



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 5, 2017

### **S. 1024** **Veterans Appeals Improvement and Modernization Act of 2017**

*As ordered reported by the Senate Committee on Veterans' Affairs  
on June 28, 2017*

#### **SUMMARY**

S. 1024 would modify the appeals process for benefit claims at the Department of Veterans Affairs (VA) and would require VA and the Government Accountability Office (GAO) to produce several reports. CBO estimates that implementing S. 1024 would cost about \$2 million over the 2017-2022 period; such spending would be subject to the availability of appropriated funds.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 1024 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 1024 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effect of S. 1024 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars						2017- 2022
	2017	2018	2019	2020	2021	2022	
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Estimated Authorization Level	0	1	*	*	*	*	2
Estimated Outlays	0	1	*	*	*	*	2

Note: Annual amounts do not sum to total because of rounding; \* = less than \$500,000.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 1024 will be enacted near the beginning of fiscal year 2018, that sufficient funds will be available each year, and that outlays will follow historical spending patterns for the affected programs.

### **Appeals Reform**

Section 2 would direct VA to implement a new process to handle appeals of claims for veterans' benefits. As described below, the current system allows for repeated revisions and resubmissions of claims while maintaining an effective date for benefits based upon the original filing date of the claim. As a result, VA reports that under current law final decisions on appeals take an average of three years, with some appeals taking more than six years. The current backlog for appeals exceeds 470,000 claims and is growing.

The proposed changes are intended to significantly streamline the appeal process, which would allow appeals to be finalized in a shorter period of time with fewer employees. VA reports that no additional personnel would be required for training, modifications to information technology, or outreach. VA also expects that the efficiencies of the new system would allow the agency to continue processing legacy appeals under the current system, very gradually reducing the existing backlog, without the need for additional employees. (Reducing the backlog in a more expedited manner would require more employees and would have a substantial cost.) Based on an analysis of information from VA and our understanding of the appeals process, CBO expects that VA could implement the changes without an increase in workload. Therefore, CBO estimates that implementing section 2 would have no significant cost over the 2017-2022 period.

## **Comprehensive Plan**

Section 3 would require VA to create a comprehensive plan to implement the new appeals process. That plan would include information about the existing process, including timeliness and the number of appeals, and would discuss how that information would differ under the new process. VA would be required to evaluate the potential costs for all facets of the new appeals process as well as to provide quarterly reports on VA's implementation of that process. The bill also would require GAO to conduct an assessment of VA's comprehensive plan. CBO estimates that implementing this provision would cost about \$2 million to prepare the reports over the 2017-2022 period.

## **Pilot Program on Fully Developed Appeals**

Section 4 would grant VA the authority to implement a pilot program for some appeals until the new appeals process could be implemented. VA indicates that it would not use this authority; therefore, CBO estimates that implementing section 4 would have no budgetary effects.

## **VA Appeals Data**

Section 5 would require VA to publish data monthly about the new appeals process on their website. CBO estimates that implementing section 5 would cost less than \$500,000 over the 2017-2022 period.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting S. 1024 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1024 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATE**

On May 19, 2017, CBO transmitted a cost estimate for H.R. 2288, the Veterans Appeals Improvement and Modernization Act of 2017, as ordered reported by the House Committee on Veterans' Affairs on May 17, 2017. Each section of S. 1024 is similar to the corresponding section of H.R. 2288 and the estimated costs of the two bills are identical.

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