



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 30, 2015

S. 1493 **Veterans' Compensation Cost-of-Living Adjustment Act of 2015**

As ordered reported by the Senate Committee on Veterans' Affairs on July 22, 2015

S. 1493 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) that recipients of Social Security receive. The increase would take effect on December 1, 2015.

The COLA that would be authorized by this bill is assumed in CBO's baseline, consistent with section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985. Because the COLA is assumed in CBO's baseline, authorizing the COLA would have no budgetary effect relative to the baseline. In CBO's March 2015 baseline, that COLA was projected to be 0.9 percent. In that case, enacting this bill would increase spending for those programs by \$662 million in fiscal year 2016. However, in their recent report, the "2015 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," the Social Security Trustees estimated that, because inflation has been so low, there would be no Social Security COLA this year.

Enacting S. 1493 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 1493 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On July 2, 2015, CBO transmitted a cost estimate for H.R. 675, the Veterans' Compensation Cost-of-Living Adjustment Act of 2015, as ordered reported by the House Committee on Veterans' Affairs on May 21, 2015. S. 1493 is similar to section 101 of H.R. 675, but does not include language that would require the increased payments to be rounded down to the next lowest dollar. Differences in the estimated costs reflect differences in the bills' language.

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