



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 3, 2001

### **H.R. 1499** **District of Columbia College Access Act Technical** **Corrections Act of 2001**

*As passed by the House of Representatives on July 30, 2001*

#### **SUMMARY**

H.R. 1499 would modify the District of Columbia resident tuition support program that was established in 1999. The act would expand eligibility for tuition support to include District of Columbia residents who graduated from high school or received the equivalent of a high school degree before 1998 as well as individuals who first begin their postsecondary education more than three years after they graduated from high school. It also would prohibit foreign nationals from participating in the program.

Assuming appropriation of the necessary amounts, CBO estimates that H.R. 1499 would result in additional discretionary spending of \$9 million in 2002 and \$30 million over the 2002-2005 period. H.R. 1499 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 1499 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 federal budgetary impact of H.R. 1499 is presented in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

---

**ESTIMATED BUDGETARY EFFECTS OF H.R. 1499**

---

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
<b>Spending Under Current Law</b>						
Estimated Authorization Level <sup>a</sup>	17	21	34	43	48	0
Estimated Outlays	17	21	34	43	48	0
<b>Proposed Changes</b>						
Eliminate post-1997 graduation date requirement						
Estimated Authorization Level	0	8	7	2	3	0
Estimated Outlays	0	8	7	2	3	0
Eliminate requirement to begin postsecondary education within three years of graduation						
Estimated Authorization Level	0	1	2	3	4	0
Estimated Outlays	0	1	2	3	4	0
Prohibit foreign nationals from participation						
Estimated Authorization Level	0	*	*	*	*	0
Estimated Outlays	0	*	*	*	*	0
Total changes						
Estimated Authorization Level	0	9	9	5	7	0
Estimated Outlays	0	9	9	5	7	0
<b>Spending Under H.R. 1499</b>						
Estimated Authorization Level <sup>a</sup>	17	30	42	48	55	0
Estimated Outlays	17	30	42	48	55	0

NOTES: \* = Less than \$500,000.

Components may not sum to totals because of rounding.

The tuition support program operates as a payment to the District of Columbia and is not currently subject to the Federal Cash Management Improvement Act of 1990. The District of Columbia has drawn down the entire appropriation each year, and has actual program spending to date of about one-third of the total funds appropriated.

a. The 2001 level is the amount appropriated for that year for the current tuition support program.

---

**BASIS OF ESTIMATE**

For this estimate, CBO assumes that H.R. 1499 will be enacted prior to October 1, 2001, and that the necessary amounts will be appropriated for each year.

## **Current Law**

Under current law, the District of Columbia resident tuition support program, administered by the Mayor, provides financial assistance to District of Columbia (D.C.) residents who choose to attend public colleges outside of the district, private postsecondary institutions in the city, or in one of the surrounding jurisdictions in Maryland or Virginia, or historically black colleges or universities (HBCUs) with their main campus in Maryland or Virginia. The private-school tuition grants are restricted to nonprofit institutions. The program received annual appropriations for fiscal years 2000 and 2001 of \$17 million, and is authorized through 2005 at such sums as may be necessary. Through June 2001, nearly \$9 million in grants had been recorded for academic year 2000-2001 with an average of 1,775 grantees in the fall and spring semesters, about one-quarter of whom were enrolled in private institutions.

Eligibility for the tuition support is limited to individuals who graduate from high school or receive an equivalent of a secondary school diploma after January 1, 1998, reside in D.C. for at least 12 consecutive months prior to beginning the freshman year in an eligible institution, and begin their postsecondary school course-of-study within three years of their high school graduation. For those who wish to attend state-supported public institutions outside of the district, the program provides scholarships 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, but not to exceed \$10,000 annually with a lifetime limit of \$50,000. In addition, it provides a \$2,500 maximum annual scholarship for those who choose to attend a private institution in D.C. or in one of the surrounding jurisdictions in Maryland or Virginia. Private HBCUs with their main campus in Maryland or Virginia are included in the latter classification. The assistance under each portion of the program is prorated if the student is enrolled in a less than full-time program. Administrative expenses of operating the program are limited to equal no more than 7 percent of the total tuition grants.

CBO estimates by academic year 2005-2006, about 7,800 students would receive tuition assistance—5,000 students attending public institutions and 2,800 students enrolling at private institutions—at a cost (including administrative expenses) of \$48 million.

## **Proposed Changes**

H.R. 1499 would expand eligibility for tuition support to include individuals who graduated from secondary schools before 1998, as well as those who first begin their postsecondary education more than three years after graduation. CBO estimates that the costs of the provisions are \$8 million and \$1 million in 2002, respectively; the 2002-2005 respective

costs are \$20 million and \$10 million. The prohibition on the participation of foreign nationals is estimated to have a negligible budgetary impact.

**Eliminate Post-1997 Graduation Date Requirement.** To determine the additional number of D.C. residents eligible for the grants, CBO used the 1998-1999 Integrated Postsecondary Education Data Analysis System (IPEDS) and the 1996-1997 National Postsecondary Student Aid Survey. Those data show the respective distributions of first-year D.C. residents enrolled in postsecondary education by institution type and location and all enrollees by state of residence. To predict enrollment for 2002 and beyond, CBO relied on the growth rates for the national enrollment projections from the National Center for Education Statistics. CBO assumed that the elimination of the graduation date requirement would accelerate the rate at which the program would phase in. Under current law, CBO assumes that 50 percent of the ultimate number of participants would receive benefits in 2002, rising to 95 percent by 2005. Under H.R. 1499, we expect that about 70 percent would participate in 2002 and 100 percent beginning in 2005. The provision would add about 1,500 participants in 2002 and about 400 recipients in 2005.

To determine the average tuition grant for public institutions, CBO used 1998-1999 IPEDS data to determine the average in-state and out-of-state tuition rates by school type. CBO inflated these rates by the College Board's average estimate of tuition increases to arrive at the tuition costs for 2002 and beyond. Private school scholarships are based on the IPEDS data weighted for full-time and part-time status. The estimated average grant for public school enrollees grows from \$6,700 to \$7,720 from 2002 to 2005. The estimate for private tuition assistance remains at \$2,120 throughout the period. Elimination of the post-1997 graduation requirement would add \$8 million in program costs in 2002, but the additional annual costs would fall to \$3 million in 2005.

**Eliminate the Three-Year Enrollment Requirement.** H.R. 1499 would eliminate the requirement that D.C. residents first enroll in a postsecondary degree program within three years of completing secondary school or its equivalent. CBO assumes that this requirement affects about 10 percent of secondary school graduates, or those receiving equivalent degrees. Assuming their enrollment by institution type and location mirrors other first-year students from D.C., their tuition grants would be similar to those students currently eligible for assistance—in 2002, about \$6,700 for public institutions and \$2,120 for private schools. These newly eligible students are assumed to enter the program gradually over time, with an additional 180 participants in 2002 and 730 in 2005. The resulting additional costs amount to \$1 million in 2002 and \$10 million over the 2002-2005 period.

**Prohibit Participation by Foreign Nationals.** H.R. 1499 would require participants in the D.C. resident tuition support program to meet the citizenship and immigrant status requirements of section 484(a)(5) of the Higher Education Act of 1965. Based on

discussions with the D.C. staff running the program, CBO estimates that this prohibition would only affect a small number of D.C. residents and the savings from the provision would be less than \$500,000 annually.

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

H.R. 1499 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

Federal Costs: Paul Cullinan

Impact on State, Local, and Tribal Governments: Elyse Goldman

Impact on the Private Sector: Nabeel Alsalam

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis