**Congressional Budget Office**
Cost Estimate

May 20, 2019

## At a Glance

# H.R. 1947, a bill to amend title 38, United States Code, to exempt transfers of funds from Federal agencies to the Department of Veterans Affairs for nonprofit corporations established under subchapter IV of chapter 73 of such title from certain provisions of the Economy Act

**As ordered reported by the House Committee on Veterans' Affairs on May 8, 2019**

| By Fiscal Year, Millions of Dollars | 2019 | 2019-2024 | 2019-2029 |
|---|---|---|---|
| Direct Spending (Outlays) | 0 | -4 | -11 |
| Revenues | 0 | 0 | 0 |
| Deficit Effect | 0 | -4 | -11 |
| Spending Subject to Appropriation (Outlays) | 0 | 0 | 0 |

| | |
|---|---|
| Pay-as-you-go procedures apply? | **Yes** |
| Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030? | **No** |

| Mandate Effects | |
|---|---|
| Contains intergovernmental mandate? | **No** |
| Contains private-sector mandate? | **No** |

**The bill would**
- Cap the maximum amount of educational benefits paid by the Department of Veterans Affairs (VA) for flight-training programs
- Expand benefits for veterans buried in non-VA cemeteries
- Extend the period of availability for funds that have already been appropriated

**Estimated budgetary effects would primarily stem from**
- Reduced benefits under Post-9/11 GI Bill for flight-training programs
- Increased costs for burial benefits in non-VA cemeteries
- Reappropriated funds that are unobligated and unspent since 2017

**Areas of significant uncertainty include**
- Number of beneficiaries participating in flight-training programs and the costs of those programs
- Number of individuals that will utilize burial benefits

**Detailed estimate begins on the next page.**

## Bill Summary

H.R. 1947 would affect several programs of the Department of Veterans Affairs (VA) that provide education and burial benefits. The bill also would extend the period of availability for certain funds transferred to VA.

## Estimated Federal Cost

The estimated budgetary effect of H.R. 1947 is shown in Table 1. The costs of the legislation fall within budget function 700 (veterans benefits and services).

**Table 1.**
**Estimated Increases or Decreases in Direct Spending Under H.R. 1947**

| | By Fiscal Year, Millions of Dollars | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2019-2024 | 2019-2029 |
| Flight Training | 0 | -1 | -1 | -3 | -3 | -3 | -2 | -2 | -2 | -3 | -3 | -11 | -23 |
| Burial Benefits | 0 | * | * | * | * | * | 1 | 1 | 1 | 1 | 1 | * | 5 |
| Reappropriated Funds | 0 | 4 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 7 |
| Total Changes in Direct Spending | 0 | 3 | 1 | -2 | -3 | -3 | -1 | -1 | -1 | -2 | -2 | -4 | -11 |

Budget authority is equal to outlays for all provisions; * = between zero and $500,000.

## Basis of Estimate

For this estimate, CBO assumes that outlays will follow historical spending patterns for affected programs and that the bill will be enacted near the start of fiscal year 2020.

### Direct Spending

H.R. 1947 would make changes to programs that provide education and burial benefits to veterans. The bill also would extend the period of availability of funds that were provided for research and education programs.

**Flight Training**. Under the Post-9/11 GI Bill, VA pays for up to 36 months (or four academic years) of educational expenses for eligible veterans and military personnel at institutions of higher learning. The department pays an amount equal to the actual tuition and fees charged to in-state residents for those attending public institutions, and up to a maximum annual amount for those at private institutions ($24,477 for the 2019-2020 academic year). Beneficiaries also are entitled to receive a book stipend and, if they are attending school more than half time, a monthly housing allowance. When the tuition and fees exceed the benefit, and if the school agrees to defray part of the excess costs, beneficiaries can receive matching assistance for the remaining costs from VA under the Yellow Ribbon GI Education Enhancement Program (YRP).

Section 2 of the bill would impose a cap equal to that for tuition and fees at private institutions on such payments for programs at public institutions that involve flight training. It also would allow beneficiaries in such programs to accelerate usage of their entitlement by receiving up to two months' worth of tuition and fees each month for up to 18 months. On net, enacting section 2 would decrease direct spending by $23 million over the 2019-2029 period, CBO estimates.

*Maximum Payment for Tuition and Fees.* Capping payments for flight training would reduce outlays for tuition and fees by $37 million over the 2019-2029 period. That effect would be partially offset by increased payments of $5 million under the YRP. In total, net direct spending would decline by $32 million over the 2019-2029 period as a result of the new cap, CBO estimates.

Enacting section 2 would only reduce payments for students at public institutions whose tuition exceeds the new cap. In 2018, about 265 students had tuition and fees that exceeded the $22,950 limit applicable to private institutions during that year. The average cost for those students was $33,870, a difference of $10,920. CBO expects that the nominal difference between the tuition cap and cost of flight training would increase annually with inflation; the difference between the cap and the average cost for students whose tuition and fees exceeded the cap would average $15,000 over the next 10 years.

Students who are enrolled in flight-training programs before enactment of the bill would not see their education benefits reduced until a term that begins two years after the date of enactment. Accounting for all those factors, CBO estimates that payments to schools would decline by $37 million over the 2019-2029 period as a result of the new cap.

The reduction in direct spending that would arise from capping tuition payments would be partially offset by increased payments under the Yellow Ribbon Program.

Most of the public schools at which tuition for flight-training programs would exceed the cap are community colleges that may lack the resources and flexibility to participate in the YRP. Additionally, students would be able to accelerate benefit payments while pursuing two-year degrees offered at such community colleges, reducing or eliminating any difference between costs and GI Bill benefits. Thus, CBO expects that only about 25 percent of the schools affected by the new cap would make contributions under the YRP. CBO also expects that YRP contributions would cover 50 percent of the difference between the listed amount for tuition and fees and the cap on VA's payments for those costs. VA's matching payments under the Yellow Ribbon Program would increase by $5 million over the 2019-2029 period, CBO estimates.

*Accelerated Payments.* Section 2 also would allow students using the Post-9/11 GI Bill for flight training to receive up to twice the amount of the new cap on the monthly benefit of tuition and fees (equal to $48,954 for the 2019-2020 academic year) for half as many months. However, accelerated payments could not exceed the actual tuition and fees for flight training. Beneficiaries who elect to receive payments at that accelerated rate would be charged two months of their 36-month entitlement for each month they receive such payments. Thus, a beneficiary who chooses to accelerate payments for every month would exhaust their benefit in 18 months. The monthly housing allowances and book stipends must be taken at the same time as the payments for tuition and fees and would not accelerate under the bill; consequently, individuals who choose to receive accelerated payments for tuition and fees would lose up to 18 months of housing allowances and book stipends.

CBO expects that some beneficiaries who elect to accelerate payments for tuition and fees would receive more in total benefits, while others would receive less. Additionally, some beneficiaries who accelerate payments would receive more benefits over the next 10 years than they otherwise would regardless of whether the total amount of benefit they receive increases or decreases. On net, providing the option to accelerate payments for tuition and fees would increase costs relative to the proposed cap on tuition and fees and would thus reduce the direct spending savings of the tuition cap by $9 million over the 2019-2029 period.

**Burial Benefits.** Under current law, VA will inscribe on or replace, upon request, a veteran's government-provided headstone or gravesite marker that is located in a national cemetery in order to include information about the veteran's spouse or dependent children following the spouse's or child's death. Section 3 would allow VA to replace any headstones or gravesite markers it has provided for veterans, regardless of the type cemetery in which they are located. That new benefit would be available to veterans who die after October 1, 2019. The costs of burial benefits for veterans are paid from mandatory appropriations.

On the basis of information from VA on the number of headstones provided for veterans buried each year in non-VA cemeteries, as well as other demographic information such as marriage and mortality rates for veterans, CBO estimates that about 1,500 deceased veterans would be eligible for replacement headstones in 2020 as a result of the death of a spouse or dependent child. Using data from VA, CBO estimates that the families of 25 percent of those veterans—about 400—would request replacement headstones. The number of eligible veterans would increase to about 21,000 by 2029, with about 5,200 families requesting replacement headstones in that year. In total, VA would replace about 25,000 additional headstones over the 2019-2029 period, at an average cost of about $220 per headstone. In total, replacing those headstones would cost $5 million, CBO estimates.

**Reappropriated Funds.** Section 1 would extend the period of availability of amounts that have been transferred to VA in fiscal years 2017, 2018, and 2019. Under current law, federal agencies such as the Centers for Disease Control and Prevention and the

National Institutes of Health may transfer appropriations to VA during the period of availability of those funds. If VA has not obligated the amounts for research and education programs during that period of availability, the funds expire and cannot be obligated.

The bill would extend, indefinitely, the period of availability of those funds once they are transferred to VA. Extending the period of availability for funds that have already appropriated constitutes a reappropriation and is classified as direct spending in an authorization bill. On the basis of information from VA regarding the amount of transferred funds that remain unobligated, CBO estimates that implementing this bill would increase direct spending by $7 million over the 2020-2029 period.

## 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 1.

**Increase in Long-Term Deficits:** None

**Mandates.** None

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