



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 30, 2004

S. 2347

District of Columbia College Access Act of 2004

*As ordered reported by the Senate Committee on Governmental Affairs
on July 21, 2004*

SUMMARY

S. 2347 would reauthorize the District of Columbia (D.C.) resident tuition support program that was established in 1999. The program assists D.C. students who graduate from D.C. high schools and attend college by paying the difference between in-state and out-of-state tuition at public institutions (up to \$10,000 per year) or up to \$2,500 annually for those attending private schools.

Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 2347 would cost \$106 million over the 2006-2009 period. The bill would not affect direct spending or receipts.

S. 2347 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 federal budgetary impact of S. 2347 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					
	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Estimated Authorization Level ^a	17	17	0	0	0	0
Estimated Outlays	17	17	0	0	0	0
Proposed Changes						
Public-institution tuition grants						
Estimated Authorization Level	0	0	20	22	23	25
Estimated Outlays	0	0	20	22	23	25
Private-institution tuition grants						
Estimated Authorization Level	0	0	2	2	2	2
Estimated Outlays	0	0	2	2	2	2
Administrative costs						
Estimated Authorization Level	0	0	2	2	2	2
Estimated Outlays	0	0	2	2	2	2
Total changes						
Estimated Authorization Level	0	0	24	26	28	29
Estimated Outlays	0	0	24	26	28	29
Spending Under S. 2347						
Estimated Authorization Level ^a	17	17	24	26	28	29
Estimated Outlays	17	17	24	26	28	29

NOTE: Components may not sum to totals because of rounding.

- a. The 2004 level is the amount appropriated for that year for the current tuition support program. The 2005 level is the amount authorized for that year for the current tuition support program.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2347 will be enacted this year and that the necessary amounts will be appropriated for each year beginning with fiscal year 2006.

Current Law

Under current law, the D.C. resident tuition support program, administered by the Mayor, provides financial assistance to D.C. residents who choose to attend public colleges outside of D.C., private postsecondary institutions in D.C. or in one of the surrounding jurisdictions in Maryland or Virginia, or historically black colleges or universities (HBCUs). The private-school tuition grants are restricted to nonprofit institutions. The overall program is currently authorized through 2005.

The program received appropriations of \$17 million annually for fiscal years 2000 through 2004, and is authorized to receive \$17 million in appropriations in 2005. The amounts appropriated are paid in full to the District each year, regardless of when the grants are actually disbursed. For academic year 2003-2004, 4,086 students received grants averaging \$5,377, for a total of \$22 million. (The program drew on unused funds from previous years to make those grants.) The public school program awarded 3,111 grants averaging about \$6,400; students in private institutions represented an additional 975 grantees with the average award amounting to about \$2,100.

Eligibility for the tuition support is limited to D.C. residents who graduate from high school or receive the equivalent of a secondary school diploma and reside in D.C. for at least 12 consecutive months prior to beginning the freshman year in an eligible institution. For those who wish to attend state-supported public institutions outside of the District, the program provides scholarships equal to the difference between the tuition paid by residents of the state in which the institution is located and the tuition charged to nonresident students, but not to exceed \$10,000 annually, with a lifetime limit of \$50,000. In addition, it provides a \$2,500 maximum annual scholarship—with a lifetime limit of \$12,500—for those who choose to attend a private institution in D.C. or in one of the surrounding jurisdictions in Maryland or Virginia. Private HBCUs are included regardless of where they are located. The assistance under each portion of the program is prorated if the student is enrolled in a less-than-full-time program. Administrative expenses of operating the program are limited to no more than 7 percent of the total tuition grants.

Proposed Extension

S. 2347 would authorize through fiscal year 2010 the appropriation of such sums as may be necessary for the D.C. resident tuition support program. Based on data from the administrators of the program, the Bureau of the Census, and the U.S. Department of Education, CBO projects that about 3,725 students would receive tuition assistance during academic year 2005-2006 and that this number would climb to over 4,100 students by the 2008-2009 academic year, if sufficient funds were available. CBO projects that the

proportion of students attending public institutions would remain near its current 76 percent share. Assuming that out-of-state tuition at public institutions continues to rise at rates somewhat above overall inflation, CBO estimates the average public tuition assistance payment would rise from \$6,925 in 2005-2006 to \$7,790 by 2008-2009. The average grant in the private school program would grow more slowly—from \$2,230 in 2005-2006 to nearly \$2,400 by 2008-2009—because many grantees would be at the \$2,500 maximum. Consequently, CBO estimates that the amount spent for grants would grow from about \$22 million for the 2005-2006 academic year to about \$27 million for the 2008-2009 academic year, assuming appropriation of the necessary funds. Assuming that administrative costs equal 7 percent of the total costs, those expenses would climb from \$1.7 million in 2006 to \$2.1 million in 2009.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2347 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

On July 30, 2004, CBO transmitted a cost estimate for H.R. 4012, as ordered reported by the Senate Committee on Governmental Affairs on July 21, 2004. It also would authorize the appropriation of such sums as may be necessary for the tuition support program through fiscal year 2010.

On April 30, 2004, CBO transmitted a cost estimate for H.R. 4012, as ordered reported by the House Committee on Government Reform on April 1, 2004, which would permanently authorize the appropriation of such sums as may be necessary for the program. The cost estimates for the two versions of H.R. 4012 and S. 2347 are identical for the 2006-2009 period.

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