study opportunities for veterans. The current work-study program for veterans is limited to positions in certain VA facilities and, on campus, to assisting other veterans in obtaining veterans' education benefits. Under this pilot, veterans could also take positions in academic departments and student services. H.R. 6221 would authorize the appropriation of \$10 million each year over the 2009-2013 period for this program. Given information from VA, CBO anticipates that nearly 3,500 additional veterans each year would participate in work-study under this provision. CBO estimates that costs to VA would increase by \$47 million over the 2009-2013 period, assuming appropriation of the specified amounts.

Contracting Goals for Veteran-Owned Business. Section 2 would direct VA to include a provision in all contracts it enters with any government entity or person to acquire goods or services requiring them to comply with VA's goals for contracting preferences for small business concerns owned and controlled by certain veterans. If enacted, this provision would affect all future contracts—which CBO estimates would have no significant budgetary effect—and would require that all existing VA contracts be modified to comply with VA's current contracting goals.

According to VA, there are currently about 70 outstanding contracts, all arranged through the Army Corps of Engineers or the General Services Administration. VA reports that the cost for modifying a contract is about \$300. Therefore, CBO estimates that the cost for modifying current contracts would be about \$21,000, assuming availability of appropriated funds. However, it might be impossible to implement those changes for some contracts that are currently in effect without terminating those contracts or some subcontracts. CBO does not have sufficient information to determine which contracts might require termination and therefore cannot estimate any potential costs associated with such termination.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 6221 contains no intergovernmental mandates as defined in UMRA. Contracts between VA and state, local, or tribal governments would have to include goals by those governments for increasing contracts with small business that are owned and controlled by veterans. Any costs those governments incur to comply with contract conditions would be incurred voluntarily.

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