



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 23, 2009

### **S. 277** **Serve America Act**

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions  
on March 18, 2009*

#### **SUMMARY**

S. 277 would amend and reauthorize programs established under the National and Community Service Act of 1990 (NCSA) and the Domestic Volunteer Service Act of 1973 (DVSA). The bill also would authorize a “Volunteers for Prosperity” program at the U.S. Agency for International Development (USAID).

Assuming appropriation of the estimated amounts, CBO estimates that implementing the bill would cost \$418 million in 2010 and about \$5.7 billion over the 2010-2014 period. Enacting the bill would not affect direct spending or receipts.

S. 277 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 277 is shown in the following table. The costs of this legislation fall within budget functions 500 (education, employment, training, and social services) and 150 (international affairs).

	By Fiscal Year, in Millions of Dollars						2009- 2014
	2009	2010	2011	2012	2013	2014	
<b>SPENDING SUBJECT TO APPROPRIATION</b>							
NCSA and DVSA Spending							
Under Current Law							
Budget Authority <sup>a</sup>	1,084	0	0	0	0	0	1,084
Estimated Outlays	927	688	359	177	89	58	2,299
Proposed Changes							
Estimated Authorization Level	0	1,197	1,494	1,725	1,992	2,293	8,700
Estimated Outlays	0	418	907	1,203	1,448	1,711	5,687
Spending Under S. 277							
Estimated Authorization Level <sup>a</sup>	1,084	1,197	1,494	1,725	1,992	2,293	9,784
Estimated Outlays	927	1,106	1,266	1,380	1,538	1,770	7,986

Notes: NCSA = National and Community Service Act; DVSA = Domestic Volunteer Service Act.

Components may not sum to totals because of rounding.

a. The 2009 level is the amount appropriated for that year for the NCSA and DVSA programs.

## BASIS OF ESTIMATE

For some programs, the bill would authorize the appropriation of specified amounts for each fiscal year 2010 through 2014. For others, the bill would authorize specified amounts for fiscal year 2010 and such sums as may be necessary for each subsequent year through 2014. For those programs, CBO estimated the authorization level for fiscal years 2011 through 2014 by adjusting the amount authorized for 2010 for anticipated inflation. For the remaining programs authorized by S. 277, the bill would authorize such sums as may be necessary for each fiscal year. CBO estimated those authorization levels based on historical program costs for similar activities, anticipated inflation, and the bill's stated goal of achieving 250,000 participants in AmeriCorps and VISTA programs by 2017.

For this estimate, CBO assumes the bill will be enacted by October 1, 2009, and that outlays will follow historical patterns for the authorized programs.

Programs funded under NCSA and DVSA received appropriations of \$1.1 billion for fiscal year 2009, including \$200 million in funding from the American Recovery and Reinvestment Act of 2009 (Public Law 111-5).

## **Specified Authorizations**

Under S. 277, specified authorizations for 2010 would total \$610 million. The bill would authorize the appropriation of specific amounts for 2010 and such sums as may be necessary for each year 2011 through 2014 for the following programs:

- Foster Grandparent Program (\$115 million),
- VISTA (\$100 million),
- Learn and Serve America (\$97 million),
- Retired and Senior Volunteer Program (\$70 million),
- Senior Companion Program (\$55 million), and
- Administrative Expenses for NCSA (\$51 million).

The bill also would authorize \$12 million for each of fiscal years 2010 through 2014 for the Silver Scholarships and Encore Fellowships programs. Additionally, the bill would authorize for each of two new programs—a Social Innovation Fund and Volunteer Generation Fund—\$50 million in 2010; \$60 million in 2011; \$70 million in 2012; \$80 million in 2013; and \$100 million in 2014.

Finally, S. 277 would authorize the appropriation of \$10 million a year through 2014 for a “Volunteers for Prosperity” program at USAID. The program would award grants to fund opportunities for volunteering internationally in coordination with eligible organizations.

CBO estimates that implementing programs with specified authorizations would cost \$2.6 billion over the 2010-2014 period, assuming appropriation of the specified amounts for 2010 and adjusting those amounts in subsequent years for anticipated inflation when no specific authorization exists.

## **Indefinite Authorizations**

The bill also would authorize the appropriation of such sums as may be necessary for fiscal years 2010 through 2014 for other programs, including AmeriCorps and education awards funded through the National Service Trust. CBO estimates those indefinite authorizations would total \$587 million in fiscal year 2010 and would rise to nearly \$1.6 billion by 2014.

S. 277 includes annual goals for participation in all AmeriCorps programs (including the National Civilian Community Corps and VISTA), which would rise to 250,000 people by 2017 (participation in those programs was about 75,000 in 2008). For this estimate, CBO

assumes that sufficient funds would be provided to meet the annual goals specified in the bill—around \$2.9 billion over the 2010-2014 period, CBO estimates. Those funds would be used primarily to provide grants to states, territories, tribes, and nonprofit organizations to operate volunteer service programs. CBO estimates that outlays for those programs would total \$2.2 billion over the 2010-2014 period.

Most participants in AmeriCorps and VISTA programs earn education awards for completing specific terms of service that can be used to repay certain student loans or to pay for future education expenses. In 2009, the maximum award is \$4,725. Beginning in 2010, the maximum full-time education award would be pegged to the amount authorized for Pell grants under the Higher Education Act of 1965. Those amounts are \$6,400 in 2010; \$6,800 in 2011; \$7,200 in 2012; \$7,600 in 2013; and \$8,000 in 2014. CBO estimates that over the 2010-2014 period another \$1.8 billion would be needed to fund education awards for AmeriCorps participants. Assuming the appropriation of those sums, CBO estimates outlays would increase by \$0.4 billion over the five-year period (with significant additional outlays in subsequent years).

CBO also estimates that over the 2010-2014 period, the bill would authorize the appropriation of funds for:

- Other Administrative expenses not specified above (\$0.2 billion),
- Various demonstration programs (\$0.2 billion), and
- Training and technical assistance programs (\$150 million).

CBO estimates that outlays for those activities would rise by \$0.5 billion over the next five years, assuming appropriation of the estimated amounts.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 277 contains no intergovernmental or private-sector mandates as defined in UMR. The bill would authorize grants to state, local, and tribal governments to support national service programs including AmeriCorps, VISTA, and the National Senior Service Corps. CBO estimates state, local, and tribal governments could receive grants totaling nearly \$5 billion over the next five years. Any costs to those governments would be incurred voluntarily as a condition of receiving federal assistance.

## **PREVIOUS CBO ESTIMATE**

On March 17, 2009, the Congressional Budget Office transmitted a cost estimate for H.R. 1388, the Generations Invigorating Volunteerism and Education Act, as ordered reported by the House Committee on Education and the Workforce on March 11, 2009. Estimated authorizations under the House bill totaled \$9.4 billion over the 2010-2014 period, as compared to \$8.7 billion under S. 277. The difference in estimated authorization levels is primarily the result of different time frames for reaching the stated goal of achieving 250,000 participants in AmeriCorps and VISTA programs. Under H.R. 1388, the deadline for reaching the goal would be 2014, whereas under S. 277, the deadline would be 2017.

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