



November 29, 2018

Honorable Mike Enzi
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

On May 15, 2018, the Congressional Budget Office transmitted an estimate of the budgetary effects of H.R. 299, a bill to amend title 38, United States Code, to clarify presumptions relating to the exposure of certain veterans who served in the vicinity of the Republic of Vietnam, and for other purposes, as ordered reported by the House Committee on Veterans' Affairs on May 8, 2018. Among other things, the act would provide disability compensation to more of the veterans who served in the territorial seas of Vietnam during the Vietnam War under the assumption that they had been exposed to Agent Orange, a blend of herbicides used by the Department of Defense to remove dense tropical foliage. CBO estimated that those provisions would increase direct spending by about \$900 million over the 2019-2028 period.

The bill that was passed by the House amended the earlier version to expand the nautical area in which veterans would be presumed to have been exposed to Agent Orange. That change would increase CBO's estimate of the costs of the legislation by about \$250 million to account for the additional veterans that would be affected.

Since the original estimate was prepared in May, CBO has obtained new information that would affect future estimates of similar legislation. In total, we expect that accounting for this new information would increase the estimate of the legislation's effect on direct spending by at least \$1 billion over 10 years.

First, CBO now expects that more veterans would be affected by enactment of the bill than previously estimated. The Department of Veterans Affairs (VA) already presumes that veterans who served aboard certain U.S. Navy ships on the dates they were near the coast of Vietnam were exposed to Agent Orange. Using information about the crew size of those listed ships, CBO estimated that about two-thirds of veterans who served in the geographic area covered by the bill would obtain compensation under current law. Thus, in its estimate for H.R. 299, CBO projected that only one-third of veterans in the covered population would be newly eligible for disability compensation under that bill.

We have since learned from additional discussions with VA that there is considerably more uncertainty than we originally anticipated about the number of veterans that, under current law, VA would presume to have been exposed because of service aboard those vessels. Specifically, there is a greater likelihood that less than two-thirds of veterans who served in the geographic area covered by the bill would obtain compensation under current law.

To account for that uncertainty CBO would, in future estimates expect that half of affected beneficiaries would obtain benefits under current law, and thus would not be affected by enactment of H.R. 299. That estimate is in the middle of the range of possible outcomes. Using that updated estimate would mean that fewer veterans would be expected to receive benefits under current law and more would get benefits as a result of H.R. 299. The increase in the number of affected veterans would result in additional retroactive payments to veterans whose disability claims previously have been denied by VA and also would increase the number of recurring disability payments.

In addition, on the basis of new information from VA, CBO also would increase its estimate of the number of surviving spouses of deceased veterans who would receive compensation because the cause of those veterans' deaths would be presumed to have been caused by exposure to Agent Orange.

Finally, CBO would estimate that spending subject to appropriation would increase for additional personnel to process disability claims. Such spending would allow VA to handle new claims more quickly. Although H.R. 299 would not require VA to hire more personnel to process these additional claims, the department has indicated that it would need to do so in order to avoid a lengthy backlog.

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CBO will incorporate this new information into its future estimates of the budgetary effects of such legislation.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Logan Smith, who can be reached at 226-2840.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall
Director

cc: Honorable Bernie Sanders
Ranking Member