Congressional Budget Office
Cost Estimate

September 23, 2022

H.R. 3304, Advancing Uniform Transportation Opportunities for Veterans Act

As ordered reported by the House Committee on Veterans' Affairs on September 21, 2022

By Fiscal Year, Millions of Dollars	2022	2022-2027	2022-2032
Direct Spending (Outlays)	0	167	-43
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	167	-43
Spending Subject to Appropriation (Outlays)	0	0	0

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 2032?	< $5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 3304 would make changes to automobile grant and home loan programs administered by the Department of Veterans Affairs (VA). The costs of both programs are paid from mandatory appropriations. Enacting the bill would decrease net direct spending by $43 million over the 2022-2032 period, CBO estimates.

VA provides grants of up to $22,356 (in 2022) to purchase automobiles for veterans who have specified service-connected disabilities that usually impair their mobility. Veterans are typically entitled to a single grant and may also receive grants to adapt vehicles for their disabilities so that they are able to use them.

H.R. 3304 would authorize VA to provide additional automobile grants to veterans who have not received such a grant in the preceding 25 years. On the basis of data provided by VA, CBO estimates that roughly 2,200 veterans would be eligible for such grants upon enactment and would receive those grants over five years. Another 600 veterans would become eligible for and receive an additional grant, on average, each year. The costs of those additional automobile grants, along with grants to adapt them, would average about $40,000 per veteran, totaling an increase of $318 million in direct spending over the 2022-2032 period.

Beginning 10 years after enactment, veterans would become eligible for an additional grant if they had not received an automobile grant within 10 years. As a result, CBO estimates that costs would be significantly higher in subsequent decades.

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

VA provides guarantees to lenders for eligible borrowers to obtain better loan terms—such as lower interest rates or smaller down payments—when purchasing, constructing, or refinancing 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 and are paid from mandatory appropriations. Any changes to those costs affect direct spending.[1] Under current law, most of the fees borrowers pay to VA for loans guaranteed after January 14, 2031, will decline from a weighted average of about 2.5 percent of the loan amount to about 1.2 percent. H.R. 3304 would extend the higher rates through June 1, 2031. On the basis of loan data provide by VA, CBO estimates that extending the higher fee rates would decrease direct spending by $361 million over the 2022-2032 period.

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

Table 1.
Estimated Budgetary Effects of H.R. 3304

	By Fiscal Year, Millions of Dollars												
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2022-2027	2022-2032
	Increases or Decreases (-) in Direct Spending												
Auto Grants	0	24	31	35	37	40	25	28	30	33	35	167	318
Home Loan Fees	0	0	0	0	0	0	0	0	0	-361	0	0	-361
Total Changes in Direct Spending	0	24	31	35	37	40	25	28	30	-328	35	167	-43

Budget authority is equal to the outlays shown here for all provisions.

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.

The CBO staff contact for this estimate is Paul B.A. Holland. The estimate was reviewed by Leo Lex, Deputy Director of Budget Analysis.

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.