



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 14, 2007

S. 343

A bill to extend the District of Columbia College Access Act of 1999

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on February 15, 2007*

SUMMARY

S. 343 would amend the District of Columbia College Access Act of 1999 and reauthorize the District of Columbia tuition assistance grant (DCTAG) program for students who are residents of Washington, D.C. Current law authorizes the appropriation of such sums as may be necessary through fiscal year 2007, and S. 343 would extend this authorization through fiscal year 2012. CBO estimates that the necessary appropriations would total \$208 million over the 2008-2012 period. Outlays would match this total over the same period. The bill would have no significant impact on direct spending or revenues.

S. 343 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 343 is presented in the following table. The cost of this legislation falls within budget function 500 (education, training, employment, and social services).

ESTIMATED BUDGETARY EFFECTS OF S. 343

| | By Fiscal Year, in Millions of Dollars | | | | | |
|---|--|------|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Spending Under Current Law | | | | | | |
| Estimated Authorization Level | 33 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 33 | 0 | 0 | 0 | 0 | 0 |
| Proposed Changes | | | | | | |
| Estimated Authorization Level | 0 | 30 | 41 | 44 | 46 | 47 |
| Estimated Outlays | 0 | 30 | 41 | 44 | 46 | 47 |
| Spending Under S. 343 | | | | | | |
| Estimated Authorization Level | 33 | 30 | 41 | 44 | 46 | 47 |
| Estimated Outlays | 33 | 30 | 41 | 44 | 46 | 47 |

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 343 will be enacted during 2007 and that the estimated amounts will be appropriated for each year.

Current Law

Under current law, DCTAG provides financial assistance to D.C. residents who attend public colleges outside of the District of Columbia, private postsecondary institutions in the District of Columbia, Maryland, or Virginia, or any historically black college or university. The private-school tuition grants are restricted to nonprofit institutions. Students who attend public schools receive assistance equal to the difference between the tuition paid by residents of the state in which the institution is located and the tuition charged to nonresident students, with an annual limit of \$10,000 and a lifetime limit of \$50,000. Private-school students receive a \$2,500 maximum annual grant, with a lifetime limit of \$12,500.

According to data from the District of Columbia's State Education Office (SEO), the cost of DCTAG has grown substantially since the program's inception (academic year 2000-2001). For the 2005-2006 academic year, the most recent year for which final data are available, just over 3,800 students attending public institutions and 900 students attending private schools

received awards. Both the number of participants and the size of average award have increased over time. Growth has been particularly high for students attending public schools.

Current law authorizes the appropriation of such sums as may be necessary through fiscal year 2007. The Congress appropriated \$33 million for this program in fiscal year 2007, although costs will likely exceed this total. Because costs for DCTAG were lower than the appropriated sums during the early years of the program, however, the SEO has been able to use carryover funds to supplement appropriated funds to make grants in recent years. As a result, the SEO has about \$42 million available for the current academic year. The office has allocated just over \$39 million for this award-year, but because not all students who receive award letters enroll in school, SEO's spending for financial assistance will likely be closer to \$35 million. SEO also spends about 3 percent of its funds on operating costs.

Proposed Extension

S. 343 would authorize the appropriation of such sums as are necessary for DCTAG through 2012. CBO assumes that the SEO would use all of its estimated \$7 million in carryover funds in 2008, so while program costs would probably total almost \$38 million, additional federal funds needed to cover those costs would total only \$30 million. CBO estimates that the necessary appropriations and resulting outlays would total \$208 million over the 2008-2012 period. (Federal funds are disbursed and outlays are recorded when the SEO receives the funds, not when it actually makes the grants.) Based on population and high school graduation projections from the Census Bureau and the National Center for Education Statistics, respectively, CBO estimates that the number of participants would continue to grow, but at a slower rate than in the early years of the program. In addition, some of the early growth was likely attributable to recruitment efforts, which would be expected to have a smaller effect as DCTAG matures.

CBO estimates that a total of about 5,500 students annually would participate in the program by 2012. Based on data from the SEO and the College Board, CBO also estimates that the average cost per grant would continue to rise as the cost of tuition and fees at both public and private schools rises, although a growing share of the grants would be limited by the annual caps. On that basis, CBO estimates that the average cost per grant would reach \$9,500 for public schools and about \$2,350 for private schools by 2012, assuming appropriation of the necessary funds.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 343 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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