

## **Veterans' Benefit Programs—CBO's Baseline as of March 6, 2020**

### **Disability Compensation**

The Department of Veterans Affairs' disability compensation program pays monthly benefits to veterans who have a disability resulting from a medical condition or an injury incurred or aggravated while on active military duty. In some cases, the program also pays benefits to surviving spouses and dependents of totally disabled veterans. For compensable service-connected disabilities, which can consist of one or more physical and mental health conditions, disability payments typically continue until death. Benefit amounts are based on percentage ratings for cumulative disabilities. Compensation is not means-tested, but additional benefits may be available to veterans whose disabilities prevent them from working.

### **Pensions**

The Department of Veterans Affairs' pension program pays monthly benefits to certain low-income veterans and their surviving spouses and dependents. Eligibility for veterans under the age of 65 is based on wartime active-duty service (typically of at least 90 days' duration), total and permanent disability, and countable income below an established amount. Pension benefits are available to veterans over age 65, regardless of disability status, who meet the other requirements. The monthly benefit is based on a maximum annual benefit, which is reduced by a veteran's countable income. Veterans with service-connected disabilities may receive the greater of the pension benefit or the disability compensation benefit, but not both.

These budget projections reflect legislation, administrative actions, and regulatory changes through March 6, 2020. They are based on the economic forecast that CBO completed on January 7, 2020, and do not account for changes to the nation's economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

**Veterans' Benefit Programs—CBO's Baseline as of March 6, 2020**

By Fiscal Year

March 19, 2020

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Disability Compensation</b>											
<b>Veterans</b>											
Number (Thousands)	5,102	5,251	5,386	5,502	5,590	5,666	5,724	5,781	5,836	5,890	5,943
Average Annual Benefit (Dollars)	18,597	19,029	19,412	19,916	20,417	20,911	21,395	21,887	22,372	22,865	23,368
Total Payments for Veterans (Millions of dollars)	94,879	99,920	104,560	109,587	114,142	118,473	122,466	126,528	130,574	134,683	138,879
Adjustment for Payday Shift <sup>a</sup> (Millions of dollars)	0	0	8,713	804	-9,517	0	0	0	11,224	-11,224	0
Total Outlays for Veterans (Millions of dollars)	94,879	99,920	113,273	110,391	104,625	118,473	122,466	126,528	141,798	123,459	138,879
<b>Survivors</b>											
Number (Thousands)	444	454	464	474	485	496	507	519	531	543	555
Average Annual Benefit (Dollars)	17,179	17,583	18,037	18,506	18,972	19,430	19,881	20,338	20,789	21,246	21,713
Total Payments for Survivors (Millions of dollars)	7,623	7,979	8,370	8,781	9,206	9,641	10,087	10,552	11,030	11,527	12,041
Adjustment for Payday Shift <sup>a</sup> (Millions of dollars)	0	0	697	64	-762	0	0	0	960	-960	0
Total Outlays for Survivors (Millions of dollars)	7,623	7,979	9,067	8,846	8,444	9,641	10,087	10,552	11,990	10,567	12,041
<b>Total Outlays for Disability Compensation</b>											
Total Outlays (Millions of dollars)	102,502	107,899	122,340	119,237	113,069	128,114	132,553	137,081	153,788	134,026	150,920

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Components may not sum to totals because of rounding.

a. 38 U.S. Code § 5120 directs that if the first day of the month occurs on a holiday or weekend, the Department of Veterans Affairs will make benefit payments on the preceding business day.

That will result in one additional paycheck in fiscal years 2022 and 2028 and one fewer paycheck in fiscal years 2024 and 2029.

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	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Pensions</b>											
	<b>Veterans</b>										
Number (Thousands)	228	217	207	198	188	180	171	163	156	149	142
Average Annual Benefit (Dollars)	12,999	13,305	13,649	14,003	14,356	14,703	15,043	15,389	15,730	17,017	17,485
Total Payments for Veterans (Millions of dollars)	2,963	2,891	2,828	2,767	2,704	2,641	2,577	2,514	2,450	2,528	2,477
Adjustment for Payday Shift <sup>a</sup> (Millions of dollars)	0	0	236	-9	-226	0	0	0	197	-197	0
Total Outlays for Veterans (Millions of dollars)	2,963	2,891	3,064	2,757	2,478	2,641	2,577	2,514	2,647	2,331	2,477
	<b>Survivors</b>										
Number (Thousands)	190	187	185	182	180	178	175	173	171	169	167
Average Annual Benefit (Dollars)	8,057	8,028	8,015	8,002	7,981	7,951	7,913	7,872	7,825	8,463	8,471
Total Payments for Survivors (Millions of dollars)	1,531	1,503	1,480	1,458	1,435	1,412	1,388	1,364	1,339	1,432	1,417
Adjustment for Payday Shift <sup>a</sup> (Millions of dollars)	0	0	123	-5	-118	0	0	0	112	-112	0
Total Outlays for Survivors (Millions of dollars)	1,531	1,503	1,604	1,453	1,317	1,412	1,388	1,364	1,451	1,320	1,417
<b>Total Outlays for Veterans Pensions</b>											
Total Outlays (Millions of dollars)	4,494	4,395	4,667	4,210	3,795	4,053	3,964	3,878	4,098	3,652	3,894

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