

H.R. 2494, a bill to amend title 38, United States Code, to establish the Veterans Economic Opportunity and Transition Administration, and for other purposes

As ordered reported by the House Committee on Veterans' Affairs on May 4, 2021

| By Fiscal Year, Millions of Dollars | 2021 | 2021-2026 | 2021-2031 |
|--|------|-------------------------------------|---------------|
| Direct Spending (Outlays) | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 |
| Increase or Decrease (-) in the Deficit | 0 | 0 | 0 |
| Spending Subject to Appropriation (Outlays) | 0 | 3,078 | not estimated |
| Statutory pay-as-you-go procedures apply? | No | Mandate Effects | |
| Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032? | No | Contains intergovernmental mandate? | No |
| | | Contains private-sector mandate? | No |

H.R. 2492 would authorize the appropriation of just over \$3.2 billion in 2022 for the general operating expenses of the Veterans Benefit Administration. For 2021, the Congress appropriated about \$3.2 billion for that purpose. CBO estimates that spending would increase by \$3 billion over the 2022-2026 period, assuming appropriation of the specified amount. On the basis of historical spending patterns, CBO estimates that the remainder of the authorized amount would not be spent.

The bill also would create a new administration in the Department of Veterans Affairs (VA) to manage several of its programs. The Veterans Benefits Administration (VBA) currently manages the following benefit programs for veterans and other eligible individuals:

- Disability compensation;
- Pension, dependency and indemnity compensation, burial, and fiduciary programs;
- Insurance;
- Readjustment benefits (such as employment programs, education assistance, and vocational rehabilitation benefits);
- Home-loan guarantees; and
- Small business programs.

Beginning in fiscal year 2023, the bill would establish the Veterans Economic Opportunity and Transition Administration (VEOTA) and would transfer responsibility for the last three of those programs to that new administration. Like VBA, the new administration would be led by an Under Secretary.

In addition to amounts specifically authorized for VBA, CBO estimates that establishing and operating the new administration would cost \$31 million over the 2022-2026 period. About 4,700 VA employees oversee and carry out the benefit programs that would be administered by VEOTA under the bill. CBO expects that those personnel, along with the records, property, and budgetary resources currently used by VBA to manage those programs also would be transferred to the new administration.

CBO estimates that initial planning efforts to establish VEOTA would cost \$1 million in 2022. Reorganization, relocation, and information technology expenses would total \$10 million in 2023. VBA spends about \$100 million each year on the administrative expenses of the agency. Some of those resources would be used for administrative expenses of VEOTA. However, CBO estimates that VA would need 20 additional employees to support the new Under Secretary and to manage the daily operations of the new administration; operating expenses would increase slightly as a result. CBO expects that the administration would gradually hire those employees beginning in 2022. Salaries would cost about \$3 million annually and a total of \$12 million over the 2022-2026 period. Ongoing operating expenses would total about \$9 million over the 2022-2026 period, CBO estimates.

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

Table 1.
Estimated Increases in Spending Subject to Appropriation Under H.R. 2494

| | By Fiscal Year, Millions of Dollars | | | | | | 2021-2026 |
|--------------------------------|-------------------------------------|-------|------|------|------|------|-----------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | |
| VBA General Operating Expenses | | | | | | | |
| Estimated Authorization | 0 | 3,207 | 0 | 0 | 0 | 0 | 3,207 |
| Estimated Outlays | 0 | 2,469 | 545 | 32 | * | * | 3,047 |
| Establish VEOTA | | | | | | | |
| Estimated Authorization | 0 | 1 | 12 | 7 | 7 | 7 | 34 |
| Estimated Outlays | 0 | 1 | 9 | 7 | 7 | 7 | 31 |
| Total Changes | | | | | | | |
| Estimated Authorization | 0 | 3,208 | 12 | 7 | 7 | 7 | 3,241 |
| Estimated Outlays | 0 | 2,470 | 554 | 39 | 7 | 7 | 3,078 |

Components may not sum to totals because of rounding; VBA = Veterans Benefits Administration; VEOTA = Veterans Economic Opportunity and Transition Administration.



The CBO staff contact for this estimate is Logan Smith. The estimate was reviewed by Leo Lex, Deputy Director of Budget Analysis.