Congressional Budget Office
Cost Estimate

June 28, 2020

At a Glance

H.R. 2167, GI Bill National Emergency Extended Deadline Act

As passed by the House of Representatives on May 18, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	74	not estimated

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 2032?	< $5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and $500,000.

The bill would

- Establish a pilot program under which veterans receive stipends during short-term fellowships with employers
- Extend the period that individuals are eligible for education benefits under programs administered by the Department of Veterans Affairs (VA) if they are unable to use benefits because their school closes for an emergency
- Prevent students from using VA education benefits at public schools that charge more than in-state tuition to students using the Survivors' and Dependents' Educational Assistance program
- Eliminate restrictions on the time that individuals are eligible for education benefits under the Survivors' and Dependents' Educational Assistance
- Require VA to modernize the information technology (IT) system it uses to process claims for education benefits

Estimated budgetary effects would mainly stem from

- Specified authorization of appropriations to implement the short-term fellowship program

Areas of significant uncertainty include

- Anticipating the funding necessary to fully deploy the modernized IT system.

Detailed estimate begins on the next page.

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

Bill Summary

H.R. 2167 would require the Department of Labor to establish a new pilot program that would encourage employers to hire veterans as temporary fellows. It also would direct the Department of Veterans Affairs (VA) to modernize its information technology (IT) system for processing education benefit claims. Implementing those requirements would cost $74 million, CBO estimates. That spending would be subject to the appropriation of the estimated amounts.

The bill also would extend the time that individuals have to use education benefits under several programs administered by VA. It also would prevent students from using VA education benefits at public schools that charge more than in-state tuition to students using benefits under the Survivors' and Dependents' Educational Assistance program. Enacting those provisions would increase direct spending by less than $500,000 over the 2021-2031 period, CBO estimates.

Estimated Federal Cost

The estimated budgetary effects of H.R. 2167 are shown in Table 1. The costs of the legislation fall within budget function 700 (veterans' benefits and services).

Table 1.
Estimated Budgetary Effects of H.R. 2167

	By Fiscal Year, Millions of Dollars						
	2021	2022	2023	2024	2025	2026	2021-2026
Increases in Spending Subject to Appropriation							
Employment Fellowship Program							
Authorization	15	15	15	15	15	0	75
Estimated Outlays	*	25	15	15	15	4	74

* = between zero and $500,000.
In addition to the budgetary effects shown above, H.R. 2167 would increase net direct spending by an insignificant amount over the 2021-2031 period.

Basis of Estimate

For this estimate, CBO assumes that H.R. 2167 will be enacted in 2021 and that provisions will take effect upon enactment or on the dates specified by the bill. CBO also estimates that outlays will follow historical spending patterns for affected programs. Under those assumptions, VA could incur some costs in 2021, but CBO expects that most of the costs would be incurred in 2022 and later**.**

Spending Subject to Appropriation
The bill would authorize appropriations of $75 million over the 2021-2026 period to pay for a program to encourage employers to hire veterans as temporary fellows. CBO estimates that implementing H.R. 2167 would cost $74 million over the 2021-2026 period. Such spending would be subject to the appropriation of the specified amounts.

Employment Fellowship Program. Section 7 would require the Department of Labor (DOL), under its Veterans' Employment and Training Service, to make grants to states for monthly stipends paid to veterans participating in fellowships with employers. DOL would make grants to three to five states over a five-year period, and those states would contract with nonprofit organizations to administer the stipends. The nonprofit organization would pay veterans stipends equal to their wages as fellows for up to 20 weeks.

The bill would authorize $15 million to be appropriated each year over the 2021-2025 period to implement the short-term fellowship pilot program. On the basis of historical spending patterns for the Veterans' Employment and Training Service, CBO estimates that establishing the pilot program would increase spending subject to appropriation by $74 million over the 2021-2031 period.

Information Technology. Section 5 would require VA to modernize the IT system it uses to process claims for education benefits so that it is easier for beneficiaries to use and the system is able to process claims more quickly and accurately. VA would be required to deploy the system by August 1, 2024. VA has already awarded a contract for a new IT system that meets the requirements of the bill. As a result, the requirement to modernize the IT system for processing claims for education benefits would not affect the federal budget.

VA would be required to report on the IT system's implementation within 120 days of the bill's enactment. Using information on similar reports, CBO estimates that satisfying the requirement would cost less than $500,000 over the 2021-2026 period.

Direct Spending
Several sections of H.R. 2167 would modify education benefits programs that are administered by VA. Those changes would increase net direct spending by an insignificant amount over the 2021-2031 period.

School Closures. Sections 2 and 3 would extend the time that students have to use VA education benefits if they are prevented from attending courses by school closures or other reasons as determined by VA. Under current law, there are no limits on the time for many students to use their benefits, and VA has authority to extend the time to use benefits in some cases. Additionally, CBO expects that few students will be affected by prolonged school closures; because few people would be affected, CBO estimates that those provisions would not increase direct spending by a significant amount over the 2021-2031 period.

In-State Tuition. Under the Survivors' and Dependents' Educational Assistance program (SDEA), VA pays dependents of veterans who are permanently and totally disabled as a result of a service-connected disability or who have died while on active duty or as a result of a service-connected disability a monthly benefit while they are enrolled in school. Beneficiaries can receive payments for up to 36 months. The amount is determined by how many college credits the dependents earn during an academic term and adjusted annually for inflation. The benefit for a full-time student is $1,265 per month in 2021.

Under Section 4 students could not use any VA education benefits at public schools that charge SDEA beneficiaries tuition and fees at amounts higher than the rates charged to state residents if those beneficiaries are living in the state where the school is located, regardless of whether they are state residents. Many schools offer in-state tuition to SDEA beneficiaries, and we anticipate that those that do not would choose to do so if the bill is enacted. Thus, some students using SDEA would pay less for education under the bill.

The amounts paid to most SDEA students are not affected by tuition rates. However, students who take few credits at out-of-state schools that charge very low tuition could receive reduced payments from VA. Benefits for students whose course load is considered less than half-time enrollment are limited to the tuition and fees charged by the school. Thus, reducing their costs would reduce the amount of their benefits if in-state tuition is lower than the standard benefit rate. CBO estimates that very few students would be affected and the change in their benefits would be small; thus, enacting section 4 would decrease direct spending by an insignificant amount over the 2021-2031 period.

Eliminate Period of Eligibility for Dependents. Under current law, spouses of deceased or disabled veterans or service members who are eligible for SDEA typically have 10 or 20 years to use their benefits, while the children of such veterans or service members typically can use their benefits between ages 18 and 26 years old. Some children qualify for extensions of up to 8 years. Some beneficiaries reach that limiting date before they use all 36 months of benefits that are available to them. Section 6 would give them an unlimited amount of time to use those benefits, effective August 1, 2023. Because eligible individuals currently have at least eight years to use benefits, they would have two additional months available during the 2021-2031 period. CBO estimates that the increase in direct spending from the use of those benefits would be insignificant.

Uncertainty

CBO estimates that VA will be able to modernize the IT system for education benefits with currently available funds. If VA requires additional funds to develop and deploy the modernized system, the cost of implementing the bill could be higher than shown here.

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. CBO estimates that enacting H.R. 2167 would increase net direct spending by an insignificant amount over the 2021-2031 period and would not affect revenues.

Increase in Long-Term Deficits:

CBO estimates that enacting H.R. 2167 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates: None.

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