



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 19, 2016

H.R. 5178 **Veterans Success on Campus Act of 2016**

*As ordered reported by the House Committee on Veterans' Affairs
on May 18, 2016*

SUMMARY

H.R. 5178 would reduce the cost-of-living adjustment (COLA) for recipients of certain education benefits that are administered by the Department of Veterans Affairs (VA). The bill also would increase the total amount of education benefits that are available under the Post-9/11 GI Bill. In total, the bill would reduce net direct spending by \$18 million over the 2017-2026 period, CBO estimates.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending. Enacting the bill would not affect revenues.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5178 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 effect of H.R. 5178 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By Fiscal Year, in Millions of Dollars										2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026
INCREASES OR DECREASES (-) IN DIRECT SPENDING												
COLA Round Down												
Estimated Budget Authority	-1	-1	-1	-2	-2	-2	-3	-3	-3	-3	-7	-21
Estimated Outlays	-1	-1	-1	-2	-2	-2	-3	-3	-3	-3	-7	-21
Payments for Tests												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	1	3
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	1	3
Total Changes												
Estimated Budget Authority	-1	-1	-1	-2	-2	-2	-3	-3	-3	-3	-6	-18
Estimated Outlays	-1	-1	-1	-2	-2	-2	-3	-3	-3	-3	-6	-18

Note: Details do not add to totals because of rounding; COLA = Cost-of-Living Adjustment; * = less than \$500,000.

BASIS OF ESTIMATE

CBO assumes that the bill will be enacted near the start of fiscal year 2017. Enacting H.R. 5178 would affect the education benefits available under three programs administered by VA. The bill would reduce the cost-of-living adjustment (COLA) for two programs and would increase the total benefits available under the Post-9/11 GI Bill for some beneficiaries who take certain tests.

COLA Round Down

The monthly benefits paid under the educational assistance program for survivors and dependents and the Montgomery GI Bill are increased annually by changes in the cost of living. Under section 4 of the bill, the amount of those adjusted payments would be rounded down to the next whole dollar for fiscal years 2017 through 2024. Based on CBO's projected payments for each year, CBO estimates that enacting section 4 would reduce direct spending by \$21 million over the 2017-2026 period.

Payments for Tests

Section 3 would change the method that VA uses to reimburse veterans for licensing and certification tests, or for national testing programs such as the SAT, an admissions test for colleges. Beneficiaries can be reimbursed up to \$2,000 per test under current law and veterans education benefits are reduced by one month for every \$1,833 or less paid for such

tests, rounded to the nearest nonzero whole month. (That amount is adjusted annually for inflation.) The average amount VA pays per test is about \$600.

Under section 3, those benefits would be reduced by a fraction of a month based on the actual costs of the tests. On the basis of data from VA, CBO estimates that beneficiaries who take such tests would be eligible for an additional two-thirds of a month of benefits if the bill was enacted. However, VA would only make additional payments for students who exhaust their benefit under current law.

Very few beneficiaries are reimbursed for such tests—about 3,200 in 2015. Furthermore, VA will pay the full monthly benefit for veterans and service members whose remaining entitlement is less than a month. That continuation policy does not apply to spouses and children with transferred education benefits, who account for about 20 percent of people who use those benefits. On that basis, CBO estimates that each year about 250 people would receive an additional \$1,000 in education benefits under section 3. Payments would be less than \$500,000 each year and would total \$3 million over the 2017-2026 period, CBO estimates.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 5178 as ordered reported by the House Committee on Veterans' Affairs on May 18, 2016

	By Fiscal Year, in Millions of Dollars												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-2021	2016-2026
NET INCREASE OR DECREASE (-) IN THE [ON-BUDGET] DEFICIT													
Statutory Pay-As-You-Go Impact	0	-1	-1	-1	-2	-2	-2	-3	-3	-3	-3	-6	-18

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5178 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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