Congressional Budget Office
Cost Estimate

December 20, 2023

H.R. 522, Deliver for Veterans Act

As ordered reported by the House Committee on Veterans' Affairs on December 5, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	1	5	-1
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	1	5	-1
Spending Subject to Appropriation (Outlays)	0	0	0

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	< $2.5 billion	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
		Contains intergovernmental mandate?	No
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	< $5 billion	Contains private-sector mandate?	No

H.R. 522 would make changes to automobile grant and home loan programs administered by the Department of Veterans Affairs (VA). The costs of both programs are paid from mandatory appropriations. CBO estimates that enacting the bill would decrease net direct spending by $1 million over the 2024-2033 period.

Auto Grants. VA provides grants to purchase automobiles for veterans who have specified service-connected disabilities that usually impair their mobility. Under current law, the amount of the grant is capped at the lesser of the total purchase price of the automobile or $25,603 in 2024 and adjusted for inflation in subsequent years. H.R. 522 would authorize VA to also include the cost of shipping to deliver the automobile to the veteran, subject to the maximum amount for such grants.

On the basis of data provided by VA, CBO estimates that grants provided over the 2024-2033 period will be about $1,100 less than the maximum amount allowed, on average. CBO expects that the average shipping cost would meet or exceed the difference between the average and maximum grant amounts; thus, grants for vehicles with shipping costs would be for the maximum amount. CBO estimates that half of grantees would incur shipping costs that would be paid under the bill, increasing direct spending by $11 million over the 2024-2033 period.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Homes Loan Fees. H.R.522 would increase the 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.[1]

Under current law, the rates for most of the fees that borrowers pay to VA for loans guaranteed after November 15, 2031, will drop from a weighted average of about 2.4 percent to about 1.2 percent of the loan amount. The bill would extend the higher rates through November 20, 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 $12 million over the 2024-2033 period.

The costs of the legislation, detailed in Table 1, fall within budget function 700 (veterans benefits and services).

Table 1.
Estimated Budgetary Effects of H.R. 522

	By Fiscal Year, Millions of Dollars											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024-2028	2024-2033
	Increases or Decreases (-) in Direct Spending (Outlays)											
Auto Grants	1	1	1	1	1	1	1	1	1	2	5	11
Home Loan Fees	0	0	0	0	0	0	0	0	-12	0	0	-12
Total Changes in Direct Spending	1	1	1	1	1	1	1	1	-11	2	5	-1

Budget authority equals outlays for all sections.

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.

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