

At a Glance

S. 2172, Building Solutions for Veterans Experiencing Homelessness Act of 2021

As ordered reported by the Senate Committee on Veterans' Affairs on July 28, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*

Spending Subject to Appropriation (Outlays)	11	990	not estimated
---	-----------	------------	---------------

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?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and \$500,000.

The bill would

- Require the Department of Veterans Affairs (VA) to pay higher rates under its Grant and Per Diem Program to entities that provide services to homeless veterans
- Authorize the Department of Labor (DOL) to increase grants to entities that provide employment training, counseling, and placement services to homeless veterans
- Require VA to institute three pilot programs to fund grants for providers of services to homeless veterans

Estimated budgetary effects would mainly stem from

- Increasing VA's grant payments and the per diem rates paid to service providers
- Increasing DOL grants for employment services
- Disbursing grants through VA's pilot programs to entities providing services to homeless veterans

Detailed estimate begins on the next page.



Bill Summary

S. 2172 would require the Department of Veterans Affairs (VA) to increase payment rates for programs that assist homeless veterans with housing, job training, and other supportive services. In addition, the bill would increase authorizations for employment service grants from the Department of Labor (DOL). The bill also would require VA to institute three pilot programs to provide grants to entities that offer services to homeless veterans involving treatment for substance use disorders, access to health care, and transportation assistance. In total, CBO estimates, implementing the bill would cost \$990 million over the 2022-2026 period. That spending would be subject to appropriation of the estimated amounts.

Estimated Federal Cost

The estimated budgetary effects of S. 2172 are shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in fiscal year 2022 and that the estimated amounts will be appropriated each year. Estimated outlays are based on historical spending patterns.

Spending Subject to Appropriation

S. 2172 would establish or make changes to several programs that support veterans who are homeless, have experienced homelessness, or are at risk of becoming homeless. Implementing the bill would cost \$990 million over the 2022-2026 period, CBO estimates. Such spending would be subject to the appropriation of the estimated amounts.



**Table 1.
Estimated Increases in Spending Subject to Appropriation Under S. 2172**

	By Fiscal Year, Millions of Dollars					2022-2026
	2022	2023	2024	2025	2026	
Grant and Per Diem Program						
Estimated Authorization	0	184	188	192	196	760
Estimated Outlays	0	163	183	189	193	728
Employment Services						
Authorization	10	60	60	60	60	250
Estimated Outlays	1	15	55	55	55	181
Treatment for Substance Use Disorders						
Estimated Authorization	10	10	10	10	10	51
Estimated Outlays	10	10	10	10	10	51
Health Care						
Estimated Authorization	*	7	7	7	7	28
Estimated Outlays	*	6	7	7	7	27
Transportation Assistance						
Estimated Authorization	0	1	*	*	*	2
Estimated Outlays	0	1	*	*	*	2
Reports and Studies						
Estimated Authorization	*	1	*	*	*	1
Estimated Outlays	*	1	*	*	*	1
Total Changes						
Estimated Authorization	20	263	265	269	273	1,092
Estimated Outlays	11	196	255	261	265	990

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

In addition to the amounts shown here, enacting the bill would increase direct spending by an insignificant amount over the 2022-2031 period.

Grant and Per Diem Program. VA pays a daily rate through its Grant and Per Diem Program to entities that provide housing and other supportive services to homeless veterans. Section 3 would increase the maximum amount of those payments.

Under current law, the rate for per diem grants to community organizations for housing and supportive services is about \$75; the rate paid to grant recipients for transitional housing is \$57 per veteran. Using information from VA, CBO estimates that those amounts would increase by 33 percent and 74 percent, respectively. In 2023, VA expects to allocate about \$200 million for per diem grants and about \$50 million for grants for transitional housing. Using those funding levels, CBO estimates that increasing the rates would increase programs costs at an average of \$160 million annually and total \$628 million over the 2022-2026 period.

The program also includes capital grants to service providers to support the acquisition, construction, or rehabilitation of real property. Under current law, the grants cannot exceed 65 percent of a project's cost. Section 2 would eliminate the 35 percent matching requirement for grant recipients during the five years after enactment. (After that, VA would be permitted to establish a matching requirement of no more than 30 percent of project costs.)

In 2021, Public Law 116-315 suspended the 65 percent cap for the duration of the coronavirus public health emergency. VA used that authority in 2022 to award \$75 million in funding that covered 100 percent of the grant recipients' capital project costs. CBO expects that if projects of similar cost are pursued after the matching requirement is reinstated under current law, VA will make grants of about \$50 million annually and recipients will provide \$25 million. Thus, CBO estimates, extending the waiver under S. 2172 would shift an additional \$25 million in costs annually and total \$100 million over the 2023-2026 period, to the federal government.

