Congressional Budget Office
Cost Estimate

November 15, 2023

H.R. 5933, DETERRENT Act

As ordered reported by the House Committee on Education and the Workforce on November 8, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	No	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 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between -$500,000 and $500,000.

H.R. 5933 would expand disclosure and reporting requirements for institutions of higher education that receive gifts from or enter into contracts with foreign countries or entities. Institutions that fail to meet the new requirements could be assessed civil penalties or lose eligibility for federal student financial aid. Specifically, H.R. 5933 would:

- Reduce from $250,000 to $50,000 the value of gifts and contracts from foreign sources that institutions would need to disclose annually in reports to the Department of Education,
- Prohibit institutions from entering into contracts with any foreign entity of concern (China or Russia, for example) without obtaining a waiver,
- Require certain institutions to report on gifts or contracts between faculty members and foreign entities, and
- Require private institutions with endowments greater than $6 billion or more than $250 million in specified investments to file investment disclosure reports annually.

In addition, H.R. 5933 would require the department to create a searchable database with information about institutions' foreign gifts, contracts, and investments. Finally, the bill

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

would require the Government Accountability Office (GAO) to study how to improve coordination among federal agencies for implementing and enforcing the bill's provisions.

H.R. 5933 would authorize the Secretary of Education to assess civil penalties and fines on institutions that fail to meet the new requirements; such penalties are recorded in the federal budget as revenues. Additionally, institutions that fail to meet the new requirements for three consecutive years would lose access to federal student financial aid for two years. Outlays for some federal student aid programs, such as the federal student loan program, are recorded in the budget as direct spending; spending for other programs, such as the Federal Work-Study Program, is funded through annual appropriations. CBO expects that institutions would generally comply with the new requirements, and that any decreases in spending on federal student aid or increases in revenues from civil penalties over the 2024-2033 period would be insignificant.

Using information about the cost of similar activities, CBO estimates that it would cost the Department of Education and GAO less than $500,000, in total, over the 2024-2028 period to implement the bill. That spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Leah Koestner. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

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