

**S. 189, Veterans' Compensation Cost-of-Living Adjustment Act of 2021**

As reported by the Senate Committee on Veterans' Affairs on June 24, 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	0	not estimated
Statutory pay-as-you-go procedures apply?	No	<b>Mandate Effects</b>	
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

S. 189 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment (COLA) that recipients of Social Security receive in 2022. The increase would take effect on December 1, 2021.

Relative to current law, CBO estimates that enacting this bill would increase spending for those programs by \$3.7 billion in fiscal year 2022. CBO estimates that the COLA, effective on December 1, 2021, will be 3.8 percent. (The annualized cost would be about \$4.9 billion in subsequent years.) However, section 257 of the Balanced Budget and Emergency Deficit Control Act directs CBO to assume that the COLA will occur in CBO's baseline. Because the COLA is assumed in CBO's baseline, authorizing that increase would have no budgetary effect relative to the baseline.

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