



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 15, 2005

H.R. 3351

Native American Technical Corrections Act of 2005

As ordered reported by the House Committee on Resources on September 22, 2005

SUMMARY

H.R. 3351 would make a number of changes and technical corrections to current laws concerning Native Americans. The bill would triple the maximum limit on outstanding principal for the Indian Guaranteed Loan program from \$500 million to \$1.5 billion. It would extend the authorization of appropriations for grants to Indian tribes for justice training and technical assistance, as well as for civil and criminal legal assistance grants. It also would extend the authorization of appropriations for an Office of Tribal Justice Support and for support to tribal justice systems. CBO estimates that implementing H.R. 3351 would cost \$2 million in 2006 and about \$210 million over the 2006-2010 period, assuming appropriation of the necessary amounts.

H.R. 3351 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. Several provisions would benefit Indian tribes.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3351 is shown in the following table. The cost of this legislation would fall within budget functions 450 (community and regional development) and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION					
Spending Under Current Law for Indian Programs					
Reauthorized by H.R. 3351					
Estimated Authorization Level ^a	6	62	2	2	2
Estimated Outlays	12	61	13	5	2
Proposed Changes:					
Increased Limit for Indian Guaranteed Loans Program					
Estimated Authorization Level	0	2	5	5	6
Estimated Outlays	0	*	2	3	5
Technical and Legal Assistance for Tribal Justice					
Estimated Authorization Level	10	10	10	11	11
Estimated Outlays	2	5	7	9	11
Tribal Justice Systems					
Authorization Level	0	0	58	58	58
Estimated Outlays	0	0	52	58	58
Total Changes					
Estimated Authorization Level	10	12	73	74	75
Estimated Outlays	2	5	61	70	74
Total Spending Under H.R. 3351					
Estimated Authorization Level	16	74	75	76	77
Estimated Outlays	14	66	74	75	76

NOTE: * = less than \$500,000; components may not sum to totals because of rounding.

- a. The 2006 amount reflects appropriations provided in that year for affected programs by the Department of the Interior appropriations act. Because there is no authorization for Technical and Legal Assistance in 2006 and appropriations for the Department of Justice have not yet been enacted, the 2006 amount includes no funding for that program. Amounts for 2007 and later reflect specified authorized levels in current law for affected programs.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3351 will be enacted during 2006 and that the necessary amounts will be appropriated for each fiscal year.

Increased Limit for Indian Guaranteed Loans

The Indian Guaranteed Loan program currently guarantees around \$400 million in outstanding loans to Indian Tribes, Alaska Natives, and individual Indian-owned businesses to help develop and encourage Indian management of Indian resources. CBO estimates that if appropriations for the program continue at current rates, the outstanding value of guaranteed loans would reach the current statutory limit of \$500 million in 2007. After reaching that limit, the program would only be able to guarantee new loans to the extent that existing ones are repaid. Under this bill, the limit of \$500 million on the value of outstanding loans would increase to \$1.5 billion.

Under credit reform procedures, funds must be appropriated in advance to cover the subsidy cost of such loan guarantees, measured on a present value basis. The cost of such subsidies depends on the volume of loans guaranteed and the risk associated with different types of projects. The current loan-guarantee program has an estimated average subsidy rate of about 5 percent. Based on information from the department, CBO estimates that new guarantee commitments would average about \$100 million a year over the next five years. Accounting for the gradual disbursement of new loans under those commitments, CBO estimates that guaranteeing new loans over the 2007-2010 period would cost about \$10 million, subject to appropriation of the necessary amounts.

Technical and Legal Assistance for Tribal Justice

Section 104 would authorize the appropriation of such sums as may be necessary for fiscal years 2006 through 2010 to the Department of Justice to provide grants to support tribal courts and legal assistance programs. In 2005, \$10 million was appropriated for these programs. CBO estimates that continuing this program at the 2005 level and adjusting for anticipated inflation would require appropriations of \$52 million and result in outlays of \$34 million over the five-year period.

Tribal Justice Systems

Section 105 would authorize the appropriation of \$58 million a year over the 2008-2010 period for the Department of the Interior to provide grants to Indian tribes to support tribal justice systems and for the administrative expenses of the Office of Tribal Justice Support. These grants could be used to hire judicial personnel, provide technical assistance and training, offer victim assistance, acquire law library materials, and similar purposes. CBO estimates that implementing this provision would cost \$168 million over the 2008-2010 period, assuming the appropriation of the specified amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3351 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Several provisions would benefit Indian tribes.

PREVIOUS CBO ESTIMATE

On April 29, 2005, CBO transmitted a cost estimate for S. 536, the Native American Omnibus Act of 2005, as ordered reported by the Senate Committee on Indian Affairs on March 9, 2005. The total cost of implementing H.R. 3351 would be significantly less than that for S. 536 because provisions from the Senate bill that would reauthorize programs from the Native American Programs Act of 1974 and extend the authorization for the Morris K. Udall Scholarship and Excellence Foundation are not included in H.R. 3351.

S. 536 also includes the provision to increase the limit on outstanding loans for the Indian Guaranteed Loan program, but CBO's April 29, 2005, estimate did not include the estimated cost of \$10 million over the 2007-2010 period for that provision.

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