



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 23, 2006

H.R. 4855

A bill to amend the District of Columbia College Access Act of 1999 to reauthorize for 5 additional years the public and private school tuition assistance programs established under the Act

*As ordered reported by the House Committee on Government Reform
on March 9, 2006*

SUMMARY

H.R. 4855 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 H.R. 4855 would extend this authorization through fiscal year 2012. CBO estimates that the necessary appropriations would total \$232 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.

H.R. 4855 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 H.R. 4855 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 H.R. 4855

	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	34	0	0	0	0	0
Estimated Outlays	34	0	0	0	0	0
Proposed Changes						
Estimated Authorization Level	0	41	45	48	49	50
Estimated Outlays	0	41	45	48	49	50
Spending Under H.R. 4855						
Estimated Authorization Level	34	41	45	48	49	50
Estimated Outlays	34	41	45	48	49	50

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4855 will be enacted during 2006 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 or in one of the surrounding jurisdictions in 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 2004-2005 academic year, the most recent year for which data are available, just over 3,700 students attending public institutions received assistance totaling \$26 million, and 1,100 students attending private schools received a total of \$2 million. 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 2006, although the SEO anticipates that costs will 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 in recent years to make grants. SEO also spends about 3 percent of its funds on operating costs. CBO estimates that with approximately \$4 million in unspent funds remaining at the end of 2006, total spending for the program would be \$38 million in 2007, assuming appropriations in the vicinity of the requested amount.

Proposed Extension

H.R. 4855 would authorize the appropriation of such sums as are necessary for DCTAG through 2012. CBO estimates that the necessary appropriations and resulting outlays would total \$232 million over the 2008-2012 period. 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 5,900 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 rise, 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.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4855 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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