



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 7, 2012

Federal Public Transportation Act of 2012

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs
on February 2, 2012*

SUMMARY

The bill would extend the authority for public transportation programs administered by the Federal Transit Administration (FTA) through 2013. The bill would set the amount of contract authority (the authority to incur obligations in advance of appropriations, a mandatory form of budget authority) for FTA programs at \$8.4 billion in each of fiscal years 2012 and 2013.

The legislation also would authorize amounts in fiscal years 2012 and 2013 for various programs to improve the nation's public transportation infrastructure, to provide emergency assistance to transit systems in the event of a disaster, and to provide for the administrative costs of the FTA.

Consistent with rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO assumes that the budget authority provided by the bill for 2013, the last year of the authorization, would continue at the same rate in each of the following years. CBO estimates that enacting the bill would result in baseline contract authority totaling \$9.2 billion over the 2012-2022 period—the same amount that is currently projected in CBO's baseline for the 11-year period. Therefore, CBO estimates that the bill would provide no additional contract authority over that period relative to those baseline projections.

Enacting the bill could result in the collection of additional civil penalties, which would affect revenues; therefore pay-as-you-go procedures would apply. However, CBO estimates that such collections would likely be small, and the effect on revenues would be insignificant. Enacting the bill would not increase direct spending.

CBO expects that most spending for transit programs will continue to be controlled by limits on annual obligations set in appropriations acts. The legislation would not authorize an obligation limitation level for the contract authority provided; for this estimate of discretionary spending CBO assumes that the obligation limitation for the affected transit programs would equal the amount of contract authority provided in the bill (\$8.4 billion a year in 2012 and 2013). The obligation limitation for 2012, which was enacted in the Consolidated and Further Continuing Appropriations Act, 2012 (Public Law 112-55) is

equal to the amount CBO assumes would be authorized by the bill for that year. The bill also would authorize appropriations for new and ongoing capital investments in public transportation systems, emergency assistance, and administrative costs of the FTA. Assuming implementation of the estimated obligation limitations for 2013 and appropriation of the amounts estimated to be necessary for other programs, CBO estimates that implementing the bill would cost \$9.8 billion over the 2012-2017 period.

The bill would impose an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) by preempting certain state laws related to the safety of public transportation systems. While that preemption would limit the application of state law, CBO estimates that it would impose no duty on state, local, or tribal governments that would result in additional spending. The legislation contains no new private-sector mandates.

CBO has not reviewed section 23 of the bill for intergovernmental or private-sector mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce statutory rights that prohibit discrimination. CBO has determined that the provisions of section 23 fall within that exclusion because they address discrimination based on religion and disability.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars						2012-2017
	2012	2013	2014	2015	2016	2017	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Mass Transit Account Spending							
Estimated Obligation Limitation	0	8,361	0	0	0	0	8,361
Estimated Outlays	0	1,840	2,508	1,672	1,003	836	7,859
Capital Investment Grants							
Estimated Authorization Level	59	1,955	0	0	0	0	2,014
Estimated Outlays	7	251	540	400	300	235	1,733
Administration and Other Costs							
Estimated Authorization Level	53	153	10	10	10	10	246
Estimated Outlays	24	120	38	25	18	13	238
Total Changes							
Estimated Budgetary Resources	112	10,469	10	10	10	10	10,621
Estimated Outlays	31	2,211	3,086	2,097	1,321	1,084	9,830

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

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted before the current authorization for surface transportation programs expires on March 31, 2012, that the authorized amounts will be provided for each year in appropriation acts, and that outlays will follow the historical rate of spending for transportation programs.

Direct Spending

The bill would provide \$8.4 billion in fiscal year 2012 and 2013 for programs administered by the FTA including grants for transit-related capital projects, planning, and operating costs. The bill would broaden the available uses of that contract authority to include, among other things, grants to promote safety and economic development, and to provide transportation services to certain low-income individuals to and from jobs.

Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing its baseline, CBO assumes that funding provided by the bill for fiscal year 2013, the last year of the authorization, would continue at the same rate in each of the following years. CBO estimates that enacting the bill would provide budget authority (in the form of contract authority) of \$9.2 billion over the 2012-2022 period; that funding level is equal to the amount that is currently projected in CBO's baseline to be available for FTA's public transportation programs over the same period. Therefore, CBO estimates that enacting the bill would not provide additional contract authority over the next ten years.

