

At a Glance

H.R. 4625, Protect the GI Bill Act

As ordered reported by the House Committee on Veterans' Affairs on October 16, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	8	117	148
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	8	117	148
Spending Subject to Appropriation (Outlays)	0	0	0
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Expand the conditions for full restoration of education benefits for students affected by the closure or disapproval of schools
- Make schools responsible for repaying overpayments of tuition benefits from the Department of Veterans Affairs (VA) under the Post-9/11 GI Bill
- Allow military service members to transfer Post-9/11 GI Bill benefits to their child wards and children ages 21 through 25
- Authorize housing allowances under the Post-9/11 GI Bill during short periods of active-duty service
- Require students receiving Post-9/11 GI Bill benefits to verify their enrollment status to VA

Estimated budgetary effects would primarily stem from

- Additional use of veteran education benefits by students affected by the closure or disapproval of schools
- Higher recovery rates for tuition overpayments
- Additional use of Post-9/11 GI Bill benefits transferred to child wards and children ages 21 through 25
- Payment of housing allowances under the Post-9/11 GI Bill during short periods of active-duty service

Areas of significant uncertainty include

- Estimating the number of students affected by the closure or disapproval of schools, the number of those students who would apply for and use restored benefits, and the period for which they would use those benefits
- Estimating the number of children ages 21 through 25 who would receive and use transferred benefits under the Post-9/11 GI Bill and the period for which they would use those benefits

Detailed estimate begins on the next page.

Bill Summary

H.R. 4625 would restore educational benefits for students, increase recoveries of tuition overpayments by the Department of Veterans Affairs, and make other changes to education benefits that are administered by the department.

Estimated Federal Cost

The estimated budgetary effects of H.R. 4625 are shown in Table 1. The bill would increase net direct spending by \$148 million over the 2020-2029 period; it would not affect revenues or spending subject to appropriation. The costs of the legislation fall within budget function 700 (veterans benefits and services).

Table 1.
Estimated Budgetary Effects of H.R. 4625

	By Fiscal Year, Millions of Dollars										2020-2024	2020-2029
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
	Net Increases or Decreases (-) in Direct Spending											
Benefit Restoration	7	32	37	22	17	13	13	14	14	15	115	184
Overpayment Recoveries	0	-1	-2	-14	-23	-17	-15	-16	-17	-18	-40	-123
Transferred Benefits	1	10	11	10	9	8	9	9	9	9	41	85
Housing Allowances	*	*	*	*	*	*	*	*	*	*	1	2
Total Changes	8	41	46	18	3	4	7	7	6	6	117	148

Components may not sum to totals because of rounding; budget authority is equal to outlays for all provisions; * = between zero and \$500,000.

Basis of Estimate

For this estimate, CBO assumes that H.R. 4625 will be enacted late in calendar year 2019 and that most provisions would take effect upon enactment or on the dates specified by the bill. CBO assumes that on August 1, 2021, VA would implement the requirement to recover all tuition overpayments from schools rather than from students.

Benefit Restoration

Most of VA's education benefit programs pay for up to 36 months of education at institutions that meet departmental standards and regulatory requirements.¹ Under current law, if students have not received credit for courses because a school closed or was disapproved, they may apply to VA to have their education benefits restored. VA typically restores benefits, as measured in months, for the academic term in which a closure or

1. If VA, or any state agency acting on VA's behalf, determines that an institution or entity has not complied with those standards, the courses they offer may be disapproved, and the institution becomes ineligible to receive payment through education benefits administered by VA.

disapproval occurred. Restored benefits are not deducted from a beneficiary's total term of entitlement. Additionally, students who could not transfer credits from a school that closed or lost approval between January 1, 2015, and August 16, 2017, may obtain full restoration of benefits for credits earned from the institution before it closed or lost approval. Those benefits would be restored even for academic terms for which students did not transfer any of the credits to another institution.

Section 14 would allow VA to fully restore benefits for students who are affected by school closures or disapprovals regardless of when the closure or disapproval occurred. Students also could have benefits restored even if they transferred up to 11 credits. On the basis of data from VA, CBO estimates that about 2,500 students who were affected by the closure or disapproval of schools that occurred before enactment of H.R. 4625 would use benefits that would be restored as a result of the bill. Roughly 400 additional students would become newly eligible for and use restored benefits each year after enactment, for a total of about 6,500 students during the next decade. Most of those students would receive benefits under the Post-9/11 GI Bill; a small number would use other VA education benefit programs. CBO estimates that VA would restore 15 months of benefits for each student at an average monthly cost of \$1,900, for an increase in direct spending of \$184 million over the 2020-2029 period.

