



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 5, 1999

S. 1455

College Scholarship Fraud Prevention Act of 1999

As reported by the Senate Committee on the Judiciary on October 29, 1999

CBO estimates that enacting S. 1455 would have no significant effect on the federal budget. Because the bill would affect direct spending and receipts, pay-as-you-go procedures would apply; but the amounts involved would be much less than \$500,000 a year. S. 1455 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

S. 1455 would direct the U.S. Sentencing Commission to amend the federal sentencing guidelines to provide for enhanced penalties, including prison sentences and fines, for fraudulent activities related to the provision of financial assistance for higher education. The bill would amend the federal bankruptcy code to provide less protection for the property of debtors who have engaged in such fraud. This legislation also would require the Attorney General and the Secretary of Education to jointly submit to the Congress an annual report on the extent of such fraudulent activities. Finally, S. 1455 would direct the Department of Education to maintain an Internet web site devoted to raising awareness about scholarship fraud.

Implementing S. 1455 could result in additional costs to the federal government to accommodate prisoners for longer periods of time. However, because the bill's provisions would affect a small number of cases, CBO estimates that any increased costs would be less than \$500,000 annually, subject to the availability of appropriated funds. Because offenders would be subject to greater criminal fines under S. 1455, the federal government might collect additional fines. Collections of such fines are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. CBO expects that any additional receipts and direct spending would be negligible.

CBO estimates that the bill's provision regarding the property of fraudulent debtors would have little or no effect on the federal government, which is rarely a creditor in such cases. We estimate that the reports and other activities required of the Department of Justice and the Department of Education would cost less than \$500,000 a year, from appropriated funds.

The CBO staff contact is Mark Grabowicz. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.