Congressional Budget Office
Cost Estimate

May 22, 2024

At a Glance

H.R. 7150, Survivor Benefits Delivery Improvement Act of 2024

As ordered reported by the House Committee on Veterans' Affairs on May 1, 2024

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	0	-22
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	-22
Spending Subject to Appropriation (Outlays)	*	7	14

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2035?	No	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 2035?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and $500,000.

The bill would

- Require the Department of Veterans Affairs (VA) to collect demographic information on certain recipients of VA survivor benefits
- Increase outreach to recipients of VA survivor benefits
- 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

- Collecting demographic information
- Increasing outreach to survivors
- Extending the higher fee rates charged by VA for home loan guarantees

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. 7150 would require the Department of Veterans Affairs (VA) to collect and analyze certain demographic information and provide outreach to the survivors of veterans who have recently died. The bill also would increase the fees that VA charges borrowers for its home loan guarantees. In total, H.R. 7150 would increase spending subject to appropriation by $14 million and reduce direct spending by $22 million over the 2024-2034 period.

Estimated Federal Cost

The estimated budgetary effects of H.R. 7150 are shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

Table 1.
Estimated Budgetary Effects of H.R. 7150

	By Fiscal Year, Millions of Dollars												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024-2029	2024-2034
Increases in Spending Subject to Appropriation													
Estimated Authorization	*	1	1	1	1	2	1	1	2	1	2	7	14
Estimated Outlays	*	1	1	1	2	2	1	1	2	1	2	7	14
Decreases (-) in Direct Spending													
Budget Authority	0	0	0	0	0	0	0	0	-22	0	0	0	-22
Estimated Outlays	0	0	0	0	0	0	0	0	-22	0	0	0	-22

Components may not sum to totals because of rounding; * = between zero and $500,000.

Basis of Estimate

For this estimate, CBO assumes that H.R.7150 will be enacted in fiscal year 2024 and that the provisions would take place upon enactment. CBO estimates that outlays will follow historical sending patterns for affected provisions.

Spending Subject to Appropriation

H.R. 7150 would require VA to collect demographic information about recipients of survivors' benefits administered by the department and to provide outreach on benefits available to survivors of veterans who have recently died. CBO estimates that implementing those provisions would cost $14 million over the 2024-2034 period (see Table 2). Such spending would be subject to the availability of appropriated funds.

Table 2.
Estimated Increases in Spending Subject to Appropriation under H.R. 7150

	By Fiscal Year, Millions of Dollars												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024-2029	2024-2034
Demographic Information													
Estimated Authorization	*	1	*	1	1	1	*	1	1	1	1	4	8
Estimated Outlays	*	1	*	1	1	1	*	1	1	1	1	4	8
Survivor Solid Start													
Estimated Authorization	*	*	1	*	1	1	1	*	1	*	1	3	6
Estimated Outlays	*	*	1	*	1	1	1	*	1	*	1	3	6
Total Increases													
Estimated Budget Authority	*	1	1	1	2	2	1	1	2	1	2	7	14
Estimated Outlays	*	1	1	1	2	2	1	1	2	1	2	7	14

Components may not sum to totals because of rounding; * = between zero and $500,000

Demographic Information. The bill would require VA, within one year of enactment, to collect certain demographic information on people who receive VA survivor benefits. VA would be required to analyze the information to determine if any demographic groups are underserved by VA benefits within one year of initially collecting the demographic data. (The department would determine what constitutes an underserved demographic. VA would be required to update such designations at least biennially and include that information in its annual report on usage of veterans and survivors benefits.) Within one year of designating underserved groups, VA would be required to submit a report to the Congress on its outreach and education strategies to increase awareness of such benefits among survivors belonging to groups deemed underserved.

Based on information from VA, CBO estimates the agency would need additional resources to collect and analyze data, and to develop and implement an outreach strategy for underserved groups. CBO estimates VA would hire five additional full-time personnel to implement those requirements and that annual compensation and benefits for those employees would average $157,000 over the 2024-2034 period. In total, the requirement for VA to collect and analyze demographic information on recipients of survivor benefits and to perform outreach to designated underserved groups would cost $8 million over the 2024-2034 period.

Survivor Solid Start. H.R. 7150 would also expand VA's Solid Start program to include survivors of recently deceased veterans. Through the Solid Start outreach program, veterans who have recently separated from military service are periodically contacted with information about veterans' benefits. Under the bill, VA would be required to contact eligible survivors of recently deceased veterans each quarter until the survivor applies for VA benefits. (Survivors may elect to not to be contacted further, or to receive fewer notices from VA.) As defined by the bill, outreach services would include information on how survivors can receive assistance when filing benefit claims and contact information of organizations that may offer such assistance. The bill would authorize VA to hire up to 10 full-time equivalent personnel to perform the required outreach. CBO estimates that VA would hire 10 people at an average annual salary and benefit cost of $62,000. In total, expanding outreach services to eligible survivors would increase spending subject to appropriation by $6 million over the 2024-2034 period, CBO estimates.

Direct Spending

Section 4 of H.R. 7150 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] That subsidy cost is reflected in the budget as direct spending.

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 2.3 percent to about 1.2 percent of the loan amount. The bill would extend the higher rates through November 29, 2031, thereby reducing the subsidy cost of loans guaranteed during that period. Using its forecast of loan volume based on data provided by VA, CBO estimates that extending the higher rates would decrease direct spending by $22 million over the 2024-2034 period (See Table 1).

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. 7150 would not increase net direct spending or deficits in any of the four consecutive 10-year periods beginning in 2035.

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.

Mandates

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

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