

H.R. 1456, Peace Corps Reauthorization Act of 2021

As ordered reported by the House Committee on Foreign Affairs on September 30, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	*	8	23
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	8	23
Spending Subject to Appropriation (Outlays)	45	1,132	1,186

Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and \$500,000.

The bill would

- Specifically authorize appropriations of \$1.1 billion for the United States Peace Corps
- Authorize part-time volunteers to serve remotely rather than in the benefitting country
- Increase the minimum amount paid to volunteers for federal workers' compensation
- Extend short-term health care coverage for returning volunteers

Estimated budgetary effects would mainly stem from

- Spending of specified authorizations of appropriations
- Increased spending for federal workers' compensation

Detailed estimate begins on the next page.

Bill Summary

H.R. 1456 would authorize appropriations over the 2022-2024 period to fund the United States Peace Corps. The bill also would expand volunteer and employee benefits and would authorize volunteers to serve remotely.

H.R. 1456 also would raise the benefit amount under the Federal Employees' Compensation Act (FECA) program for Peace Corps volunteers. Those benefits are paid from mandatory appropriations.

Estimated Federal Cost

The estimated budgetary effects of H.R. 1456 are shown in Table 1. Implementing the bill would increase spending subject to appropriation by \$1.2 billion over the 2022-2031 period. In addition, enacting the bill would increase direct spending by \$23 million over that same period. The costs of the legislation fall within budget functions 150 (international affairs) and 600 (income security).

Table 1.
Estimated Budgetary Effects of H.R. 1456

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031
	2022 ^a	2023	2024	2025	2026	2027	2028	2029	2030	2031		
Increases in Spending Subject to Appropriation												
Estimated Authorization	69	500	550	9	9	10	11	11	11	11	1,137	1,191
Estimated Outlays	45	348	528	199	12	10	11	11	11	11	1,132	1,186
Increases in Direct Spending												
Estimated Budget Authority	*	2	2	2	2	3	3	3	3	3	8	23
Estimated Outlays	*	2	2	2	2	3	3	3	3	3	8	23
Memorandum:												
Intragovernmental Collections ^b	0	-1	-2	-2	-2	-2	-3	-3	-3	-3	-7	-21

* = between zero and \$500,000

a. The Congress appropriated \$381 million in 2021 for the Peace Corps. Because CBO estimates budgetary effects on an annualized basis, in 2022 CBO assumes that the same amount will be available under the current continuing resolution (Public Law 117-70). The amount shown in 2022 reflects the difference between the authorized amount and the amount annualized under the continuing resolution.

b. Intragovernmental collections from Peace Corps to the Department of Labor to pay for federal workers' compensation benefits paid to former and current Peace Corps volunteers and leaders.

Basis of Estimate

For this estimate, CBO assumes H.R. 1456 will be enacted in fiscal year 2022. Estimated outlays are based on historical spending patterns for the affected programs.



Spending Subject to Appropriation

The bill would specifically authorize appropriations for the 2022-2024 period, and implementing other provisions of the bill would increase estimated authorizations in later years. CBO expects costs from those other provisions would be covered by the specified authorizations during the first three years. In total, implementing H.R. 1456 would increase discretionary spending by \$1.1 billion over the 2022-2026 period, assuming appropriation of the specified and estimated amounts (see Table 2).

Table 2.
Spending Subject to Appropriations Under H.R.1456

	By Fiscal Year, Millions of Dollars					2022-2026
	2022	2023	2024	2025	2026	
Peace Corps Reauthorization						
Authorization	69	500	550	0	0	1,119
Estimated Outlays	45	348	528	190	3	1,114
Virtual Service Program						
Estimated Authorization	0	0	0	6	6	12
Estimated Outlays	0	0	0	6	6	12
Workers' Compensation ^a						
Estimated Authorization	0	0	0	2	2	4
Estimated Outlays	0	0	0	2	2	4
Health Care Insurance Extension						
Estimated Authorization	0	0	0	1	1	2
Estimated Outlays	0	0	0	1	1	2
Total Changes						
Estimated Authorization	69	500	550	9	9	1,137
Estimated Outlays	45	348	528	199	12	1,132

a. Employing agency outlays for workers' compensation are deposited in the Federal Employee Compensations Act account and have no net effect on the federal budget.

Peace Corps Authorizations. Section 2 would authorize the appropriation of \$450 million in 2022, \$500 million in 2023, and \$550 million in 2024. The Peace Corps has received appropriations for 2022, at an annualized rate of \$381 million, under the Further Extending Government Funding Act (P.L. 117-70), a continuing resolution. Thus, section 2 would authorize for appropriations an additional \$69 million for FY2022.

Virtual Service Program. Section 7 would authorize the Peace Corps to expand a program that allows participants to serve remotely on a part-time basis at their own expense for up to 27 weeks. In addition to the costs that would be covered by the specified authorizations in section 2, implementing the program would cost an additional \$12 million over the 2022-2026 period.

Using information from the agency, CBO estimates that 300 volunteers would provide support remotely from the United States or another country to 30 posts. Program costs would primarily be driven by the salary requirements of 14 headquarters staff and 60 host-country managers (two per post). Salaries and expenses for those personnel would range from \$50,000 for assistant post managers to \$125,000 for headquarters staff and would average \$75,000 per person. CBO estimates the program would cost \$6 million annually.

Workers' Compensation. Section 16 would increase the minimum amount paid to Peace Corps volunteers for workers' compensation under the Federal Employees' Compensation Act. Currently, the amount that volunteers receive in FECA benefits is based on the rate for employees in the GS-7 pay grade. The bill would raise that to the GS-11 pay grade, an increase of 48 percent on average.

Increasing the amount of FECA benefit payments would increase direct spending; those effects are discussed below under the heading "Direct Spending." In turn, the claimant's employing agency reimburses the FECA account from discretionary appropriations. (Those reimbursements are shown in the memorandum line in Table 1.)

Using information about historical FECA claims from Peace Corps volunteers, CBO estimates that this section would increase discretionary costs by \$21 million over the 2022-2031 period, of which \$3 million would be covered by specified authorizations in section 2 over the 2022-2024 period. For the 2025-2031 period, CBO estimates that the Peace Corps would need an additional \$18 million, \$4 million of that in the 2025-2026 period.

Health care Insurance Extension. The Peace Corps currently provides one month of private health insurance to returning volunteers who successfully complete their term of service. Section 4 would extend that benefit to two months. Using data provided by the agency, CBO estimates that extending the health insurance benefit would increase costs by \$1 million each year. In addition to the costs that would be covered by the specified authorizations in section 2, increasing the duration of health coverage would cost \$2 million over the 2022-2026 period.

Direct Spending

As discussed under the heading "Spending Subject to Appropriation," section 16 would increase the minimum amount paid to volunteers for workers' compensation under the FECA. CBO estimates that raising the benefit amount would increase direct spending by \$23 million over the 2022-2031 period, as shown in Table 1. This cost is higher than the amount the Peace Corps would provide to the Department of Labor for these benefits over the 2022-2031 period because reimbursements from agency appropriations are made some time after the benefits are paid. The receipt of those reimbursements are not counted as having an effect on the deficit because the payments are dependent on future appropriations.

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 Table 3.

Table 3.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 1456, Peace Corps Reauthorization Act of 2021, as Ordered Reported by the House Committee on Foreign Affairs on September 30, 2021

	By Fiscal Year, Millions of Dollars										2022-2026	2022-2031
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	Net Increase in the Deficit											
Pay-As-You-Go Effect	0	2	2	2	2	3	3	3	3	3	8	23

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 1456 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates: None.

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