Overpayment Recoveries

Under current law, at the beginning of each academic term, VA pays tuition and fees directly to schools for eligible students under the Post-9/11 GI Bill. If students reduce their course load or stop attending courses, a portion of those funds, termed overpayments, must be repaid to VA. Such repayments, on average, total \$350 million a year. Students typically are responsible for repayments arising from enrollment changes that occur after the first day of an academic term and are responsible for repaying about 40 percent of all tuition overpayments. In general, VA recovers 87 percent of the amount students owe and 98 percent of the schools' portion of repayments.

Section 11 of the bill would shift responsibility for all tuition repayments to the schools. On the basis of the difference in recovery rates between students and schools, CBO expects that VA would recover a larger proportion of tuition overpayments. CBO expects that VA would begin requiring repayments from schools at the start of academic year 2021. Once that provision is implemented, CBO estimates that overpayment recoveries would increase by about \$14 million each year, decreasing direct spending by \$123 million over the 2020-2029 period.

Transferred Benefits

Currently, service members entitled to education benefits under the Post-9/11 GI Bill may transfer those benefits to spouses and to biological and adopted children who are under the age of 21 (or 23 if enrolled full time at an institution of higher learning).

Section 4 would allow service members to transfer benefits to children under the age of 26, regardless of enrollment status. Using information from VA and the Department of Defense (DoD), CBO estimates that, over the 2020-2029 period, a total of about 2,000 additional beneficiaries ages 21 through 25 would receive benefits at a cost of \$38,000, on average. Section 4 also would allow service members to transfer benefits to their child wards, including foster children. Using data from VA and DoD, CBO estimates that about 300 people would receive education benefits under that provision at the same average cost of \$38,000. Taken together, those transferred benefits would increase direct spending by \$85 million over the 2020-2029 period.

Housing Allowances

Section 2 would authorize VA to pay housing allowances during periods of active duty of less than 30 days—for example, during the two weeks of annual training required of members of the U.S. Armed Forces' reserve components. Under the Post-9/11 GI Bill, education beneficiaries receive housing allowances in each month they are enrolled more than half time in an institution of higher learning or in certain other full-time vocational training programs. Service members on active duty and their spouses receive their housing allowances from DoD. Although reservists are likely to coordinate their education schedules with their annual training obligations to avoid conflicts, spouses using transferred education benefits are more likely to lose their housing allowances from VA while a reservist is activated for training. On the basis of data provided by VA, CBO estimates that each year about 350 spouses would receive an additional two weeks of housing allowances that they would otherwise lose, at an average cost of \$450; those allowances would increase direct spending by \$2 million over the 2020-2029 period.

Enrollment Verification

Under current law, schools certify the enrollment status of students using benefits under the Post-9/11 GI Bill; students are not required to verify their enrollment. VA currently intends to begin requiring students to verify their enrollment status to the department each month and plans to develop information technology systems to facilitate that verification. CBO expects that monthly verification would reduce overpayment of tuition and housing allowances to students who change enrollment. Section 3 would direct VA to require students using benefits under the Post-9/11 GI Bill to verify their enrollment each month. It also would suspend housing allowances for students who fail to verify their enrollment for two consecutive months. CBO does not expect that enacting that provision would significantly alter VA's schedule for implementing its plan for student verification. Because the provision would generally codify VA's current plans, it would not affect direct spending.

Uncertainty

The costs estimated for H.R. 4625 are subject to significant uncertainty. For example, the number of students who would use restored education benefits, and the number of months of those benefits that would be restored, could be greater or smaller than CBO estimates.

Additionally, the number of service members' children ages 21 through 25 who would receive and use transferred benefits under the Post-9/11 GI Bill or the number of months in which they would use those benefits could be larger or smaller than CBO expects. Consequently, the changes in direct spending from enacting the bill could differ from CBO's 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 Table 2.

Table 2. CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 4625													
By Fiscal Year, Millions of Dollars											2020-	2020-	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2024	2029	
	Net Increase or Decrease (-) in the Deficit												
Pay-As-You-Go Effects	8	41	46	18	3	4	7	7	6	6	117	148	

Increase in Long-Term Deficits:

CBO estimates that enacting H.R. 4625 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2030.

Mandates: None.

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