Congressional Budget Office
Cost Estimate

January 3, 2024

At a Glance

H.R. 3790, Justice for ALS Veterans Act of 2023

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	11	5
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	1	11	5
Spending Subject to Appropriation (Outlays)	*	*	*

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	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	**< $5 billion**	Contains intergovernmental mandate?	**No**
		Contains private-sector mandate?	**No**

* = between zero and $500,000.

The bill would

- Increase benefit payments to certain survivors of veterans who die from amyotrophic lateral sclerosis (ALS)
- Extend the higher fee rates that the Department of Veterans Affairs (VA) charges borrowers for home loan guarantees

Estimated budgetary effects would mainly stem from

- Larger benefit payments for survivors of veterans who die from ALS
- Extending the higher fee rates charged by VA for home loan guarantees

Areas of significant uncertainty include

- Estimating the number of survivors who would be eligible for increased benefit payments

Detailed estimate begins on the next page.

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

Bill Summary

H.R. 3790 would increase benefit payments to certain survivors of veterans who die from amyotrophic lateral sclerosis (ALS). The bill also would make changes to the Department of Veterans Affairs (VA) home loan guarantee program and would require a report on other service-connected disabilities with high mortality rates.

Estimated Federal Cost

The estimated budgetary effects of H.R. 3790 are shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

Table 1.
Estimated Changes in Direct Spending Under H.R. 3790

	By Fiscal Year, Millions of Dollars											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024-2028	2024-2033
Survivor Benefits												
Budget Authority	1	1	2	3	4	5	6	7	8	9	11	46
Estimated Outlays	1	1	2	3	4	5	6	7	8	9	11	46
Home Loans												
Budget Authority	0	0	0	0	0	0	0	0	-41	0	0	-41
Estimated Outlays	0	0	0	0	0	0	0	0	-41	0	0	-41
Total Increases												
Budget Authority	1	1	2	3	4	5	6	7	-33	9	11	5
Estimated Outlays	1	1	2	3	4	5	6	7	-33	9	11	5

a. In addition to the amounts shown here, the bill would increase spending subject to appropriation by less than $500,000 over the 2024-2033 period.

Basis of Estimate

For this estimate, CBO assumes that H.R. 3790 would be enacted early in fiscal year 2024 and that the provisions will take effect upon enactment. CBO estimates that outlays will follow historical spending patterns for affected programs.

Direct Spending

H.R. 3790 would increase benefits for certain survivors of veterans who die from ALS and extend the higher fees that VA charges borrowers for its loan guarantees. In total, H.R. 3790 would increase direct spending by $5 million over the 2024-2033 period (See Table 1).

Benefits for Survivors. Under current law, surviving spouses of veterans who die from a service-related injury or illness may receive monthly payments from VA under the Dependency and Indemnity Compensation program (DIC). Generally, for a surviving spouse to receive DIC payments, the veteran must have died from a service-connected disability or have been rated as totally disabled by VA for at least ten years prior to death. Surviving spouses who have been married to a totally disabled veteran for at least eight of those ten years are eligible to receive higher DIC benefits.

H.R. 3790 would require VA to pay that same higher benefit to surviving spouses of veterans who die from ALS, regardless of how long the veteran had the disease prior to death, as long as the spouse was married to the veteran for at least eight years prior to the veteran's death. Survivors of veterans who die from ALS after October 1, 2023, would be eligible for that enhanced benefit.

Using information from VA about the number of DIC recipients who were married to veterans with ALS for at least eight years and whose veteran spouse did not live eight years after the ALS diagnosis, CBO estimates that about 160 spouses would receive higher payments in 2024 and about 1,800 would receive additional payments by 2033 as a result of H.R. 3790. Over the 2024-2033 period, VA would make 9,400 annual equivalent payments averaging $4,650 per year for a total cost of $46 million, CBO estimates.

Home Loan Fees. The bill would extend—for about two 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.[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. H.R. 3790 would extend the higher rates through December 2, 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 $41 million over the 2024-2033 period.

Spending Subject to Appropriation

The bill would require VA to report to the Congress on service-connected disabilities with mortality rates that exceed 95 percent within eight years of diagnoses. Using information

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.

about the cost of similar reports, CBO estimates providing the report would increase costs by less than $500,000. Such spending would be subject to the availability of appropriated funds.

Uncertainty
CBO's estimate of the bill's costs is subject to uncertainty about the number of survivors who would be eligible for additional DIC payments in each year. If more or fewer survivors become eligible than CBO expects, costs could be higher or lower than CBO's estimates.

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

CBO estimates that enacting H.R. 3790 would not increase net direct spending by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting H.R. 3790 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2034.

Mandates

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

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