CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 21, 2016

H.R. 4724
Reducing Duplicative and Ineffective Federal Funding Act

As ordered reported by the House Committee on Ways and Means on March 16, 2016

SUMMARY

H.R. 4724 would amend title XX of the Social Security Act to repeal the Social Services Block Grant (SSBG) program, effective October 1, 2016. SSBG, which is administered by the Department of Health and Human Services, supports a variety of activities, including child welfare services, day care for both children and adults, counseling services, home-delivered meals, and special services for the disabled. This program has a permanent authorization of $1.7 billion per year. Although funding for the program is provided in annual appropriation acts, spending for SSBG is classified as direct spending. CBO estimates that enacting this legislation would reduce direct spending by $16.5 billion over the 2016-2026 period.

Because enacting the legislation would affect direct spending, pay-as-you-go procedures apply. Enacting H.R. 4724 would not affect revenues. CBO estimates that enacting H.R. 4724 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 4724 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 costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Billions of Dollars												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-2021	2016-2026
DECREASE IN DIRECT SPENDING													
Estimated Budget Authority	0	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-8.4	-16.9
Estimated Outlays	0	-1.3	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-8.0	-16.5

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4724 will be enacted by the start of 2017 and outlays will follow historical patterns. Under the procedures established in the Budget Control Act of 2011 for sequestration, the Office of Management and Budget has announced that the amount appropriated for SSBG in 2017 will be reduced by 6.9 percent. Thus, although SSBG has an annual authorization of $1.7 billion, the savings in budget authority in 2017 would be $1.6 billion, which would lead to outlay savings of $1.3 billion that year.

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. CBO estimates that repealing SSBG would reduce direct spending over the 2016-2026 period as shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 4724 as ordered reported by the House Committee on Ways and Means on March 16, 2016

	By Fiscal Year, in Billions of Dollars												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-2021	2016-2026
NET DECREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	-1.3	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-8.0	-16.5

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

For large entitlement programs like the SSBG program, UMRA defines a reduction in funding as an intergovernmental mandate if the affected governments lack authority to amend their financial or programmatic responsibilities to continue providing required services. The bill would repeal funding for the SSBG program and all conditions of assistance associated with the program. Because states would be under no obligation to continue providing services funded by SSBG, the repeal would not impose an intergovernmental mandate as defined in UMRA. However, states would either have to eliminate services or use their own funds to support current programs. CBO estimates that the repeal would reduce federal aid to states by $1.3 billion in 2017 and by $16.5 billion over the 2017-2026 period.

The bill contains no private-sector mandates as defined in UMRA.

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