



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 23, 2017

H.R. 1379

A bill to amend title 38, United States Code, to provide for the entitlement to educational assistance under the Post-9/11 Educational Assistance Program of the Department of Veterans Affairs for members of the Armed Forces awarded the Purple Heart

*As ordered reported by the House Committee on Veterans' Affairs
on March 8, 2017*

SUMMARY

Enacting H.R. 1379 would increase the amount paid under the Post-9/11 GI Bill (Chapter 33) for the education benefits of certain veterans who have been awarded the Purple Heart. Those higher payments would increase direct spending by \$65 million over the 2018-2027 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 by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1379 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. 1379 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	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
INCREASES IN DIRECT SPENDING													
Estimated Budget Authority	0	5	5	6	6	6	7	7	7	8	8	28	65
Estimated Outlays	0	5	5	6	6	6	7	7	7	8	8	28	65

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1379 will be enacted near the start of fiscal year 2018.

H.R. 1379 would make service members or veterans who receive the Purple Heart after September 11, 2001, eligible for full benefits under Chapter 33 regardless of the duration of their active-duty service. (The Purple Heart is awarded to military personnel who have been wounded or killed in action against an enemy of the United States.)

Under the Post-9/11 GI Bill, the Department of Veterans Affairs (VA) pays the educational expenses at institutions of higher learning of eligible veterans and military personnel who served on active duty for at least 90 days after September 11, 2001 (or 30 days for veterans who have been discharged for a disability connected to their military service). VA pays an amount equal to the actual tuition and fees charged to in-state residents for students attending public institutions and the tuition and fees for students at private institutions up to a maximum amount (\$21,970 for the 2016-2017 academic year). The program also provides a monthly housing allowance to some beneficiaries while they attend school.

Veterans or service members who have served at least 36 months on active duty receive the benefit described above. Beneficiaries who have served less than 36 months receive between 40 percent and 90 percent of that full benefit depending on the length of their active-duty service. Veterans who are discharged for a disability connected to their military service are eligible for the full benefit.

On the basis of data from VA and the Department of Defense, CBO estimates that about 3,000 recipients of the Purple Heart will use Chapter 33 benefits each year over the 2017-2027 period. (A beneficiary is entitled to 36 months of education benefits so they may receive payments in more than one fiscal year.) About 80 percent of Chapter 33 beneficiaries receive the full benefit under current law. Thus, under H.R. 1379, benefits would increase for about 600 beneficiaries annually. Additionally, some Purple Heart recipients who are eligible for between 40 percent and 90 percent of the full benefit will not

use the benefit at all under current law. CBO expects that increasing the value of the benefits will induce some of those people to attend school. On the basis of an analysis of the differences in the amount of benefits used at each benefit level, CBO estimates that an additional 60 people each year would use the Chapter 33 benefit under H.R. 1379. Thus, an average of 660 beneficiaries each year would see increased benefits under the bill.

In 2018, CBO estimates that the average cost for individuals who are entitled to the full benefit will be about \$7,500 more than the average amount paid for individuals who are entitled to less than the full benefit. Thus, payments for individuals who will use benefits under current law would increase by \$4 million in 2018, CBO estimates. Purple Heart recipients who would use benefits solely as a result of the increase provided in the bill would use an average of \$17,000 in education benefits in 2018. Payments for those veterans and service members would increase by \$1 million in that year. After incorporating the effects of annual inflation on higher education costs, CBO estimates that enacting the bill would increase direct spending by \$65 million over the 2018-2027 period.

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. 1379 as ordered reported by the House Committee on Veterans' Affairs on March 8, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	5	5	6	6	6	7	7	7	8	8	28	65

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1379 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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