



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 30, 2002

H.R. 5157

A bill to amend section 5307 of title 49, United States Code, to allow transit systems in urbanized areas that, for the first time, exceeded 200,000 in population according to the 2000 census to retain flexibility in the use of federal transit formula grants in fiscal year 2003, and for other purposes

*As ordered reported by the House Committee on Transportation and Infrastructure
on July 24, 2002*

SUMMARY

H.R. 5157 would allow certain communities to use some of their grants from the Federal Transit Administration (FTA) on operating expenses as well as capital projects. Assuming appropriation of amounts authorized for those grants, CBO expects that implementing the bill would increase how quickly the communities spend their grants; however, CBO expects that net spending from the grant program would not change over the 2003-2007 period.

Under current law, FTA provides grants to urbanized areas for capital projects under the Formula Grants program. Communities with a population of less than 200,000, according to the most recent census, can use some of their grants for operating expenses. Information from the 2000 census changed the status of certain communities that receive grants under this program. For example, some communities that were under this threshold before the 2000 census are now over it. Other communities that were considered separate urbanized areas under the threshold before the 2000 census are now considered part of a larger urbanized area. H.R. 5157 would allow those communities to continue using their grants for fiscal year 2003 for operating expenses.

H.R. 5157 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. H.R. 5157 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 budgetary impact of H.R. 5157 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION					
Spending Under Current Law for FTA's					
Formula Grants Program					
Authorization Level ^a	3,989	0	0	0	0
Estimated Outlays	3,215	2,805	1,820	1,223	762
Proposed Changes					
Authorization Level	0	0	0	0	0
Estimated Outlays	10	2	-5	-4	-3
Spending Under H.R. 5157 for FTA's					
Formula Grants Program					
Authorization Level	3,989	0	0	0	0
Estimated Outlays	3,225	2,807	1,815	1,219	759

a. The 2003 authorization level is the amount authorized for the Formula Grants program under current law. The authorization for that program expires after 2003.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5157 will be enacted near the end of fiscal year 2002 and that the amount currently authorized for the FTA grant program will be appropriated for 2003. Changes in estimated outlays are based on historical spending patterns of the Formula Grants program and information from FTA.

CBO estimates that about 50 communities would be eligible to use their transit grants for operating expenses under H.R. 5157. Although several of those communities would use their grants only for capital projects, CBO estimates that about half of the communities would take advantage of the increased flexibility under H.R. 5157. On average, communities could receive about \$1 million to cover their operating costs. Because grants to cover operating expenses are expended more quickly than grants for capital costs, CBO expects that implementing H.R. 5157 would increase the overall rate of spending from the Formula

Grants program; however, CBO expects that net spending from the program would not change over the 2003-2007 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5157 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Rachel Milberg

Impact on State, Local, and Tribal Governments: Greg Waring

Impact on the Private Sector: Cecil McPherson

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis