CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 11, 2017

H.R. 4258
Family Self-Sufficiency Act

As ordered reported by the House Committee on Financial Services on November 14, 2017

SUMMARY

H.R. 4258 would allow owners of properties that participate in the Project-Based Rental Assistance (PBRA) program to make the Family Self-Sufficiency (FSS) program available to their tenants. The bill also would remove a limit on the amounts that can be deposited into escrow accounts for some FSS participants. CBO estimates that implementing H.R. 4258 would cost $13 million over the 2018-2022 period, assuming appropriation of the necessary amounts.

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. 4258 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 4258 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. 4258 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					
	2018	2019	2020	2021	2022	2018-2022
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Escrow Accounts for PBRA Households						
Estimated Authorization Level	0	0	*	*	*	1
Estimated Outlays	0	0	*	*	*	1
Coordinator Awards						
Estimated Authorization Level	0	0	*	1	1	3
Estimated Outlays	0	0	0	*	1	1
Eliminate Phase-Out of Escrow						
Estimated Authorization Level	0	2	3	3	3	11
Estimated Outlays	0	2	3	3	3	11
Total Changes						
Estimated Authorization Level	0	2	3	4	5	14
Estimated Outlays	0	2	3	4	4	13

Components may not sum to totals because of rounding; PBRA = Public Housing Authorities; * = between zero and $500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted around the end of 2018 and will become effective about a year later.

The FSS program provides federal support for participants who agree to work toward leaving assisted housing by increasing their earned income. Coordinators for the FSS program connect households receiving assistance with the providers of services such as education, child care, and job training. Households receiving assistance usually pay 30 percent of their adjusted income toward rent; in the FSS program, any changes in rent that result from participants' increased income are credited to an escrow account that tenants receive when they successfully complete the program. For households that do not participate in FSS, the cost to the Department of Housing and Urban Development of providing housing assistance decreases as a household's income increases; for graduates of FSS, that cost remains the same.

The Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-56) authorizes property owners that participate in PBRA to make the FSS program available to their tenants through 2018. H.R. 4258 would permanently authorize property owners to offer the program by entering into agreements with public housing authorities (PHAs) that already operate such a program, or by creating their own FSS program. The bill also would make PHAs that enroll participants from project-based properties eligible to receive funds to pay program coordinators.

Using information on the number of participants from PBRA properties and the graduation rates of participants, CBO expects that participation would increase from about 400 adults in 2020 to about 1,200 in 2022 and that about 6 percent of those participants would graduate each year. CBO estimates that the average escrow balance of graduates will be about $6,000; therefore, CBO estimates that the cost to disburse the escrow for FSS graduates would total $1 million over the 2018-2022 period.

Based on the historical rate of annual spending per participant for FSS coordinators, CBO estimates that the cost to pay coordinators for assisting the additional participants would total $1 million over the 2018-2022 period.

The bill also would remove a limit on how much can be deposited into escrow for families with income between 50 percent and 80 percent of the area median income (AMI), including households assisted by the public housing and tenant-based assistance programs. Under current law, rent increases that are deposited to escrow are phased out as the household's income increases as a percent of AMI. Using data on the incomes of FSS participants and the escrow balances of graduates, CBO estimates that the provision would cost $11 million over the 2018-2022 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 4258 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

MANDATES

H.R. 4258 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would place new requirements on state, local, and tribal entities that administer housing assistance programs, but those requirements would be conditions of participating in a voluntary federal program or other conditions of assistance.

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