



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

July 2, 2007

**S. 423  
Veterans' Compensation Cost-of-Living Adjustment Act of 2007**

*As ordered reported by the Senate Committee on Veterans' Affairs  
on June 27, 2007*

S. 423 would 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 would take effect on December 1, 2007, and the results of the adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill 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).

Because the COLA is assumed in CBO's baseline, the COLA provision would have no budgetary effect relative to that baseline. Relative to current law, CBO estimates that enacting this bill would increase spending for those programs by \$373 million in 2008. (The annualized cost would be about \$500 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2007, will be 1.5 percent.

S. 423 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On March 16, 2007, CBO transmitted a cost estimate for H.R. 1284, the Veterans' Compensation Cost-of-Living Adjustment Act of 2007, as ordered reported by the House Committee on Veterans' Affairs on March 15, 2007. The two versions of the legislation are identical, as are the two estimates.

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