



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 1, 1997

### **H.R. 2516**

#### **A bill to extend the Intermodal Surface Transportation Efficiency Act of 1991 through March 31, 1998**

*As passed by the House of Representative on October 1, 1997*

#### **SUMMARY**

H.R. 2516 would extend, through March 31, 1998, most of the major programs authorized in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The bill would provide contract authority of approximately \$15 billion for the first half of fiscal year 1998 for programs carried out by the Federal Highway Administration (FHWA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Transit Administration (FTA). Of that total, \$320 million would be for the FHWA minimum allocation program, which is exempt from the obligation limitation that applies to the bulk of FHWA spending. In addition to providing contract authority, H.R. 2516 would authorize the appropriation of \$214 million for the Federal Transit Administration for the first half of fiscal year 1998. Because H.R. 2516 would affect direct spending, pay-as-you go procedures would apply to the bill.

Following procedures delineated in the Balanced Budget Act of 1997, CBO estimates the total impact of the bill by assuming that the direct spending authority it provides is extended indefinitely at the same annual rate. On this basis, CBO estimates that continued funding at the contract authority levels provided in H.R. 2516 would result in outlays of \$130 billion over the 1998-2002 period—\$123 billion categorized as spending subject to appropriation and \$7 billion (for the exempt programs) categorized as direct spending.

H.R. 2516 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would impose no costs on state, local, or tribal governments.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of enacting H.R. 2516 and continuing the programs with direct spending authority at the annualized levels provided for in the bill is shown in the following table.

	By Fiscal Year, in Millions of Dollars					
	1997	1998	1999	2000	2001	2002
<b>DIRECT SPENDING</b>						
Baseline Spending under Current Law						
Estimated Budget Authority <sup>a</sup>	27,228	27,967	28,431	29,074	29,715	30,373
Estimated Outlays <sup>b</sup>	2,057	2,052	1,650	1,346	1,162	1,064
Proposed Changes, including Baseline Changes in 1998 and Subsequent Years from Enacting H.R. 2516						
Estimated Budget Authority	0	1,828	1,364	721	80	-578
Estimated Outlays <sup>b</sup>	0	0	-2	-8	-19	-33
Total Spending (assuming enactment of H.R. 2516 and continuation of its funding levels beyond March 31, 1998)						
Estimated Budget Authority	27,228	29,795	29,795	29,795	29,795	29,795
Estimated Outlays <sup>b</sup>	2,057	2,052	1,649	1,337	1,143	1,031
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law						
Budget Authority	905	0	0	0	0	0
Estimated Outlays <sup>c</sup>	22,300	22,251	22,397	22,753	23,294	23,924
Proposed Changes, including Baseline Changes in 1998 and Subsequent Years from Enacting H.R. 2516						
Estimated Authorization Level	0	214	0	0	0	0
Estimated Outlays <sup>d</sup>	0	578	2,108	2,291	2,026	1,642
Total Spending (assuming enactment of H.R. 2516 and continuation of its funding levels beyond March 31, 1998)						
Estimated Authorization Level	905	214	0	0	0	0
Estimated Outlays	22,300	22,830	24,505	25,043	25,320	25,566

a. The 1997 level is the amount of contract authority provided under ISTEA. The 1998-2002 levels are the amounts included in the budget resolution baseline, which assumes annual increases for anticipated inflation.

b. Outlays from programs exempt from the obligation limitation (minimum allocation, emergency relief, demonstration projects).

c. Outlays from the mandatory contract authority for programs that are subject to the obligation limitation, and from discretionary appropriations.

d. Outlays from new authorizations in addition to the programs subject to the obligation limitation.

The costs of this legislation fall within budget function 400 (transportation).

## **BASIS OF ESTIMATE**

Enacting H.R. 2516 would affect both spending subject to appropriation and direct spending. In particular, the bill would provide \$15 billion in contract authority, which is a form of direct spending, for the Federal-Aid Highways program and for some of the FTA and NHTSA spending. Most of the outlays from contract authority are controlled by annual obligation limitations imposed through the appropriations process. All of the projected outlays controlled by appropriations action, whether from appropriated budget authority or annually limited contract authority, are shown in the bottom half of the table ("Spending Subject to Appropriation"). Because the minimum allocation program is exempt from obligation limitations, outlays for that program as well as for other exempt programs authorized under ISTEA are included in the top half of the table ("Direct Spending").

For all of the direct spending programs (those with funding provided by contract authority), CBO projects spending at the annualized level derived from the half-year amounts contained in the bill. That projection results in a total of \$149 billion in estimated contract authority for the 1998-2002 period. For the transit programs that are funded with appropriated budget authority, CBO estimates that implementing this bill would result in new discretionary spending of \$214 million over the 1998-2002 period. (Under Congressional scorekeeping procedures, such authorizations of appropriations are not extended beyond the amounts provided in the bill.)

### **Direct Spending**

For the first half of fiscal year 1998, the bill would provide contract authority of \$12 billion for the portions of FHWA's Federal-Aid Highways program that are subject to the obligation limitation, \$96 million for the NHTSA safety grants program, \$45 million for the FHWA motor carrier safety grant program, \$1 billion for the FTA discretionary grant program, and \$1 billion for the FTA formula grant program. H.R. 2516 also would extend funding for the minimum allocation program, one of the Federal-Aid Highways programs that is exempt from annual obligation limitations. The bill would provide \$319.5 million for this program for the first six months of fiscal year 1998.

To project future contract authority based on amounts authorized in this bill, CBO extrapolated the half-year authorization to a full year and froze that level—\$29.8 billion—through fiscal year 2002. This extension beyond 1998 reflects the requirement in the Balanced Budget Act of 1997 that, in preparing a budget baseline, existing mandatory programs with current-year outlays greater than \$50 million shall be assumed to continue,

even if they expire under current law. That act requires that projections be made assuming the program continues to operate under the law as in effect immediately before the program's expiration. CBO interprets this requirement to mean that projections of contract authority provided in this bill should be equal, in each year, to the full-year, annualized level provided for 1998. As a result, the estimated changes decline each year relative to the baseline because the baseline includes annual increases for inflation while the projections of contract authority under the bill are held constant through the projection period.

### Spending Subject to Appropriation

For purposes of this estimate, CBO assumes that the amount authorized for transit programs for the first half of fiscal year 1998 will be appropriated near the start of the fiscal year. Outlay estimates for all of the spending subject to appropriation are based on historical spending rates for the FHWA, FTA, and NHTSA programs. Because most of the outlays from the contract authority are governed by obligation limitations in appropriations acts and are subject to liquidating appropriations, they are considered discretionary and so are included in the table under estimated outlays subject to appropriation. To estimate such outlays, CBO used the obligation limitations specified in the bill.

### PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you go procedures for legislation affecting direct spending or receipts. CBO's estimate of the bill's impact on outlays from direct spending is summarized in the following table for fiscal years 1998-2007. For purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. Also, only direct spending outlays are subject to pay-as-you-go requirements; the discretionary outlays from contract authority subject to obligation limitations are not considered for pay-as-you-go purposes.

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Summary of Effects on Direct Spending and Receipts

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	By Fiscal Year, in Millions of Dollars									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Changes in outlays	0	-2	-8	-19	-33	-47	-63	-80	-97	-115
Changes in receipts	Not applicable									

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CBO projects that enacting H.R. 2516 would result in pay-as-you-go savings (relative to the current baseline) because the bill would establish a funding level for the minimum allocation program that is below the baseline levels for all years after 1998.

### **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 2516 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Most of the funding authorized in this bill would be redistributed to states, in the form of grants for transportation purposes.

### **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 2516 contains no private-sector mandates as defined in UMRA.

### **PREVIOUS CBO ESTIMATE**

On September 25, 1997, CBO provided an estimate for H.R. 2516 as ordered reported by the Committee on Transportation and Infrastructure on September 24, 1997. The version of the bill passed by the House is substantially the same as the committee-approved version. It includes a few changes in the legislative language, but none that affect CBO's estimate of budgetary impact. This estimate, however, reflects a correction to the estimate provided on September 25, 1997. In our previous estimate, we neglected to include \$100 million a year for emergency relief in the total estimated budget authority for direct spending under the bill. This estimate provides the correct total of \$29,795 million for 1998 and subsequent years. (The estimate of outlays is unchanged.)

### **ESTIMATE PREPARED BY:**

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