Congressional Budget Office
Cost Estimate

June 20, 2024

At a Glance

H.R. 4424, the Vietnam Veterans Liver Fluke Cancer Study Act

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)	*	1	-20
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	1	-20
Spending Subject to Appropriation (Outlays)	*	3	5

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2035?	**< $2.5 billion**	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 2035?	**< $5 billion**	Contains intergovernmental mandate?	**No**
		Contains private-sector mandate?	**No**

* = between zero and $500,000.

The bill would

- Require the Department of Veterans Affairs (VA) to conduct a study on prevalence of cholangiocarcinoma (cancer of the bile ducts that has been linked to liver flukes)
- Increase the fees that VA charges borrowers for home loan guarantees

Estimated budgetary effects would mainly stem from

- Conducting a study on the prevalence of cholangiocarcinoma
- Increasing the fees charged by VA for home loan guarantees

Detailed estimate begins on the next page.

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

Bill Summary

H.R. 4424 would require the Department of Veterans Affairs (VA) to conduct a study on the prevalence of cholangiocarcinoma (cancer of the bile ducts that has been linked to liver flukes) among veterans who served during the Vietnam era. The bill would also increase the fees that VA charges borrowers for its home loan guarantees.

Estimated Federal Cost

The estimated budgetary effects of H.R. 4424 are shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

Table 1.
Estimated Budgetary Effects of H.R.4424

	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	*	1	*	3	5
Estimated Outlays	*	1	*	1	*	1	*	1	*	1	*	3	5
Increases or Decreases (-) in Direct Spending													
Estimated Budget Authority	*	*	*	*	1	*	*	*	-22	1	*	1	-20
Estimated Outlays	*	*	*	*	1	*	*	*	-22	1	*	1	-20

* = between zero and $500,000.

Basis of Estimate

For this estimate, CBO assumes that H.R. 4424 will be enacted in fiscal year 2024.

Provisions that Affect Spending Subject to Appropriation and Direct Spending

Section 2 of the bill would require VA to conduct a study on the prevalence of cholangiocarcinoma in veterans from the Vietnam era and to continue to monitor prevalence rates and periodically update that study. The department is completing a study on the prevalence of cholangiocarcinoma among Vietnam veterans. Based on information from VA on the current staffing and support costs for that study, CBO estimates the staffing and support costs required to monitor prevalence rates and update the study would average about $600,000 per year, and total about $7 million over the 2024-2034 period.

CBO expects that some of the costs of implementing the bill would be paid from the Toxic Exposures Fund (TEF) established by Public Law 117-168, the Honoring our PACT Act. The TEF is a mandatory appropriation that VA uses to pay for health care, disability claims processing, medical research, and IT modernization that benefit veterans who were exposed to environmental hazards.

Additional spending from the TEF would occur if legislation increases the costs of similar activities that benefit veterans with such exposure. CBO estimates that 18 percent of such additional costs would be paid from the fund in 2025, growing to 31 percent in 2034 as costs for those activities increase over time. Those percentages are based on the amount of formerly discretionary appropriations that CBO projects will be provided through the mandatory appropriation as specified in the Honoring our PACT Act. CBO estimates that over the 2024-2034 period, implementing section 2 would increase spending subject to appropriation by $5 million and direct spending by $2 million.

Direct Spending

The discussion above in "Provisions That Affect Spending Subject to Appropriation and Direct Spending" describe provisions that would increase direct spending from the Toxic Exposures Fund under H.R. 4424. The bill also would increase fees paid for VA home loan guarantees, which would decrease direct spending. In total, the bill would decrease direct spending by $20 million over the 2024-2034 period.

H.R.4424 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 by borrowers and recoveries by lenders, constitute the subsidy cost for the loan guarantees.[1] That subsidy cost 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.

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.

Pay-As-You-Go Considerations

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.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 4424 would not increase net direct spending by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2035.

CBO estimates that enacting H.R. 4424 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2035.

Mandates

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

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