



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 16, 2010

H.R. 3976 **Veterans Employment and Home Preservation Act of 2010**

As ordered reported by the House Committee on Veterans' Affairs on March 10, 2010

SUMMARY

H.R. 3976 would temporarily loosen requirements necessary for veterans to receive benefit payments from the Department of Veterans Affairs (VA) for participating in on-the-job training. CBO estimates that implementing the bill would increase direct spending by \$9 million over the 2011-2020 period.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending.

H.R. 3976 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

H.R. 3976 would impose private-sector mandates, as defined in UMRA, on certain mortgage holders and other creditors. Based on information from industry sources, CBO expects that the cost of those mandates would fall below the annual threshold for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3976 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars											2011-	2011-	
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015	2020		
CHANGES IN DIRECT SPENDING														
Estimated Budget Authority	2	2	3	1	*	0	0	0	0	0	9	9		
Estimated Outlays	2	2	3	1	*	0	0	0	0	0	9	9		

Note: * = less than \$500,000. Annual costs do not sum to totals because of rounding.

BASIS OF ESTIMATE

VA provides education benefits to certain veterans participating in on-the-job training programs. Under current law, for such programs to be eligible for coverage under veterans benefits, the employer must pay trainees a starting wage equaling at least 50 percent of the full-time wage for that position. That amount must steadily increase to at least 85 percent of the appropriate full-time wage by the last month of the program.

Section 3 would temporarily reduce the requirement for final pay to no less than 60 percent for veterans who begin training in fiscal years 2011 through 2013. CBO expects that such a change would increase the number of on-the-job training programs that VA would approve for use of education benefits; thus, CBO estimates that an additional 260 veterans would receive an average of \$7,000 in benefits from VA annually from 2011 through 2015. CBO estimates that implementing H.R. 3976 would increase direct spending by \$9 million over the 2010-2020 period.

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 and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3976 as ordered reported by the House Committee on Veterans' Affairs on March 10, 2010

By Fiscal Year, in Millions of Dollars

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010-2015	2010-2020
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	2	2	3	1	0	0	0	0	0	0	9	9

Note: Annual costs do not sum to totals because of rounding.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3976 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

Section 2 would extend the expiration date by five years of enhanced protections for servicemembers under the Servicemembers Civil Relief Act (SCRA) relating to mortgages and mortgage foreclosures. Furthermore, it would extend mortgage-related protections under the SCRA to surviving spouses of servicemembers who die while in military service. Those changes would constitute mandates on mortgage holders. The cost of complying with these mandates would be the loss associated with delayed mortgage payments, delayed foreclosure, and interest-rate limitations. Based on historical separation rates, foreclosure rates, and mortgage-interest rates, CBO expects that the cost of the mandate would be small relative to the annual threshold for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

ESTIMATE PREPARED BY:

Federal Costs: Camille Woodland and David Newman

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum

Impact on the Private Sector: Elizabeth Bass

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis