



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

April 28, 2010

**S. 1237**  
**Homeless Veterans and Other Veterans Health Care**  
**Authorities Act of 2010**

*As ordered reported by the Senate Committee on Veterans' Affairs  
on January 28, 2010*

**SUMMARY**

S. 1237 would expand programs for homeless veterans, and make other changes to health care programs offered by the Department of Veterans Affairs (VA). In total, CBO estimates that implementing the bill would cost \$3.4 billion over the 2010-2015 period, assuming appropriation of the specified and estimated amounts. CBO further estimates that enacting the bill would increase direct spending by \$7 million over the 2010-2020 period but would not affect revenues.<sup>1</sup>

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending.

S. 1237 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1237 is shown in the following table. The costs of this legislation fall within budget functions 600 (income security) and 700 (veterans benefits and services).

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1. Different time periods are relevant for enforcing the current pay-as-you-go rules in the Senate and the House of Representatives. CBO estimates that enacting S. 1237 would increase direct spending by \$7 million over both the 2010-2014 and 2010-2019 periods.

	By Fiscal Year, in Millions of Dollars						2010-2015
	2010	2011	2012	2013	2014	2015	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Department of Housing and Urban Development-VA Supportive Housing Program							
Estimated Authorization Level	0	392	524	643	656	673	2,888
Estimated Outlays	0	338	505	626	654	670	2,793
Homeless Providers Grant and Per Diem Program							
Estimated Authorization Level	50	53	57	61	66	0	287
Estimated Outlays	11	73	70	61	65	6	286
Homelessness Prevention							
Authorization Level	50	50	50	50	50	0	250
Estimated Outlays	10	72	63	50	50	5	250
Information Management System							
Estimated Authorization Level	10	10	10	11	11	0	52
Estimated Outlays	2	15	12	11	11	1	52
Workforce Reintegration Program							
Authorization Level	10	10	10	10	10	0	50
Estimated Outlays	*	1	13	13	9	3	39
VA Personnel							
Estimated Authorization Level	*	2	2	2	2	2	10
Estimated Outlays	*	2	2	2	2	2	10
Chiropractic Care							
Estimated Authorization Level	*	1	1	2	2	2	8
Estimated Outlays	*	1	1	2	2	2	8
Special Assistant at the Department of Housing and Urban Development							
Estimated Authorization Level	*	*	*	*	*	*	1
Estimated Outlays	*	*	*	*	*	*	1
Total Changes							
Estimated Authorization Level	120	518	654	779	797	677	3,547
Estimated Outlays	23	502	666	765	793	689	3,439
<b>CHANGES IN DIRECT SPENDING<sup>a</sup></b>							
Estimated Budget Authority	0	4	3	0	0	0	7
Estimated Outlays	0	4	3	0	0	0	7

Note: \* = less than \$500,000.

a. CBO estimates that enacting the bill would increase direct spending by \$7 million over the 2010-2015 and 2010-2020 periods.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes the legislation will be enacted in fiscal year 2010, that the authorized amounts will be provided in 2010 and near the start of each subsequent fiscal year, and that outlays will follow historical patterns for similar and existing programs.

### **Spending Subject to Appropriation**

S. 1237 would expand programs for homeless veterans and amend other VA health care programs. In total, CBO estimates that implementing the bill would cost \$3.4 billion over the 2010-2015 period, assuming appropriation of the specified and estimated amounts.

**Department of Housing and Urban Development-VA Supportive Housing (HUD-VASH) Program.** The HUD-VASH program is a collaboration between HUD and VA to provide permanent housing to homeless veterans and their families. Section 106 would authorize 40,000 rental vouchers in 2011, 50,000 in 2012, and 60,000 in 2013 and each year thereafter. That authorization would exceed the current authorization for such vouchers in 2011, the final year for which the program is now authorized. Based on information from HUD, CBO estimates that the average annual cost of those vouchers would be about \$8,000 in 2011. Assuming appropriation of the necessary amounts, and adjusting for projected changes in rents and tenant incomes, CBO estimates that implementing this provision would cost \$2.1 billion over the 2011-2015 period.

Veterans enrolled in the HUD-VASH program receive case management and supportive services through VA. Based on amounts appropriated for those activities in recent years and assuming appropriation of the necessary amounts, CBO estimates that VA would spend \$700 million over the 2011-2015 period.

All together, CBO estimates that implementing section 106 would cost \$2.8 billion over the 2011-2015 period.

