



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 5, 2006

H.R. 5117

A bill to exempt persons with disabilities from the prohibition against providing Section 8 rental assistance to college students

*As ordered reported by the House Committee on Financial Services
on May 24, 2006*

SUMMARY

H.R. 5117 would exempt persons with disabilities attending an institution of higher education from certain eligibility restrictions for assistance under Section 8 of the U.S. Housing Act of 1937. Under the bill, the student's parents would not have to meet the program's income criteria for the student to receive assistance. In addition, any financial aid that a disabled student receives in excess of tuition costs would not be included as income in the determination of eligibility.

CBO estimates that implementing this legislation would cost \$1.0 billion over the 2007-2011 period, assuming appropriation of the necessary amounts. Enacting H.R. 5117 would not affect direct spending or revenues.

H.R. 5117 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 H.R. 5117 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION						
Spending for Section 8 Assistance						
Under Current Law						
Budget Authority/Authorization Level ^a	18,795	19,376	19,825	20,415	21,063	21,658
Estimated Outlays	23,570	23,607	23,281	23,238	23,227	23,230
Proposed Changes						
Estimated Authorization Level	0	213	216	220	224	228
Estimated Outlays	0	128	215	219	223	227
Spending for Section 8 Assistance						
Under H.R. 5117						
Budget Authority/Authorization Level	18,795	19,589	20,041	20,635	21,287	21,886
Estimated Outlays	23,570	23,735	23,496	23,457	23,450	23,457

a. The 2006 level is the amount appropriated for the tenant-based and project-based voucher programs.

BASIS OF ESTIMATE

Under current law, most individuals must have incomes below 50 percent of the area's median income to be eligible for Section 8 housing assistance. Students attending an institution of higher education have two additional eligibility restrictions. First, a dependent student's parents must also have income below 50 percent of median family income for the student to receive assistance. Second, any financial aid in excess of tuition costs is included in the annual income calculation when determining the student's eligibility. H.R. 5117 would exempt students with disabilities from these additional eligibility requirements.

Based on data from the Department of Education and the Social Security Administration, CBO estimates that an additional 61,000 disabled students would become eligible for Section 8 housing assistance under this bill. The majority of those individuals would not currently be eligible because their parents' income is above 50 percent of median family income. Assuming a participation rate similar to those for other means-tested benefit programs, CBO anticipates that about 30,000 of the newly eligible students would receive assistance. The average annual income for this student population is approximately \$4,000. Assuming that the average fair market rent for a one-bedroom unit is about \$680 per month, CBO estimates that the average subsidy would be about \$7,000 per unit in 2007. Thus, providing Section 8

assistance to those newly eligible students would require the appropriation of \$1.1 billion over the 2007-2011 period, which would result in outlays of \$1.0 billion over that period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5117 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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