



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 16, 2016

### **H.R. 5170** **Social Impact Partnerships to Pay for Results Act**

*As ordered reported by the House Committee on Ways and Means  
on May 11, 2016*

#### **SUMMARY**

H.R. 5170 would amend title IV of the Social Security Act to provide funding to states and local governments to support partnership projects. Such projects would have to identify a social problem that states or localities hope to address, such as improving high school graduation rates or increasing employment among recipients of disability benefits. Furthermore, the projects would have to be designed by states or localities to produce measurable goals. The legislation also would establish the Federal Interagency Council on Social Impact Partnerships and the Commission on Social Impact Partnerships to assist the Department of the Treasury in implementing the projects. Finally, H.R. 5170 would reserve \$100 million of the \$608 million already appropriated for the Temporary Assistance for Needy Families (TANF) contingency fund in 2017 to support the partnership projects.

CBO estimates that enacting this legislation would reduce direct spending, on net, by \$10 million over the 2017-2026 period. Because enacting the legislation would affect direct spending, pay-as-you-go procedures apply. Enacting H.R. 5170 would not affect revenues. CBO estimates that enacting H.R. 5170 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5170 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 effect of this legislation is shown in the following table. The impacts of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars											2017-	2017-	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026		
<b>INCREASES OR DECREASES (-) IN DIRECT SPENDING</b>														
Estimated Budget Authority	-87	-3	5	5	5	5	5	10	20	25	-75	-10		
Estimated Outlays	-87	-3	5	5	5	5	5	10	20	25	-75	-10		

## BASIS OF ESTIMATE

Under current law, CBO estimates that outlays for the TANF contingency fund for 2017 will total \$608 million over the 2017-2018 period. CBO estimates that the spending associated with the partnership projects, as provided for under the bill, would occur at a slower rate. Of the \$100 million that would be reserved for partnership projects, up to \$10 million could be used for feasibility studies developed by states to apply for project funding; the remaining funds could be used by the Treasury to evaluate the projects and to provide payments to states or localities if the projects meet certain goals. Such funding would be available for 10 years following enactment. Because there is uncertainty as to the extent states conducting the projects will achieve the measureable outcomes required for federal reimbursement, CBO estimates that not all of the funds reserved for the program will be spent. In total, we estimate that enacting this legislation would decrease net direct spending from the contingency fund by \$10 million over the 2017-2026 period.

## 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 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 H.R. 5170 as ordered reported by the House Committee on Ways and Means on May 11, 2016**

	By Fiscal Year, in Millions of Dollars											2016-	2016-	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026	
<b>NET INCREASES OR DECREASE (-) IN THE DEFICIT</b>														
Statutory Pay-As-You-Go Impact	0	-87	-3	5	5	5	5	5	10	20	25	-75	-10	

## **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

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

H.R. 5170 contains no intergovernmental or private-sector mandates as defined in the UMRA. Any costs to states associated with the demonstration projects authorized in the bill would be incurred voluntarily as conditions of assistance.

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