



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 11, 2018

**H.R. 5735
THRIVE Act**

As reported by the House Committee on Financial Services on June 8, 2018

SUMMARY

H.R. 5735 would require the Secretary of Housing and Urban Development (HUD) to set aside about 10,000 rental vouchers for individuals recovering from substance use disorders in each year during the 2019-2023 period. CBO estimates that implementing the bill would increase spending subject to appropriation by \$1.2 billion over the 2019-2023 period, assuming appropriations are made available for that purpose.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 5735 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5735 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 H.R. 5735 is shown in the following table. The costs of the legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars						2019-2023
	2018	2019	2020	2021	2022	2023	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	98	203	310	421	216	1,250
Estimated Outlays	0	1	260	309	406	244	1,221

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5735 will be enacted late in 2018 and that appropriated funds will be spent at historical rates for the affected programs, unless specified otherwise.

H.R. 5735 would authorize a demonstration program to provide Section 8 Housing Choice Vouchers to individuals recovering from substance use disorders. Specifically, the bill would require HUD to allocate about 10,000 incremental vouchers in each fiscal year over the 2019-2023 period for the demonstration program. That is, HUD would need to make 10,000 vouchers newly available in each year so that there would be 10,000 vouchers in 2019, 20,000 vouchers in 2020, and so forth. The bill also would require HUD to prepare two reports on the effects of that rental assistance. CBO estimates that implementing the demonstration program would cost \$1.2 billion over the 2019-2023 period; that spending would be subject to the availability of appropriated funds.

Because voucher assistance for participants in a demonstration would be limited to a period of 12 to 24 months, CBO expects that HUD would not allocate any incremental vouchers in the final year of the demonstration. Using information provided by HUD, CBO estimates that, in a typical month, only about 85 percent of those vouchers would be used because turnover would cause some vouchers to go unused for some months. Based on average voucher costs of \$9,500 in 2018 and accounting for anticipated inflation, CBO estimates that providing vouchers to program participants would cost \$1.2 billion over the 2019-2023 period.

Using information from HUD about the staff time required to carry out similar programs, CBO estimates that the equivalent of two employees would be needed each year over the 2019-2023 period to review applications for the demonstration program and to ensure compliance with program rules. Based on average personnel costs of \$160,000 per employee and accounting for anticipated inflation, CBO estimates that the personnel costs would total \$2 million over the 2019-2023 period.

In addition, using information from HUD about the cost to conduct an analysis of similar programs, CBO estimates that preparing the reports would cost about \$4 million, in total.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 5735 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 5735 contains no intergovernmental or private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY

Federal Costs: Elizabeth Cove Delisle
Mandates: Rachel Austin

ESTIMATE REVIEWED BY

Sheila Dacey
Chief, Income Security and Education Cost Estimates Unit

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis