

## House Appropriations Committee Guidance on Renewal Burden

*Continuum of Care Grants.*—The Committee is concerned about the so-called “renewal burden” in the Continuum-of-Care program. This number is exploding in growth—in the hundreds of millions each year—and is completely unsustainable. Further, it has and will continue to crowd-out other homeless funding including the Rural Housing Stability Grants and the Emergency Solutions Grants. The Continuum of Care is supposed to be a competitive grants program. However, a “renewal burden” is antithetical to the concept of competition. Competition for scarce resources is what drives better performance and spurs innovation. Automatic renewals are just the opposite—creating inefficiencies and removing all incentives to perform better.

To-date, the Department seems uninterested in re-evaluating programs to ensure the best use of resources through a national competition. Instead, its approach is to simply renew all existing grantees and to request even more funding so that additional localities may be permanently added to the program, without regard to their subsequent performance. This is precisely what gives government-run programs a bad name. It is not the Committee’s intention to maintain an entitlement program for ailing and inflexible service providers. The Committee reminds providers in the Continuum of Care that these funds are intended to assist and house the homeless as effectively and as efficiently as possible.

The Committee is aware the Department is considering ways in which localities can be encouraged to choose better projects through a local competitive process. This is a step in the right direction, but mere encouragement will not solve the problem of exploding costs on a national scale. The Committee directs the Department to report to the Committees on Appropriations within 90 days of enactment on how the Continuum of Care can be run more like a true competition—on both the national and local level—assuming scarce resources.

The Committee does not view the Department’s “renewal” estimate as something that must be funded each year. The Committee recommends less than the renewal number this year, and yet the overall appropriation increases by nearly \$100,000,000 over fiscal year 2012. The Committee notes the HEARTH Act does not expressly require funding renewals. While the Secretary is permitted to prioritize funding of renewals and has great latitude to fund renewals, this is only to the extent sufficient funding is available.