CBO estimates that, in total, increasing per diem rates and eliminating matching requirements for grants would cost \$728 million over the 2022-2026 period.

Employment Services. The Department of Labor awards grants to organizations that provide job training, counseling, and job placement services to homeless veterans. The grants are competitively awarded to state and local governments, tribal agencies, and private entities. In the 2020 program year, DOL awarded \$53 million to 127 organizations serving about 15,000 veterans in 43 states.

Current law authorizes appropriations of \$50 million to DOL for the program in 2022. Section 8 of the bill would increase and extend the amount authorized to \$60 million for 2022 and each year thereafter. On the basis of historical spending patterns, CBO estimates that implementing the section would increase discretionary spending by \$181 million over the 2022-2026 period.

Pilot Grant Programs. S. 2172 would institute three pilot grant programs. Each would run for five years in at least five locations and focus on treating homeless veterans for substance use disorders, expanding access to health care, and improving access to public transportation.

Treatment for Substance Use Disorders. Under section 7, VA would award grants to entities that provide or coordinate services for veterans who are recovering from substance use disorders and who are at risk of becoming homeless or have experienced homelessness. Using information from VA, CBO estimates that the department would award \$10 million annually in grants under this pilot program. Salaries and expenses for program management would be insignificant in each year, totaling \$1 million over five years. Thus, CBO estimates that the program would cost \$51 million over the 2022-2026 period.

Health Care. Under section 10, VA would award grants to nonfederal entities that provide health care to veterans who are at risk of becoming homeless or have experienced homelessness. The funds would pay for nursing staff to assist veterans with activities of daily living and provide medical care; the funds also would cover the costs of supplies and facilities.

Using information from VA, CBO estimates that five full-time employees would be required at each recipient location, at an average rate of \$200,000 per employee; thus, salaries and benefits would cost \$5 million annually. Supplies and facilities would cost \$1 million each year, and management and administration of the program would cost about \$500,000 annually. After adjusting for inflation, CBO estimates that implementing section 10 would cost \$27 million over the 2022-2026 period.

Public Transportation. Under section 9, VA would coordinate with the U.S. Department of Transportation to provide grants to entities to improve veterans' access to public transportation for travel to facilities that provide VA-funded health care. Under current law and in cooperation with VA, veterans' service organizations, and other federal agencies, the Department of Transportation makes grants to entities that improve access to public transportation for veterans. Under another grant program, VA also has awarded grants of up to \$50,000 to entities that support veterans' access to transportation in rural areas.

On the basis of information from VA, CBO expects that the department would award grants of \$50,000 each to two entities at five locations, for an annual total of 10 grants. CBO estimates that the pilot program would start in 2023 and cost \$2 million over the 2023-2026 period.

Reports and Studies. S. 2172 would require VA to report to the Congress on its programs for homeless veterans. Under the bill, the Government Accountability Office also would be required to report on the availability of affordable housing for participants in VA programs that assist homeless veterans. Based on costs for similar activities, CBO estimates that satisfying those requirements would cost \$1 million over the 2022-2026 period.

Veterans' Resources. Section 6 would require VA to provide grants to entities that help veterans who were homeless, are in transition to permanent housing, or are at risk of becoming homeless to better understand and effectively use housing and health care resources provided by the federal, state, local, and tribal governments. It also would require grant recipients to report to VA on the services they provide with the grant funds.

Because VA meets those requirements under current law, CBO estimates that implementing section 6 would not increase the department's costs.



Direct Spending

Section 2 would permanently exempt recipients of capital grants under the Grant and Per Diem Program from requirements concerning the subsequent use and disposition of property that receives VA grant funding. In some cases, grant recipients will be required to reimburse VA for grant proceeds if those requirements are not met. Under current law, VA can collect and spend recovered funds without further appropriation; thus, CBO estimates that waiving those recoveries would increase net direct spending by an insignificant amount over the 2022-2031 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. CBO estimates that enacting S. 2172 would have insignificant effects on direct spending and would, on net, increase deficits by insignificant amounts.

Increase in Long-Term Deficits

CBO estimates that enacting S. 2172 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.

Estimate Prepared By

Federal Costs:

Etaf Khan (veterans' health care)
Paul Holland (employment services)

Estimate Reviewed By

David Newman
Chief, Defense, International Affairs, and Veterans' Affairs Cost Estimates Unit

Leo Lex
Deputy Director of Budget Analysis

Theresa Gullo
Director of Budget Analysis