**Homeless Providers Grants and Per Diem (GPD) Program.** Section 101 would increase the annual amounts authorized for the GPD program from \$150 million a year to \$200 million for 2010 and such sums as may be necessary for the 2011-2014 period. That program provides capital grants for constructing, renovating, or acquiring buildings and per diem payments to fund operating costs. After adjusting for inflation, CBO estimates that implementing that provision would cost \$286 million over the 2010-2015 period, assuming appropriation of the necessary amounts.

**Homelessness Prevention.** Section 104 would authorize the appropriation of \$50 million a year over the 2010-2014 period for a new homelessness prevention program at VA. CBO estimates that implementing that provision would cost \$250 million over the 2010-2015 period, assuming appropriation of the specified amounts.

**Information Management System.** Section 105 would authorize the appropriation of \$10 million for 2010 and such sums as may be necessary for the 2011-2014 period to establish a system for collecting and aggregating data on homeless veterans. After adjusting for inflation, CBO estimates that implementing that provision would cost \$52 million over the 2010-2015 period, assuming appropriation of the necessary amounts.

**Workforce Reintegration Program.** Section 102 would authorize the appropriation of \$10 million a year over the 2010-2014 period to the Department of Labor for the Workforce Reintegration Program. The funds would provide grants to agencies and organizations that provide job placement, training, vocational counseling, and childcare to homeless veterans who are female or have children. CBO estimates that implementing that provision would cost \$39 million over the 2010-2015 period, assuming appropriation of the specified amounts.

**VA Personnel.** Two sections of the bill would establish new positions at VA. Section 301 would establish a new Assistant Secretary and eight Deputy Assistant Secretaries. Section 302 would establish a Director of Physician Assistant Services in the Veterans Health Administration. CBO estimates that implementing those provisions would cost \$10 million over the 2010-2015 period, assuming appropriation of the necessary amounts.

**Chiropractic Care.** Section 307 would require VA to provide comprehensive chiropractic services at two or more locations in each of the 21 Veterans Integrated Services Networks (VISNs), which are VA's regional networks of medical facilities, and in other locations as the Secretary determines appropriate. Nine VISNs currently meet those requirements and the remaining 12 VISNs each provide care at one location. Based on information from VA and after adjusting for inflation, CBO estimates that providing chiropractic care at one additional location in each of those 12 VISNs would cost \$8 million over the 2010-2015 period, assuming appropriation of the necessary amounts.

**Special Assistant at HUD.** Section 107 would establish a new position of Special Assistant for Veterans Affairs at HUD and require that employee to oversee HUD's programs of housing and homeless assistance for veterans. CBO estimates that implementing that provision would cost \$1 million over the 2010-2015 period, assuming the availability of appropriated funds.

## Direct Spending

Section 401 would require VA to use certain unobligated balances from the Medical Services budget account to fund some of the activities authorized under the bill. That provision would extend the availability of expiring balances, resulting in a reappropriation of those funds.

Based on historical data on such balances, CBO estimates that VA would have \$8 million available to spend in 2011 (from funds appropriated in 2009 that would expire in 2010) and \$5 million available in 2012 (from funds appropriated in 2010 that would expire in 2011). CBO assumes that VA would retain about half of those balances to record, adjust, or liquidate existing obligations to the account and use the remainder on programs authorized by S. 2971. Enacting this bill would increase direct spending by about \$7 million over the 2010-2020 period, CBO estimates.

## 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 and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

**CBO Estimate of Pay-As-You-Go Effects for S. 1237 as ordered reported by the Senate Committee on Veterans' Affairs on January 28, 2010**

	By Fiscal Year, in Millions of Dollars												2010-	2010-
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015	2020	
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	0	4	3	0	0	0	0	0	0	0	0	7	7	

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1237 contains no intergovernmental or private-sector mandates as defined in UMRA. State, local, and tribal governments that provide assistance to veterans would benefit from grant and program activities authorized in the bill.

## **PREVIOUS CBO ESTIMATE**

On March 15, 2010, CBO transmitted a cost estimate for H.R. 4810, the End Veterans Homelessness Act of 2010, as ordered reported by the House Committee on Veterans' Affairs on March 10, 2010. Section 2 of that bill is similar to section 101 of S. 1237; however, CBO estimates that S. 1237 would authorize the appropriation of slightly higher amounts for the GPD program than were specified in H.R. 4810.

On March 26, 2009, CBO transmitted a cost estimate for H.R. 1171, the Homeless Veterans Reintegration Program Reauthorization Act of 2009, as ordered reported by the House Committee on Veterans' Affairs on March 25, 2009. Section 3 of that bill is similar to section 102 of S. 1237; differences in the estimated costs reflect a later assumed enactment date for S. 1237.

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