



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 13, 2002

S. 2074

Veterans' Compensation Cost-of-Living Adjustment Act of 2002

As ordered reported by the Senate Committee on Veterans' Affairs on June 6, 2002

S. 2074 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) payable to Social Security recipients. The increase would take effect on December 1, 2002, and the results of the adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill is assumed in the baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33). The authority to round down the COLA increase was extended to 2011 by the Veterans Education and Benefits Expansion Act of 2001 (Public Law 107-103). Because the COLA is assumed in the baseline, the COLA provision would have no budgetary effect relative to the baseline. Relative to current law, CBO estimates that enacting this provision would increase spending for these programs by about \$295 million in 2003. (The annualized cost would be about \$400 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2002, would be 1.9 percent.

S. 2074 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On May 13, 2002, CBO transmitted a cost estimate for H.R. 4085, the Veterans' and Survivors' Benefits Expansion Act of 2002, as ordered reported by the House Committee on Veterans' Affairs on May 9, 2002. Section 2 of H.R. 4085 would provide the same COLA as S. 2074 would. The estimated costs of S. 2074 and section 2 of H.R. 4085 are the same.

The CBO staff contact for federal costs is Melissa E. Zimmerman. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.