



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

September 4, 1998

S. 1380

Charter School Expansion Act of 1998

*As ordered reported by the Senate Committee on Labor and Human Resources
on July 29, 1998.*

SUMMARY

S. 1380 would amend title X of the Elementary and Secondary Education Act (ESEA) by increasing funding for charter schools. CBO estimates this bill would authorize appropriations of \$100 million in 1999, \$102 million in 2000, \$105 million in 2001, \$107 million in 2002, and \$110 million in 2003, with adjustments for inflation. Because S. 1380 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 1380 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state and local education agencies resulting from enactment of this bill would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1380 is shown in the following tables.

Table 1. Estimated Budgetary Impact of S. 1380

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
Without Adjustments for Inflation						
Spending Under Current Law						
Estimated Authorization Level ^a	80	0	0	0	0	0
Estimated Outlays	42	66	23	4	0	0
Proposed Changes						
Estimated Authorization Levels	0	100	100	100	100	100
Estimated Outlays	0	5	70	95	100	100
Total Spending Under S. 1380						
Estimated Authorization Levels ^a	80	100	100	100	100	100
Estimated Outlays	42	71	93	99	100	100
With Adjustments for Inflation						
Spending Under Current Law						
Estimated Authorization Level ^a	80	0	0	0	0	0
Estimated Outlays	42	66	23	4	0	0
Proposed Changes						
Estimated Authorization Levels	0	100	102	105	107	110
Estimated Outlays	0	5	70	97	104	106
Total Spending Under S. 1380						
Estimated Authorization Levels ^a	80	100	102	105	107	110
Estimated Outlays	42	71	93	101	104	106

Note: Components may not sum to totals due to rounding.

a. The 1998 level is the amount appropriated for that year.

The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

BASIS OF ESTIMATE

S. 1380 would extend the authorizations for charter schools under title X of the ESEA for the 1999-2003 period. The bill authorizes \$100 million for this activity in 1999 and such sums as may be necessary for fiscal years 2000 through 2003. Assuming that historical spending patterns prevail, outlays for the five-year period would increase by \$370 million without adjustment for inflation. Authorizations would total \$524 million over the 1999-2003 period and estimated outlays would increase by \$382 million, assuming adjustments for inflation.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1380 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would impose some new administrative requirements on state and local education agencies that participate in the charter school grant program. Any costs to state and local education agencies from these requirements would be the result of their voluntary participation in this program. CBO estimates that the costs of these new requirements would not be significant. The bill would also reduce the maximum amount of funds available for national activities from not more than 10 percent to the lesser of \$5 million or 5 percent of the amount appropriated. As a result, the bill would increase the percentage of funds available for grants to state and local education agencies, given the Department of Education's current practice of spending 10 percent on national activities.

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