

### At a Glance

## H.R. 984, Commitment to Veteran Support and Outreach

As ordered reported by the House Committee on Veterans' Affairs on July 26, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	-101
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	-101
Spending Subject to Appropriation (Outlays)	0	89	105

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
<b>Mandate Effects</b>			
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

**The bill would**

- Authorize the Department of Veterans Affairs (VA) to provide grants to state and tribal governments for outreach and assistance to veterans and their families
- Extend the higher rates for fees that VA charges borrowers for home loan guarantees

**Estimated budgetary effects would mainly stem from**

- Authorizing grants to state and tribal governments
- Extending the higher rates for fees charged by VA for home loan guarantees

**Detailed estimate begins on the next page.**

## Bill Summary

H.R. 984 would authorize the Department of Veterans Affairs (VA) to provide grants to state and tribal governments for outreach and assistance to veterans and their families. The bill also would make changes to VA's home loan guarantee program.

## Estimated Federal Cost

The estimated budgetary effect of H.R. 984 is shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

<b>Table 1. Estimated Budgetary Effects of H.R. 984</b>													
<b>By Fiscal Year, Millions of Dollars</b>												2023-2028	2023-2033
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
<b>Decreases in Direct Spending</b>													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	-101	0	0	-101
Estimated Outlays	0	0	0	0	0	0	0	0	0	-101	0	0	-101
<b>Increases in Spending Subject to Appropriation</b>													
Estimated Authorization	0	21	21	21	21	21	*	*	0	0	0	105	105
Estimated Outlays	0	10	16	21	21	21	11	5	0	0	0	89	105

\* = between zero and \$500,000.

## Basis of Estimate

For this estimate, CBO assumes that H.R. 984 would be enacted at the beginning of fiscal year 2024 and that provisions will take effect upon enactment or on the dates specified by the bill. CBO also estimates that outlays will follow historical spending patterns for affected programs.

## Direct Spending

The bill would extend—for about five weeks—the higher fees that VA charges borrowers for its loan guarantees. VA provides loan guarantees to lenders that allow eligible borrowers to obtain better loan terms—such as lower interest rates or smaller down payments—to purchase, construct, improve, or refinance a home. VA typically pays lenders up to 25 percent of the outstanding mortgage balance if a borrower's home is foreclosed upon.

Those payments, net of fees paid by borrowers and recoveries by lenders, constitute the subsidy cost for the loan guarantees.<sup>1</sup>

Under current law, the rates for most of the fees that borrowers pay to VA for loans guaranteed after November 14, 2031, will drop from a weighted average of about 2.4 percent to about 1.2 percent of the loan amount. H.R. 984 would extend the higher rates through December 26, 2031, thereby reducing the subsidy cost of loans guaranteed during that period. Using information from VA, CBO estimates that extending the higher rates would decrease direct spending by \$101 million over the 2023-2033 period.

### **Spending Subject to Appropriation**

H.R. 984 would authorize VA to provide grants to state and tribal governments for outreach and assistance to veterans and their families. State and tribal governments may use the grant funds to make people aware of benefits to which they may be entitled, and to help veterans and their families apply for VA benefits. The bill would require VA to follow certain guidelines when awarding grants to state and tribal governments, such as prioritizing grants to entities in areas with high rates of suicide among veterans or areas with a shortage of veterans service officers. (Veterans service officers are people who help veterans and their families apply for veterans benefits and services.) The bill would authorize the appropriation of \$20 million for each of fiscal years 2024 through 2028. Based on VA's administration of other grant programs to state and tribal governments, CBO estimates providing grants under the bill would cost \$84 million over the 2023-2028 period. The remaining \$16 million would be spent after 2028.

The bill would authorize VA to hire additional personnel for the department's Office of General Counsel to oversee the grant program. Using information on the administration of similar programs, CBO estimates VA would hire four full-time equivalent employees. Salaries and benefits for those employees would average \$160,000 annually and total \$5 million over the 2023-2028 period.

In total, providing and administering grants would cost \$89 million over the 2023-2028 period, CBO estimates (see Table 2). Such spending would be subject to the appropriation of the specified and estimated amounts.

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1. Under the Federal Credit Reform Act of 1990, the subsidy cost of a loan guarantee is the net present value of estimated payments by the government to cover defaults and delinquencies, interest subsidies, or other expenses offset by any payments to the government, including origination or other fees, penalties, and recoveries on defaulted loans. Such subsidy costs are calculated by discounting those expected cash flows using the rate on Treasury securities of comparable maturity. The resulting estimated subsidy costs are recorded in the budget when the loans are disbursed or modified. A positive subsidy indicates that the loan results in net outlays from the Treasury; a negative subsidy indicates that the loan results in net receipts to the Treasury.



**Table 2.  
Estimated Increases in Spending Subject to Appropriation Under H.R. 984**

	By Fiscal Year, Millions of Dollars						2023-2028
	2023	2024	2025	2026	2027	2028	
Grants to State and Tribal Governments							
Authorization	0	20	20	20	20	20	100
Estimated Outlays	0	9	15	20	20	20	84
Personnel							
Estimated Authorization	0	1	1	1	1	1	5
Estimated Outlays	0	1	1	1	1	1	5
Total Changes							
Estimated Authorization	0	21	21	21	21	21	105
Estimated Outlays	0	10	16	21	21	21	89

**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 Table 1.

**Increase in Long-Term Net Direct Spending and Deficits: None.**

**Mandates: None.**

**Previous CBO Estimate**

On March 1, 2023, CBO transmitted [a cost estimate for S. 106](#), the Commitment to Veteran Support and Outreach Act, as ordered reported by the Senate Committee on Veterans' Affairs on February 16, 2023. S. 106 would authorize more funding for grants to state and tribal governments to support outreach efforts over a shorter period of time. S. 106 would not affect VA's home loan program.

**Estimate Prepared By**

Federal Costs:

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## **Estimate Reviewed By**

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## **Estimate Approved By**

A handwritten signature in black ink that reads "Phillip L. Swagel". The signature is fluid and cursive, with a long, sweeping flourish at the end.

Phillip L. Swagel

Director, Congressional Budget Office