



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 21, 2003

S. 1786

Poverty Reduction and Prevention Act

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on October 29, 2003*

SUMMARY

S. 1786 would reauthorize programs created under the Community Services Block Grant Act, the Low-Income Home Energy Assistance Act of 1981, and the Assets for Independence Act.

CBO estimates that new authorizations under the bill would total \$2.1 billion in 2004 and about \$26.5 billion over the 2004-2009 period, assuming that annual levels are adjusted for inflation when specific amounts are not provided. (Without such inflation adjustments, the authorizations would total about \$25.8 billion over the 2004-2009 period.) CBO estimates that appropriations of the necessary amounts would result in outlays of \$23.0 billion over the 2004-2009 period, if inflation adjustments are included (and about \$22.4 billion without inflation adjustments).

S. 1786 does not contain any intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no significant costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1786, with inflation adjustments, is shown in the following table. The costs of this legislation fall within budget functions 500 (education, training, employment, and social services) and 600 (income security).

	By Fiscal Year, in Millions of Dollars						
	2003	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION							
Spending Under Current Law							
Budget Authority/Authorization Level ^a	2,483	2,650	0	0	0	0	0
Estimated Outlays	2,723	2,466	686	54	0	0	0
Proposed Changes:							
Community Services Block Grant							
Estimated Authorization Level	0	657	670	684	698	714	729
Estimated Outlays	0	342	631	670	690	705	721
Community Food and Nutrition Programs							
Estimated Authorization Level	0	7	8	8	8	8	8
Estimated Outlays	0	4	7	8	8	8	8
Youth Sports							
Authorization Level	0	18	18	18	18	18	18
Estimated Outlays	0	9	17	18	18	18	18
Low-Income Home Energy Assistance							
Estimated Authorization level	0	1,400	4,050	4,050	4,121	4,198	4,275
Estimated Outlays	0	639	3,024	3,703	3,803	3,877	3,954
Low-Income Home Energy Assistance Studies							
Estimated Authorization	0	*	*	*	0	0	0
Estimated Outlays	0	*	*	*	0	0	0
Individual Development Accounts							
Authorization Level	0	25	25	26	27	27	0
Estimated Outlays	0	1	24	25	26	27	13
Total Proposed Changes							
Estimated Authorization Level	0	2,107	4,771	4,786	4,871	4,964	5,030
Estimated Outlays	0	1,006	3,703	4,424	4,545	4,635	4,714
Total Spending Under S. 1786							
Budget Authority/Authorization Level	2,483	4,757	4,771	4,786	4,871	4,964	5,030
Estimated Outlays	2,723	3,473	4,388	4,478	4,545	4,635	4,714

Notes: Components may not sum to totals because of rounding.

* = Less than \$500,000.

a. The 2003 level is the amount appropriated for that year for the Community Services Block Grant, Community Food and Nutrition, Youth Sports, Low-Income Home Energy Assistance, and Individual Development Accounts programs. The 2004 level is the amount authorized under current law for the Low-Income Home Energy Assistance Program. No full-year 2004 appropriation has been enacted yet.

BASIS OF ESTIMATE

For this estimate, CBO assumes S. 1786 will be enacted this fall and that the estimated authorization amounts will be appropriated for each fiscal year. The estimated outlays reflect CBO's current assumptions about spending patterns in the authorized programs.

S. 1786 would reauthorize programs created under the Community Service Block Grant Act, the Low-Income Home Energy Assistance Act of 1981, and the Assets for Independence Act. The Low-Income Home Energy Assistance Program (LIHEAP) is authorized through 2004 while the others are currently authorized through November 21, 2003, by the Continuing Appropriations Act (Public Law 108-107).

Both the Community Services Block Grant (CSBG) and Community Food and Nutrition programs would be reauthorized at such sums as may be necessary for 2004 through 2009. For those two programs, the estimated authorization levels are equal to the 2003 appropriation level plus adjustments for inflation. The bill contains specific authorizations in 2004 for the LIHEAP, Youth Sports, and Individual Development Accounts programs.

CBO estimates that S. 1786 would authorize additional appropriations of \$2.1 billion in 2004, assuming that the 2003 amounts for the CSBG and Community Food and Nutrition programs are adjusted for inflation. CBO estimates that the bill would authorize total funding of \$26.5 billion over the 2004-2009 period, assuming annual adjustments for anticipated inflation. Appropriation of the authorized amounts would result in outlays of \$1.0 billion in the first year and \$23.0 billion over the six-year period. (Without inflation adjustments, the increased authorizations would total \$25.8 billion over the six years, with outlays of \$22.4 billion over that period.)

