

H.R. 7816, Clear Communications for Veterans Claims Act

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)	0	2	2
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 7816 would increase the fees that the Department of Veterans Affairs (VA) charges borrowers for its home loan guarantees. The bill would also require VA to enter into an agreement with a federally funded research and development center (FFRDC) to assess notices that it sends to people who have applied for VA benefits.

Direct Spending

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. That subsidy cost is reflected in the federal 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. Section 3 of 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).

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



**Table 1.
Estimated Budgetary Effects of H.R. 7816**

	By Fiscal Year, Millions of Dollars											2024-2029	2024-2034
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034		
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
Increases in Spending Subject to Appropriation													
Estimated Authorization	0	1	1	0	0	0	0	0	0	0	0	2	2
Estimated Outlays	0	1	1	0	0	0	0	0	0	0	0	2	2

Spending Subject to Appropriation

Section 2 of H.R. 7816 would require VA to enter into an agreement with an FFRDC to assess notices sent to claimants for benefits administered by VA. (FFRDCs are public-private partnerships between the federal government and universities or corporations that conduct research and development for the federal government.) The FFRDC would assess whether such notices may be altered to reduce paper consumption and costs to the federal government and provide recommendations on ways to make such notices clearer and more concise. The bill would require VA to submit the assessment to the Congress and implement any such recommendations within one year of receipt, provided the recommendations comply with current law.

Using information on the cost of similar studies, CBO estimates that the assessment would cost \$1 million in fiscal year 2025. Based on information from VA, CBO estimates that it would cost the department \$1 million to analyze and implement the assessment's recommendations. In total, implementing section 2 would cost \$2 million over the 2024-2034 period. Such spending would be subject to the availability of appropriations.

The CBO staff contacts for this estimate are Paul B.A. Holland (home loans) and Logan Smith (other VA costs). The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

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