



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 16, 2014

H.R. 5404 **Department of Veterans Affairs Expiring Authorities Act of 2014**

*As ordered reported by the House Committee on Veterans' Affairs
on September 10, 2014*

SUMMARY

H.R. 5404 would extend a number of requirements and authorities related to providing benefits to veterans. In total, CBO estimates that implementing the bill would cost \$1.3 billion over the 2015-2019 period, subject to appropriation of the necessary amounts.

In addition, CBO estimates that enacting the bill would increase direct spending by \$2 million over the 2015-2024 period; therefore, pay-as-you-go procedures apply to the bill. Enacting H.R. 5404 would not affect revenues.

H.R. 5404 would impose an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) by extending the period during which insurers would have to cover certain care provided by the Department of Veterans Affairs (VA) to veterans with conditions related to military service. CBO estimates that the cost of the mandate would exceed the threshold established in UMRA for private-sector mandates in fiscal year 2015, but that the cost to state and local governments would not exceed the threshold established for intergovernmental mandates in that year. (The thresholds in 2014 are \$76 million for intergovernmental mandates and \$152 million for private-sector mandates; both thresholds are adjusted annually for inflation.)

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5404 is summarized in Table 1. The costs of this legislation fall within budget function 700 (veterans benefits and services).

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF H.R. 5404, THE DEPARTMENT OF VETERANS AFFAIRS EXPRING AUTHORITIES ACT OF 2014

	By Fiscal Year, in Millions of Dollars					2015-2019
	2015	2016	2017	2018	2019	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	491	523	100	100	100	1,314
Estimated Outlays	402	536	155	104	100	1,297
CHANGES IN DIRECT SPENDING^a						
Estimated Budget Authority	1	3	*	-2	*	2
Estimated Outlays	1	3	*	-2	*	2

Note: * = between -\$500,000 and \$500,000.

a. Over the 2015-2024 period, changes in direct spending also would total \$2 million, CBO estimates.

BASIS OF ESTIMATE

For this estimate, CBO assumes the legislation will be enacted by the end of calendar year 2014, that the necessary amounts will be appropriated for each year, and that outlays will follow historical spending patterns for similar and existing programs.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 5404 would have a discretionary cost of \$1.3 billion over the 2015-2019 period, assuming appropriation of the specified and estimated amounts (see Table 2).

Title I. Title I contains provisions that would extend, for one year, certain requirements and authorities related to providing health care to veterans.

Most of the estimated costs for title I would result from extending the expiring requirement to provide nursing home care to certain veterans through December 2015. Because those costs were included in VA’s budget for 2015 and appropriations have been provided in advance for that year, we estimate no additional funding would be necessary in fiscal year 2015 for that activity. However, implementing that provision would require appropriations of \$413 million in 2016 (for the first quarter of that fiscal year). In total, CBO estimates that implementing title I would cost \$447 million over the 2015-2019 period.

Title I also would extend through fiscal year 2015 the authority for VA to bill the health insurance companies of veterans with service-connected conditions who are treated at VA medical facilities for health issues that are not service-connected. Under current law, VA has the authority to spend those collections; therefore, we estimate that provision would have no net budgetary effect over the 2015-2019 period.

TABLE 2. ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 5404

	By Fiscal Year, in Millions of Dollars					2015- 2019
	2015	2016	2017	2018	2019	
TITLE I						
Nursing Home Care						
Estimated Authorization Level	0	413	0	0	0	413
Estimated Outlays	0	369	38	3	0	410
Medical Disability Examinations						
Estimated Authorization Level	22	7	0	0	0	29
Estimated Outlays	22	7	0	0	0	29
Transportation Grants						
Authorization Level	3	0	0	0	0	3
Estimated Outlays	3	*	0	0	0	3
Pilot Program for Counseling for Women in Retreat Settings						
Authorization Level	2	1	0	0	0	3
Estimated Outlays	2	1	*	0	0	3
Pilot Program for Child Care						
Authorization Level	2	0	0	0	0	2
Estimated Outlays	2	*	0	0	0	2
Subtotal, Title I						
Estimated Authorization Level	29	421	0	0	0	450
Estimated Outlays	29	377	38	3	0	447

(Continued)

