



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 15, 2011

### **H.R. 2646** **Veterans Health Care Facilities Capital Improvement Act of 2011**

*As ordered reported by the House Committee on Veterans' Affairs  
on September 8, 2011*

#### **SUMMARY**

H.R. 2646 would authorize the Department of Veterans Affairs (VA) to build and lease several medical facilities and extend programs for homeless veterans. In total, CBO estimates that implementing the bill would cost \$1.2 billion over the 2012-2016 period, assuming appropriation of the necessary amounts. CBO estimates that enacting the bill would have no effect on direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2646 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 impact of H.R. 2646 is summarized in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

#### **BASIS OF ESTIMATE**

For this estimate, CBO assumes the legislation will be enacted near the start of fiscal year 2012, that the necessary amounts will be appropriated each year, and that outlays will follow historical patterns for similar and existing programs.

H.R. 2646 would authorize appropriations for major construction and leasing of VA medical facilities. The bill also would extend the authority for several programs for homeless veterans. CBO estimates that implementing H.R. 2646 would cost \$1.2 billion over the 2012-2016 period, assuming appropriation of the necessary amounts.

	By Fiscal Year, in Millions of Dollars					2012-2016
	2012	2013	2014	2015	2016	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Major Construction Projects						
Authorization Level	850	0	0	0	0	850
Estimated Outlays	37	229	277	204	77	824
Leases for Medical Facilities						
Estimated Authorization Level	50	22	22	22	22	138
Estimated Outlays	45	22	22	22	22	133
Seismic Corrections and Renovations						
Estimated Authorization Level	68	0	0	0	0	68
Estimated Outlays	3	18	22	16	6	65
Extension of Certain Authorities for Homeless Veterans						
Estimated Authorization Level	107	37	0	0	0	144
Estimated Outlays	96	43	4	0	0	143
Total Changes						
Estimated Authorization Level	1,075	59	22	22	22	1,200
Estimated Outlays	181	312	325	242	105	1,165

### Major Construction Projects

Section 3 would authorize the appropriation of \$850 million to construct and modify medical facilities in Palo Alto, California; St. Louis, Missouri; and San Juan, Puerto Rico. CBO estimates that if appropriated, that authorization would result in discretionary costs of \$824 million over the 2012-2016 period.

### Leases for Medical Facilities

Section 4 would authorize the appropriation of \$50 million for leasing eight medical facilities. Based on information from VA's 2012 budget request, CBO expects that VA would enter into 20-year lease agreements for those facilities. CBO estimates that in addition to the specified amounts authorized to be appropriated in 2012, entering into those leases would cost \$22 million a year starting in 2013. (Costs would be higher in the first year because VA would pay up front for necessary improvements and upgrades.) CBO estimates that entering into those leases would cost \$133 million over the 2012-2016 period, assuming appropriation of the authorized and estimated amounts.

## **Seismic Corrections and Renovations**

Section 2 would authorize the appropriation of \$87 million for seismic corrections and renovations at facilities in Los Angeles, California, and Seattle, Washington. Based on VA's current estimate for construction costs and the amounts that have already been appropriated for those projects, CBO estimates that VA would require additional funding of \$68 million in 2012. We estimate that implementing those projects would cost a total of \$65 million over the 2012-2016 period, assuming appropriation of the estimated amounts.

## **Extension of Certain Authorities for Homeless Veterans**

Section 8 would extend, for various periods, the expiring authorities for several programs that provide services to homeless veterans. CBO estimates that extending such programs would cost \$143 million over the 2012- 2016 period, assuming appropriation of the necessary amounts.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2646 contains no intergovernmental or private-sector mandates as defined in UMRA. Public hospitals that contract with VA to provide hospital care or medical services to veterans would be required to comply with auditing procedures extended under the bill. Any costs to those hospitals would be incurred voluntarily.

## **PREVIOUS CBO ESTIMATE**

On August 30, 2011, CBO transmitted a cost estimate for S. 914, the Veterans Programs Improvement Act of 2011, as ordered reported by the Senate Committee on Veterans' Affairs on June 29, 2011. Sections 2, 3, 4, and 8 of H.R. 2646 contain language similar to sections 601, 602, 603, and 205 of S. 914, respectively, and their estimated costs are the same.

**ESTIMATE PREPARED BY:**

Federal Costs: Ann E. Futrell

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum

Impact on the Private Sector: Elizabeth Bass

**ESTIMATE APPROVED BY:**

Theresa Gullo

Deputy Assistant Director for Budget Analysis