Revenues

Enacting the bill would create new civil penalties for violations of transit safety regulations. Such penalties are recorded as revenues and the bill would direct those collections to be deposited into the Mass Transit Account of the Highway Trust Fund. Because such penalties would be collected only after the FTA has exhausted all other enforcement actions that are available, CBO estimates that such collections would be small, and the effect on revenues would be insignificant.

Spending Subject to Appropriation

Mass Transit Account Spending. As noted above, CBO expects that the contract authority provided in the bill would be controlled by limitations on obligations set in annual appropriations acts. While the bill would not authorize an obligation limitation level, CBO's estimate of discretionary spending under this legislation reflects obligation limitations that are equal to the contract authority provided. (Historically, Congress has set obligation limitations at or near those levels.)

For this estimate, CBO did not project this discretionary authority beyond fiscal year 2013, the authorization period covered by the legislation. Because the 2012 obligation limitation has already been enacted at the same level as the contract authority provided in the bill, there would be no effect on spending subject to appropriation in 2012. Based on an expected obligation limitation of \$8.4 billion in 2013, CBO estimates that implementing the bill's provisions for the mass transit account would cost almost \$7.9 billion over the 2012-2017 period.

Capital Investment Grants. The bill would authorize the appropriation of almost \$2 billion for each of fiscal years 2012 and 2013 for grants to state and local governments for transit infrastructure projects. Because an appropriation for capital investment grants has already been enacted for 2012, CBO's estimate of this provision reflects the difference between the amount appropriated for 2012 (\$1.896 billion) and the amount authorized in the bill (\$1.955 billion). CBO estimates that implementing this provision would cost \$1.7 billion over the 2012-2017 period, assuming appropriation of the specified amounts.

Administration and Other Costs. The bill would authorize amounts for fiscal years 2012 and 2013 for various programs to improve the nation's public transportation infrastructure, and to provide emergency assistance to transit systems in the event of a disaster. The bill also would authorize amounts for administrative costs of the FTA. Taken together, CBO estimates that implementing those provisions would cost \$238 million over the 2012-2017 period, assuming appropriation of the necessary amounts.

The bill would authorize \$108 million for each of fiscal years 2012 and 2013 for FTA's administrative expenses. Because an appropriation for those activities has already been enacted for 2012, CBO's estimate of this provision reflects the difference between the amount appropriated for 2012 (\$99 million) and the amount authorized in the bill (\$108 million). Based on historical spending patterns for these activities, CBO estimates that implementing this provision would cost \$114 million over the 2012-2017 period, assuming appropriation of the specified amounts.

The bill also would establish a program to provide emergency capital and operating assistance to transit systems in the event of a disaster declared by the President or by the Governor of a state. The funds would be available for evacuation services, rescue operations, or temporary public transit services, among other things, in the event of an emergency. Based on historical information about funding made available for transit services in emergencies, CBO estimates that implementing this provision would cost \$59 million over the 2012-2017 period, assuming appropriation of the necessary amounts.

Finally, the bill would authorize the appropriation of \$34 million in each of fiscal years 2012 and 2013 for grants to ensure that certain transit systems are well maintained and to improve the transportation infrastructure in parks and on other public lands. Based on historical patterns of spending on similar activities, CBO estimates that implementing this

provision would cost \$65 million over the 2012-2017 period, assuming appropriation of the specified amounts.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2012 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting the bill would increase revenues from civil fines collected when states violate regulations related to transit safety. Civil fines are recorded as revenues and the bill directs collections of such fines to be deposited in the Mass Transit Account of the Highway Trust Fund. CBO estimates that such collections would likely be small, and the effect on revenues would be insignificant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill would impose an intergovernmental mandate as defined in UMRA by preempting certain state laws related to the safety of public transportation systems if those laws do not meet the minimum requirements of a uniform national standard. While that preemption would limit the application of state law, CBO estimates that it would impose no duty on state, local, or tribal governments that would result in additional spending. The legislation contains no new private-sector mandates.

CBO has not reviewed section 23 of the bill for intergovernmental or private-sector mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce statutory rights that prohibit discrimination. CBO has determined that the provisions of section 23 fall within that exclusion because they address discrimination based on religion and disability.

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