TABLE 2. CONTINUED

	By Fiscal Year, in Millions of Dollars					2015- 2019
	2015	2016	2017	2018	2019	
TITLE II						
Comprehensive Service Programs						
Authorization Level	100	100	100	100	100	500
Estimated Outlays	89	99	99	100	100	487
Supportive Services for Low-Income Families						
Authorization Level	300	0	0	0	0	300
Estimated Outlays	268	28	2	0	0	298
Homeless Veterans Reintegration Programs						
Authorization Level	50	0	0	0	0	50
Estimated Outlays	4	30	15	1	0	50
Homeless Veterans with Special Needs						
Authorization Level	5	0	0	0	0	5
Estimated Outlays	5	*	0	0	0	5
Subtotal, Title II						
Estimated Authorization Level	455	100	100	100	100	855
Estimated Outlays	366	157	116	101	100	840
TITLE IV						
VA Office in the Philippines						
Estimated Authorization Level	6	0	0	0	0	6
Estimated Outlays	6	0	0	0	0	6
Transportation Benefits						
Estimated Authorization Level	0	1	0	0	0	1
Estimated Outlays	0	1	*	0	0	1
Subtotal, Title IV						
Estimated Authorization Level	6	1	*	*	*	7
Estimated Outlays	6	1	*	*	*	7
Total Changes						
Estimated Authorization Level	491	523	100	100	100	1,314
Estimated Outlays	402	536	155	104	100	1,297

Notes: Components may not sum to totals because of rounding.

VA = Department of Veterans Affairs; * = less than \$500,000.

Title II. Title II includes several provisions that would extend certain programs administered by VA to assist homeless veterans.

Specifically, title II would authorize the appropriation of \$855 million over the 2015-2019 period by extending for one year the expired or expiring authorities for the following programs, or by permanently increasing their existing authorization levels:

- Comprehensive Service Programs,
- Financial assistance for supportive services for very low-income veteran families in permanent housing,
- Homeless Veterans Reintegration Programs, and
- Grant program for homeless veterans with special needs.

CBO estimates that implementing this section would cost \$840 million over the 2015-2019 period, assuming appropriation of the specified amounts.

Title III. Title III would extend for one year the authority of the Secretary of Veterans Affairs to operate the Veterans' Advisory Committee on Education. Based on information from the VA, CBO estimates that extending that authority through December 31, 2015, would have an insignificant cost over the 2015-2019 period. Enacting title III also would have effects on direct spending. Those costs are discussed below in the "Direct Spending" section of the estimate.

Title IV. Title IV includes provisions that would extend the VA's authority to:

- Operate the VA regional office located in Manila, Philippines, from December 31, 2014, to September 30, 2015;
- Hire professional drivers to provide transportation to veterans receiving medical care, educational counseling, and vocational rehabilitation at VA facilities from December 31, 2014, to December 31, 2015 (no additional appropriations would be needed in fiscal year 2015);
- Continue the Advisory Committee on Minority Veterans for three years from December 31, 2014, to December 31, 2017; and
- Continue an agreement with the National Academy of Sciences to conduct research into exposure to herbicides during military operations in the Republic of Vietnam during the Vietnam era from October 1, 2014, to December 31, 2015.

In addition, section 407 would transfer the responsibility to investigate violations of the Uniformed Services Employment and Reemployment Rights Act involving federal executive agencies from the Department of Labor to the Office of Special Counsel and would require VA to provide certain reports to the Congress. In total, CBO estimates that implementing title IV would cost \$7 million over the 2015-2019 period, subject to appropriation of the necessary amounts.

Direct Spending

CBO estimates that enacting title III and IV would increase direct spending by \$2 million over the 2015-2024 period. Provisions in those titles would extend VA’s authority to provide certain readjustment benefits to qualifying veterans and service members. Specifically:

- Section 304 would extend for one year, through December 31, 2015, VA’s authority to provide rehabilitation and vocational benefits to severely injured or ill service members who are still in an active-duty status.
- Section 405 would allow VA to provide 30 adaptive housing grants in fiscal year 2015 to certain veterans who experience difficulty ambulating without the use of aids because of a loss, or loss of use of, one or more lower extremities.

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. 5404 as ordered reported by the House Committee on Veterans’ Affairs on September 10, 2014

	By Fiscal Year, in Millions of Dollars												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-2019	2014-2024
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	1	3	0	-2	0	0	0	0	0	0	2	2

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5404 would impose an intergovernmental and private-sector mandate as defined in UMRA by extending for one year a statutory provision that authorizes the Secretary of Veterans Affairs to bill and collect reasonable charges from third parties (primarily health insurance companies) for certain care provided to veterans by VA, if that payment for such care is usually reimbursable under the veteran's contract with the third-party provider. The obligation to pay VA for providing such care to veterans with conditions related to military service would be an enforceable duty on insurers and thus a mandate as defined in UMRA.

CBO estimates that the cost of the mandate for third-party providers in the private sector would total \$210 million in fiscal year 2015. That amount would exceed the annual threshold for private-sector mandates established in UMRA (\$152 million in 2014, adjusted annually for inflation). State and local governments that self-insure also would be covered by the provision. CBO estimates that the cost of the mandate for state and local governments would total about \$30 million in fiscal year 2015. That amount would fall below the annual threshold for intergovernmental mandates established in UMRA (\$76 million in 2014, adjusted annually for inflation).

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