



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 16, 2013

H.R. 1412 **Improving Job Opportunities for Veterans Act of 2013**

As ordered reported by the House Committee on Veterans' Affairs on May 8, 2013

SUMMARY

H.R. 1412 would extend for one month an expiring provision of law that limits pensions paid to certain veterans who are receiving Medicaid coverage in Medicaid-approved nursing homes. The bill also would modify the conditions for veterans to receive education benefit payments from the Department of Veterans Affairs (VA) for participating in on-the-job training and require VA to enter into agreements with other federal agencies to promote on-the-job training opportunities for veterans.

If enacted, CBO estimates that, on net, the bill would decrease direct spending by \$14 million over the 2014-2018 period and by \$12 million over the 2014-2023 period. Because the bill would affect direct spending, pay-as-you-go procedures apply. Enacting H.R. 1412 would not affect revenues. In addition, implementing H.R. 1412 would have an insignificant effect on discretionary spending.

H.R. 1412 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1412 is shown in the following table. The costs of this legislation fall within budget functions 700 (veterans benefits and services) and 550 (health).

	By Fiscal Year, in Millions of Dollars										2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018	2023
CHANGES IN DIRECT SPENDING												
Pensions for Veterans in Medicaid-Approved Nursing Homes												
Estimated Budget Authority	0	0	0	-20	0	0	0	0	0	0	-20	-20
Estimated Outlays	0	0	0	-20	0	0	0	0	0	0	-20	-20
Temporary Reduction to Wage Requirement for On-the-Job Training Programs												
Estimated Budget Authority	0	1	1	2	2	1	1	0	0	0	6	8
Estimated Outlays	0	1	1	2	2	1	1	0	0	0	6	8
Total Changes												
Estimated Budget Authority	0	1	1	-18	2	1	1	0	0	0	-14	-12
Estimated Outlays	0	1	1	-18	2	1	1	0	0	0	-14	-12

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that the legislation will be enacted near the start of fiscal year 2014 and that outlays will follow historical spending patterns for similar and existing programs.

Direct Spending

H.R. 1412 would reduce direct spending for veterans' pensions and increase direct spending for veterans' education benefits. On net, enacting the bill would decrease direct spending by \$12 million over the 2014-2023 period, CBO estimates.

Pensions for Veterans in Medicaid-Approved Nursing Homes. Section 4 would extend for one month (from November 30, 2016, to December 31, 2016) the expiration date of a provision of current law that sets a \$90 per month limit on pensions paid to any veteran who does not have a spouse or child and who is receiving Medicaid benefits in a Medicaid-approved nursing home; that provision also applies to any survivor of a veteran who is receiving such coverage. Using data provided by VA, CBO estimates that about 15,000 veterans and 19,000 survivors would be affected by this provision in fiscal year 2017 and that the average monthly savings to VA in that year would be about \$1,800 per veteran and \$1,200 per survivor. (Those projections account for inflation, mortality rates, and new nursing home patients.) On that basis, CBO estimates that enacting the provision would reduce VA spending by \$50 million.

Higher Medicaid payments to nursing homes would offset some of those savings. We estimate that those costs would total about \$30 million in that month, resulting in a net reduction in direct spending of \$20 million in 2017 and over the 2014-2023 period.

Temporary Reduction to Wage Requirement for On-the-Job Training Programs. VA provides education benefits to certain veterans participating in on-the-job training programs. Under current law, for participants in such programs to be eligible, the employer must pay trainees a starting wage equaling at least 50 percent of the full-time wage for that position. That amount must steadily increase to at least 85 percent of the appropriate full-time wage by the last month of the program.

Section 2 would broaden participation by temporarily reducing the requirement for final pay to no less than 75 percent of the appropriate wage for veterans who begin training in fiscal years 2015 through 2018. CBO expects that such a change would increase the number of on-the-job training programs that VA would approve for use of education benefits; thus, CBO estimates that an additional 150 veterans would receive an average of \$8,500 in benefits from VA annually from 2015 through 2020. In total, enacting section 2 would increase direct spending by \$8 million over the 2015-2023 period, CBO estimates.

Spending Subject to Appropriation

Section 3 would require VA to enter into agreements with other federal departments and agencies to operate on-the-job training programs to provide training opportunities for veterans. Based on information from VA, CBO estimates that any costs to enter into those agreements would be insignificant over the 2014-2018 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 1412 as ordered reported by the House Committee on Veterans' Affairs on May 8, 2013

	By Fiscal Year, in Millions of Dollars												2013-	2013-
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018	2023	
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	0	1	1	-18	2	1	1	0	0	0	-14	-12	

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1412 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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