Community Services Block Grant Program

The CSBG program provides grants to states to provide a range of services to reduce poverty, including employment assistance, education, housing assistance, nutrition, energy, emergency services, health, and substance abuse assistance. CBO estimates the authorization of such sums as necessary for the CSBG program would be \$657 million in 2004 and about \$4.2 billion over the 2004-2009 period, with resulting outlays of \$3.8 billion over the six years. Funding for the program in 2003 was \$646 million.

Community Food and Nutrition Program

The Community Food and Nutrition program provides grants to private and public agencies at the state and local level to coordinate existing food assistance resources and to develop innovative approaches to meet the nutrition needs of low-income people. CBO estimates the authorization of such sums as necessary for this program would be \$7 million in 2004 and \$47 million over the 2004-2009 period, with resulting outlays of \$42 million over those six years. The program was funded at \$7 million in 2003.

Youth Sports

The Youth Sports program provides an annual grant to a national, nonprofit organization to operate the National Youth Sports program. The grantee contracts with colleges and universities to provide sports instruction and enrichment activities (career and education counseling, study skills, and drug abuse and nutrition services) to low-income youths in a summer program. The bill would reauthorize the current program at \$18 million annually for the 2004-2009 period. Total funding for the six-year period would be \$108 million, with resulting outlays of about \$98 million over that period. The program was funded at \$17 million in 2003.

Low-Income Home Energy Assistance

The legislation would raise the current law authorization for LIHEAP for 2004, permanently extend the basic state grant and emergency grant programs, and continue the incentive grant program through fiscal year 2010. Assuming appropriation of the authorized amounts, CBO estimates that implementing this provision would cost about \$639 million in 2004, and \$19.0 billion over the 2004-2009 period.

Under current law, a total of \$2.65 billion is authorized to be appropriated for fiscal year 2004. These funds include \$2.0 billion for the basic formula grant for states to provide energy assistance for low-income households, \$50 million for grants to states to develop nonfederal energy resources and for Residential Energy Assistance Challenge (REACH) grants, and \$600 million for additional energy assistance for emergency needs. S. 1786 would increase the authorization for the basic formula grant for states to \$3.4 billion in fiscal year 2004, and extend this authorized level through fiscal year 2006. The bill would authorize the appropriation of such sums as may be necessary after 2006, which CBO estimates as the 2006 amount adjusted for inflation. The extension of the basic formula grant automatically extends the authorization of the emergency funding at \$600 million per year. The emergency funds are made available only after a formal request by the President that

includes a designation of the amount requested as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act.

The bill requires two new studies—a study by the General Accounting Office on the effectiveness of the REACH program, and a study by the Department of Health and Human Services on how to improve the performance and effectiveness of the LIHEAP program—for which CBO estimates the total costs would be less than \$500,000 over the 2004-2006 period.

Individual Development Accounts

The bill would reauthorize the Individual Development Accounts program and authorize the appropriation of \$25 million in 2004 and such sums as may be necessary in each year from 2005 through 2008. This program provides matching funds to qualified low-income individuals who save to encourage more savings. Accounts can be used to purchase a first home, for higher education expenses or for small business capitalization. Appropriations for the program were \$25 million for 2003.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1786 contains no intergovernmental or private-sector mandates as defined in UMRA. States would be given greater flexibility in managing grants but would need to continue to monitor eligible entities and assist them in developing local goals; any costs incurred by state, local, or tribal governments would result from complying with grant conditions.

PREVIOUS CBO ESTIMATES

On October 7, 2003, CBO transmitted a cost estimate for H.R. 3030, the Improving the Community Services Block Grant Act of 2003, as ordered reported by the House Committee on Education and the Workforce on October 1, 2003. H.R. 3030 would reauthorize the CSBG, Community Food and Nutrition, and Youth Sports programs. Our estimates of authorizations of appropriations for the CSBG and Community Food and Nutrition programs are identical to those provided for H.R. 3030. The specified authorization for the Youth Sports program is \$3 million per year higher than the level specified in H.R. 3030.

On September 15, 2003, CBO transmitted a cost estimate for H.R. 7, the Charitable Giving Act of 2003, as ordered reported by the House Committee on Ways and Means on September 9, 2003. That bill would reauthorize the Individual Development Accounts program. The two bills contain identical authorizations of appropriations for that program.

On May 1, 2003, CBO transmitted a cost estimate for H.R. 1644, the Energy Policy Act of 2003, as ordered reported by the House Committee on Energy and Commerce on April 8, 2003. H.R. 1644 would reauthorize LIHEAP at the same levels as S. 1786 through 2006, but would not extend the program beyond that.

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