



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 15, 2013

H.R. 813 **Putting Veterans Funding First Act of 2013**

*As ordered reported by the House Committee on Veterans' Affairs
on August 1, 2013*

SUMMARY

H.R. 813 would authorize appropriations in advance for certain programs within the Department of Veterans Affairs (VA) and eliminate performance awards for senior executive staff at that agency. CBO estimates that implementing the bill would have a net cost of \$21 billion over the 2014-2018 period, assuming appropriations action consistent with the bill. Enacting H.R. 813 would not affect direct spending or revenues; therefore, pay-as-you go procedures do not apply.

H.R. 813 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. 813 is shown in the following table. The costs of this legislation fall within budget functions 700 (veterans benefits and services) and 800 (general government).

BASIS OF ESTIMATE

For this estimate, CBO assumes the legislation will be enacted in fiscal 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.

| | By Fiscal Year, in Millions of Dollars | | | | | 2014- 2018 |
|---|--|------|-------|-------|-------|---------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Advance Appropriations | | | | | | |
| Estimated Authorization Level | 0 | 0 | 8,831 | 9,111 | 9,407 | 27,349 |
| Estimated Outlays | 0 | 0 | 5,991 | 7,370 | 7,814 | 21,175 |
| Performance Awards for Senior Executive Staff | | | | | | |
| Estimated Authorization level | -4 | -4 | -4 | -4 | -4 | -18 |
| Estimated Outlays | -4 | -4 | -4 | -4 | -4 | -18 |
| VA Budget Planning Reform | | | | | | |
| Estimated Authorization Level | * | * | 1 | 1 | 1 | 3 |
| Estimated Outlays | * | * | 1 | 1 | 1 | 3 |
| GAO Review of VA Medical Care Budget Submission | | | | | | |
| Estimated Authorization Level | * | * | * | 1 | 0 | 2 |
| Estimated Outlays | * | * | * | 1 | * | 2 |
| Total Changes | | | | | | |
| Estimated Authorization Level | -3 | -3 | 8,829 | 9,109 | 9,404 | 27,336 |
| Estimated Outlays | -3 | -3 | 5,989 | 7,368 | 7,811 | 21,162 |

Notes: VA = Department of Veterans Affairs; GAO = Government Accountability Office.

Components may not sum to totals because of rounding.

* = less than \$500,000.

Advance Appropriations

Section 3 would authorize appropriations for 11 specific budget accounts:

- Medical and Prosthetic Research,
- National Cemetery Administration,
- Native American Veteran Housing Loan Program,
- General Administration—General Operating Expenses,
- General Operating Expenses—Veterans Benefits Administration,
- Information Technology Systems,
- Office of the Inspector General,
- Major Construction Projects,
- Minor Construction Projects,
- Grants for Construction of State Extended Care Facilities, and
- Grants for Construction of Veteran Cemeteries.

Under current law, appropriations for those budget accounts are provided each year. For each year starting in 2016, and for each account listed above, section 3 would authorize appropriations for that fiscal year as well as advance appropriations for the following fiscal year. CBO estimates that implementing that provision would cost about \$21 billion over the 2014-2018 period, assuming appropriation of the necessary amounts.

CBO's estimate of the authorization of appropriations required under the bill are the same as projections for the 2016-2018 period in the most recent CBO baseline, completed in May 2013. Those amounts are derived from the 2013 appropriated level for each account and adjusted for anticipated inflation. CBO expects that those amounts would be sufficient to provide services at the current level. However, if VA were to significantly expand the programs funded through those accounts, such as construction or research projects, additional funding would be required.

Performance Awards for Senior Executive Staff

Section 7 would eliminate performance awards to senior executive staff at VA over the 2014-2018 period. In recent years, VA spent slightly less than \$4 million annually for such performance awards. Assuming that similar amounts would be provided under current law over the next five years, CBO estimates that implementing section 7 would reduce costs for pay and performance by \$18 million over the 2014-2018 period, assuming appropriations are reduced by that amount.

VA Budget Planning Reform

Section 5 would require VA to submit to the Congress several reports. The first report would be entitled the Future-Years Veterans Program and include a spending plan for the subsequent five years and a plan for meeting the goals of the department. It would be included as part of VA's annual budget submission to the Congress, starting with the budget submission for 2018. Also under section 5, VA would be required to complete a quadrennial review of the policies, strategies, outcomes, benefits, and services for veterans provided by the department. That review would start in 2017 and be completed every four years thereafter.

Section 5 also would require VA to designate a current Assistant Secretary as the Chief Strategy Officer (CSO) for the department. The CSO would be responsible for providing advice and analysis regarding the programming and budgeting of department activities. CBO estimates that implementing section 5 would cost \$3 million over the 2014-2018 period, subject to the availability of appropriated funds.

GAO Review of VA Medical Care Budget Submission

Section 4 would require the Comptroller General of the United States to review and report on the accuracy of the budget submission for VA's medical care accounts for fiscal years 2015-2017. Based on information from the Government Accountability Office on the staff needed to prepare that report in the past (roughly eight full-time and part-time staff prepare the report over the duration of a year), CBO estimates that implementing this section would cost \$2 million over the 2014-2018 period, assuming the availability of appropriated funds.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 813 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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