

Option 17—Mandatory Spending

Function 700

**Narrow Eligibility for VA’s Disability Compensation by Excluding Veterans With Low Disability Ratings**

Billions of Dollars	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total		
											2023–2027	2023–2032	
Change in Outlays													
Require disability ratings of 30 percent or higher for disability compensation for all veterans	0	-2.9	-4.2	-4.5	-4.9	-5.4	-5.8	-6.3	-6.7	-7.2	-16.5	-47.9	
Require disability ratings of 30 percent or higher for disability compensation for new applicants	0	-0.1	-0.3	-0.4	-0.6	-0.8	-1.0	-1.2	-1.4	-1.6	-1.4	-7.4	

This option would take effect in January 2024.

Veterans with medical conditions or injuries that occurred or worsened during active-duty service may receive disability compensation from the Department of Veterans Affairs (VA). The base amount of compensation veterans receive depends on the severity of their disabilities, which are rated between zero (least severe) and 100 percent (most severe) in increments of 10. By law, VA’s disability ratings (the basis for disability payments) are to be based, as far as practicable, on the average earnings that veterans would be expected to lose given the severity of their service-connected medical conditions or

injuries. Those ratings do not depend on whether a particular veteran’s conditions reduced his or her earnings.

Under this option’s first alternative, VA would narrow eligibility for disability compensation by requiring a disability rating of 30 percent or higher for all veterans; as a result, some current recipients would no longer receive benefits. The second alternative would require a 30 percent or higher disability rating only for new disability compensation applicants. (Current recipients would not be affected.)

**Related Options in This Volume:** Option 15, “End VA’s Individual Unemployability Payments to Disabled Veterans at the Full Retirement Age for Social Security” (page 20), Option 16, “Reduce VA’s Disability Benefits for Veterans Who Are Older Than the Full Retirement Age for Social Security” (page 21), Option 44, “Include VA’s Disability Payments in Taxable Income” (page 52)

**Related Option in *Options for Reducing the Deficit, 2023 to 2032—Volume I: Larger Reductions*,** [www.cbo.gov/publication/58164](http://www.cbo.gov/publication/58164): Option 10, “Reduce Spending on Other Mandatory Programs”

**Related CBO Publications:** *Possible Higher Spending Paths for Veterans’ Benefits* (December 2018), [www.cbo.gov/publication/54881](http://www.cbo.gov/publication/54881); *Veterans’ Disability Compensation: Trends and Policy Options* (August 2014), [www.cbo.gov/publication/45615](http://www.cbo.gov/publication/45615)

