



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 29, 2009

H.R. 3949 **Veterans' Small Business Assistance and Servicemembers** **Protection Act of 2009**

*As ordered reported by the House Committee on Veterans' Affairs
on October 28, 2009*

SUMMARY

H.R. 3949 would affect several veterans programs including outreach, education, and burial benefits. The bill also would amend laws pertaining to veteran-owned small businesses and the Servicemembers Civil Relief Act. CBO estimates that implementing this legislation would cost \$81 million over the 2010-2014 period, assuming appropriation of the necessary amounts. The bill also contains provisions that would increase both direct spending and revenues, but CBO estimates that those impacts would be insignificant.

H.R. 3949 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of the mandates would not exceed the thresholds established in UMRA for intergovernmental or private-sector mandates (\$69 million and \$139 million, respectively, in 2009, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3949 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					
	2010	2011	2012	2013	2014	2010-2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a						
Veterans' Outreach						
Authorization Level	0	25	25	25	0	75
Estimated Outlays	0	8	21	30	14	73
Visual Impairment Education Assistance Program						
Estimated Authorization Level	1	1	2	2	2	8
Estimated Outlays	1	1	2	2	2	8
Total Changes						
Estimated Authorization Level	1	26	27	27	2	83
Estimated Outlays	1	9	23	32	16	81

a. Enacting H.R. 3949 also would have an insignificant effect on direct spending and revenues.

BASIS OF ESTIMATE

H.R. 3949 contains provisions that would increase discretionary spending for programs administered by the Department of Veterans Affairs (VA). CBO assumes that this legislation will be enacted near the beginning of fiscal year 2010, that the specified authorizations will be appropriated near the start of each fiscal year, and that outlays will follow historical spending patterns for similar programs.

Spending Subject to Appropriation

Veterans' Outreach. Section 301 would allow VA to provide grants to state veterans agencies to improve outreach activities, particularly in areas with large or growing populations of veterans and their dependents. The purpose of the outreach would be to ensure that those individuals are fully informed about their eligibility for veterans' benefits and programs. The provision would authorize the appropriation of \$25 million for each of 2011, 2012, and 2013. The grants could be used to:

- Allow VA to enter into contracts with state veterans agencies to carry out, improve, coordinate, or enhance outreach by VA;

- Allow state veterans agencies to issue grants to local governments for outreach activities;
- Allow states to establish a program for local governments to provide outreach to veterans;
- Allow state veterans agencies to perform outreach activities in a local area if the local government elects not to participate in the grant program; and
- Provide education and training for state and local government employees to provide outreach services.

Such grants to states could provide no more than 50 percent of the cost of the state and local outreach activities and should not replace existing state and local funding for those purposes. Also, no portion of the grant could be used for administrative purposes such as salaries for employees. CBO estimates that implementing section 301 would cost \$73 million over the 2010-2014 period, assuming appropriation of the specified amounts.

Visual Impairment Education Assistance Program. Section 302 would direct VA to establish a scholarship program for students seeking a degree or certificate in the areas of visual impairment or orientation and mobility. Section 302 also would require VA to publicize the program. The scholarship would pay up to \$15,000 per year for an eligible full-time student for up to six years. Under the program, the maximum financial assistance that VA would provide for any student would be \$45,000, and the scholarship recipients would be required to work for VA for at least three years upon completion of the degree or certificate program.

There are about 40 schools that offer certificate or degree programs in visual impairment or orientation and mobility (mostly master's degree programs), each with an average of about five students per program. Most of those schools currently provide some form of financial aid for students in those programs. CBO assumes that at least one new student per year per master's program would be eligible for the VA scholarship, as well as 10 undergraduates per year. On that basis, CBO estimates that implementing the scholarship program, including outreach, would increase spending subject to appropriation by about \$8 million over the 2010-2014 period.

Clarification of Veterans Status for Inclusion in VA Database. Section 101 would require VA to verify the veteran status of the owners of the small businesses included in the database of veteran-owned and service-disabled veteran-owned businesses. Any business where such status cannot be verified would be removed from the database until

it was confirmed. CBO estimates that any costs associated with section 101 would be insignificant.

Veterans' Advisory Committee on Education. Section 102 would extend the existence of the Veterans' Advisory Committee on Education until December 31, 2015. Under current law, the committee would remain authorized only through the end of 2009. CBO estimates that enacting this section would have no significant impact on the federal budget.

Direct Spending

Section 303 would allow the biological or adopted parents of a veteran who died after October 7, 2001, to be interred at the same gravesite as the veteran—assuming there is space available—if the veteran:

- Is interred in a national cemetery;
- Does not have a spouse, surviving spouse, or child who is buried or may be eligible for burial in a national cemetery; and
- Died in combat or from a training-related injury.

Under current law, parents of deceased veterans are not eligible for burial in national cemeteries.

Based on information from the Department of Defense and VA on combat- and training-related deaths, marriage rates, parent mortality rates, and interment rates in VA cemeteries, CBO estimates that very few additional individuals would become eligible for interment in national cemeteries if section 303 was enacted. Therefore, CBO estimates that this provision would have an insignificant impact on direct spending.

Revenues

Section 203 would permit the Attorney General to bring a civil action against certain violators of the Servicemembers Civil Relief Act (Public Law 108-189). Because violators of the act could be subject to civil fines, the federal government might collect additional fines if the bill is enacted. Collections of civil fines are recorded in the budget as revenues. CBO expects that any additional revenues would not be significant because of the relatively small number of cases likely to be affected.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3949 would impose intergovernmental and private-sector mandates as defined in UMRA. It would prohibit residential utilities (some of which are publically owned), and cellular telephone, telephone change, and multichannel video programming service providers from imposing early termination fees or reconnection charges when servicemembers cancel contracts. It also would require providers to refund fees paid in advance. The bill also would prohibit real property and motor vehicle lessors from imposing early termination fees and require them to accept payments for unpaid amounts on a prorated basis. CBO estimates that the costs of the mandates would not exceed the thresholds established in UMRA for intergovernmental or private-sector mandates (\$69 million and \$139 million respectively, in 2009, adjusted annually for inflation).

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