



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 13, 2017

**S. 943
Johnson-O'Malley Supplemental Indian Education
Program Modernization Act**

*As ordered reported by the Senate Committee on Indian Affairs
on October 4, 2017*

SUMMARY

S. 943 would amend the Johnson-O'Malley Act to require the Department of the Interior (DOI) to annually update its count of students who are eligible to be served by the Johnson-O'Malley (JOM) program. Under that program, DOI contracts with tribal organizations, states, and school districts to provide supplemental educational services for Indian students. Assuming appropriation of the estimated amounts, CBO estimates that implementing the bill would cost \$13 million over the 2018-2022 period.

Enacting S. 943 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 943 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 943 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 943 is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars					2018- 2022
	2018	2019	2020	2021	2022	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	0	0	5	5	5	15
Estimated Outlays	0	0	3	5	5	13

BASIS OF ESTIMATE

CBO assumes that S. 943 will be enacted before October 1, 2018, that the new student count would be implemented by 2020, and that the estimated amounts will be appropriated each year. Estimated outlays are based on historical spending patterns for the current program.

The JOM program is permanently authorized to be appropriated such sums as are necessary; it received an appropriation of \$14.8 million in fiscal year 2017. The current program’s funding allocation is based on an official count from 1995 of 271,884 eligible Indian students.

S. 943 would direct the DOI to update the count of students who could be served by the JOM program and to ensure that the number of students is consistent with available data from the Census Bureau, the National Center for Education Statistics, and the Office of Indian Education. The bill would require JOM program contractors to submit annual reports to DOI, and would require DOI to update the student count annually on the basis of that information. S. 943 also would require DOI to propose a new per-pupil funding formula and allow the department to recommend legislation to increase the amount of funds available for each eligible student.

CBO expects that the count of eligible students would be higher than the count from 1995; therefore, S. 943 would effectively increase the amount authorized to be appropriated for the JOM program. DOI conducted an unofficial count in 2014, which showed a 26 percent increase in the number of eligible students since the 1995 count. Because contractors were not required to participate in the 2014 count, and many did not, CBO believes that count underestimates the number of eligible students. Adjusting for that undercount, CBO estimates that the count conducted under this bill would be 30 percent higher than in 1995—about 80,000 additional students. CBO calculated per-pupil spending by dividing the 2017 grant amount by the number of students in the 1995 count and then adjusting that amount, \$54 per student in 2017, for expected inflation each year. CBO estimates that implementing the bill would cost \$13 million over the 2018-

2022 period and around \$5 million each year thereafter (80,000 students times \$56 per student in 2020).

Finally S. 943 would require the Government Accountability Office to submit a report evaluating the bill's implementation. Based on the cost of similar studies, CBO estimates that completing that report would cost less than \$500,000.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 943 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

MANDATES

S. 943 contains no intergovernmental or private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY

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