

H.R. 5785, Edith Nourse Rogers STEM Scholarship Opportunity Act

As ordered reported by the House Committee on Veterans' Affairs on December 5, 2023

By Fiscal Year, Millions of Dollars		2024	2024-2028	2024-2033
Direct Spending (Outlays)		4	28	-1
Revenues		0	0	0
Increase or Decrease (-) in the Deficit		4	28	-1
Spending Subject to Appropriation (Outlays)		*	*	*
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034? < \$2.5 billion		Statutory pay-as-you-go procedures apply?		Yes
		Mandate Effects		
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034? < \$5 billion		Contains intergovernmental mandate?		No
		Contains private-sector mandate?		No
* = between zero and \$500,000.				

H.R. 5785 would make changes to education benefit and home loan programs administered by the Department of Veterans Affairs (VA). The costs of both programs are paid from mandatory appropriations. CBO estimates that enacting the bill would decrease net direct spending by \$1 million over the 2024-2033 period.

STEM Scholarship. Under the Post-9/11 GI Bill, VA pays the tuition for students pursuing approved education programs and may provide a housing allowance and book stipend. Beneficiaries can receive that assistance for up to 36 months. Through the Edith Nourse Rogers STEM Scholarship, the department can provide up to nine additional months of those benefits (up to a maximum of \$30,000) to eligible students who pursue qualified undergraduate degrees in science, technology, engineering, mathematics, health care, or other fields approved by VA. In addition to other criteria, to be eligible for that scholarship, students must have completed at least 60 semester (or 90 quarter) credit hours and have less than six months of remaining GI Bill benefits.

H.R. 5785 would make it easier for students to qualify for that scholarship by reducing the number of credit hours that they must have completed by 25 percent and by eliminating the requirement that they have less than six months of GI Bill benefits remaining. On the basis of data provided by VA, CBO expects that roughly 500 more students would become eligible

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



and use the scholarship each year at an average of approximately \$12,250 per, for a total cost of \$61 million over the 2024-2033 period.

The bill also would require VA to submit an annual report to the Congress that describes the demographics of any eligible students who are denied benefits under the scholarship. Based on the costs of similar reports and activities, CBO estimates that satisfying that requirement would cost less than \$500,000 over the 2024-2033 period. Any such spending would be subject to the availability of appropriated funds.

Homes Loan Fees. H.R.5785 would increase the fees that VA charges borrowers for its loan guarantees. VA provides loan guarantees to lenders that allow eligible borrowers to obtain better loan terms—such as lower interest rates or smaller down payments—to purchase, construct, improve, or refinance a home. VA typically pays lenders up to 25 percent of the outstanding mortgage balance if a borrower's home is foreclosed upon. Those payments, net of fees paid by borrowers and recoveries by lenders, constitute the subsidy cost for the loan guarantees.¹

Under current law, the rates for most of the fees that borrowers pay to VA for loans guaranteed after November 15, 2031, will drop from a weighted average of about 2.4 percent to about 1.2 percent of the loan amount. The bill would extend the higher rates through December 11, 2031, thereby reducing the subsidy cost of loans guaranteed during that period. Using information from VA, CBO estimates that extending the higher rates would decrease direct spending by \$62 million over the 2024-2033 period.

The costs of the legislation, detailed in Table 1, fall within budget function 700 (veterans benefits and services).

1. Under the Federal Credit Reform Act of 1990, the subsidy cost of a loan guarantee is the net present value of estimated payments by the government to cover defaults and delinquencies, interest subsidies, or other expenses offset by any payments to the government, including origination or other fees, penalties, and recoveries on defaulted loans. Such subsidy costs are calculated by discounting those expected cash flows using the rate on Treasury securities of comparable maturity. The resulting estimated subsidy costs are recorded in the budget when the loans are disbursed or modified. A positive subsidy indicates that the loan results in net outlays from the Treasury; a negative subsidy indicates that the loan results in net receipts to the Treasury.



**Table 1.
Estimated Budgetary Effects of H.R. 5785**

	By Fiscal Year, Millions of Dollars										2024-2028	2024-2033
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
	Increases or Decreases (-) in Direct Spending (Outlays)											
STEM Scholarship	4	6	6	6	6	6	6	7	7	7	28	61
Home Loan Fees	0	0	0	0	0	0	0	0	-62	0	0	-62
Total Changes in Direct Spending	4	6	6	6	6	6	6	7	-55	7	28	-1

Budget authority equals outlays for all sections.

In addition to the amounts shown here, implementing the bill would increase spending subject to appropriation by less than \$500,000 over the 2024-2033 period.

The CBO staff contact for this estimate is Paul B.A. Holland. The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

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