Congressional Budget Office
Cost Estimate

July 24, 2024

H.R. 7342, Veterans Accessibility Advisory Committee Act of 2024

As ordered reported by the House Committee on Veterans' Affairs on May 1, 2024

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	0	-22
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	-22
Spending Subject to Appropriation (Outlays)	*	2	4

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
		Contains intergovernmental mandate?	No
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2035?	No	Contains private-sector mandate?	No

* = between zero and $500,000.

H.R. 7342 would establish a committee to advise the Department of Veterans Affairs (VA) on improving the accessibility of VA benefits, services, and facilities for veterans with disabilities. The committee would be required to report biennially on its findings and recommendations. The bill also would increase the fees that VA charges borrowers for its home loan guarantees.

Spending Subject to Appropriation

Using information about the administrative costs of similar advisory committees, CBO estimates that the staff salaries, travel costs, and other expenses associated with the committee would be less than $500,000 annually and would cost $4 million over the 2024-2034 period. Such spending would be subject to the availability of appropriated funds.

Direct Spending

H.R. 7342 would increase the fees that VA charges borrowers for its loan guarantees. VA provides loan guarantees to lenders that allow eligible borrowers to obtain better loan terms—such as lower interest rates or smaller down payments—to purchase, construct, improve, or refinance 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

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

by borrowers and recoveries by lenders, constitute the subsidy cost for loan guarantees.[1] That subsidy is reflected in the budget as direct spending.

Under current law, the rates for most of the fees that borrowers pay to VA for loans guaranteed after November 15, 2031, will drop from a weighted average of about 2.3 percent to about 1.2 percent of the loan amount. The bill would extend the higher rates through November 29, 2031, thereby reducing the subsidy cost of loans guaranteed during that period. Using its forecast of loan volume based on data provided by VA, CBO estimates that extending the higher rates would decrease direct spending by $22 million over the 2024-2034 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. 7342

	By Fiscal Year, Millions of Dollars												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024-2029	2024-2034
Increases in Spending Subject to Appropriation													
Estimated Authorization	*	*	1	*	*	1	*	*	1	*	1	2	4
Estimated Outlays	*	*	1	*	*	1	*	*	1	*	1	2	4
Decreases (-) in Direct Spending													
Estimated Budget Authority	0	0	0	0	0	0	0	0	-22	0	0	0	-22
Estimated Outlays	0	0	0	0	0	0	0	0	-22	0	0	0	-22

* = between zero and $500,000.

The CBO staff contacts for this estimate are Logan Smith (for other VA costs) and Paul B.A. Holland (for home loans). The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

Phillip L. Swagel
Director, Congressional Budget Office

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. A positive subsidy indicates that the loan results in net outlays from the Treasury; a negative subsidy indicates that the loan results in net receipts to the Treasury.