



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

January 23, 1998

S. 1271

Federal Transit Act of 1997

*As reported by the Senate Committee on Banking, Housing, and Urban Affairs
on October 8, 1997*

SUMMARY

The Federal Transit Act of 1997 would authorize federal mass transit programs for fiscal years 1998 through 2003. For that six-year period, the bill would provide contract authority of approximately \$32 billion, primarily for the Federal Transit Administration (FTA). This amount would equal the contract authority projected in CBO's March 1997 baseline. In addition, S. 1271 would authorize the appropriation of about \$5 billion for other FTA programs for the 1998-2003 period.

S. 1271 would retain almost all of the transit programs and formulas for distributing funds that were authorized in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). The bill also would retain all of the existing set-asides for administrative expenses, programs for the elderly and disabled, and university transportation center programs, and it would extend the current division of funds in the discretionary grants program. The legislation would authorize two new programs: an access-to-jobs program and a clean fuels program. Finally, S. 1271 would authorize additional funds for a workplace safety training program at the National Mass Transportation Institute at Rutgers University.

S. 1271 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 except as a condition of receiving federal assistance or participating in a voluntary federal program.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of enacting S. 1271 is shown in the following table. Authorizations of contract authority for the trust fund share of expenses and the capital investment grant program are included in the top portion of the table ("Direct Spending").

Authorizations of appropriations from the general fund for formula grants, access-to-jobs, and the clean fuel initiative are included in the bottom portion of the table (“Spending Subject to Appropriation”). The costs of this legislation fall within budget function 400 (transportation).

| | By Fiscal Year, in Millions of Dollars | | | | | | |
|--|--|-------|-------|-------|-------|-------|-------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| DIRECT SPENDING | | | | | | | |
| Baseline Spending Under Current Law | | | | | | | |
| Estimated Budget Authority ^a | 4,800 | 4,932 | 5,065 | 5,202 | 5,342 | 5,485 | 5,633 |
| Estimated Outlays | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proposed Changes | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Spending | | | | | | | |
| Estimated Budget Authority | 4,800 | 4,932 | 5,065 | 5,202 | 5,342 | 5,485 | 5,633 |
| Estimated Outlays | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SPENDING SUBJECT TO APPROPRIATION | | | | | | | |
| Spending Under Current Law | | | | | | | |
| Budget Authority | 823 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays ^b | 4,366 | 4,029 | 3,826 | 3,739 | 3,797 | 3,850 | 3,980 |
| Proposed Changes | | | | | | | |
| Estimated Authorization Level | 0 | 738 | 756 | 774 | 793 | 812 | 832 |
| Estimated Outlays ^c | 0 | 358 | 841 | 1,346 | 1,663 | 1,960 | 2,078 |
| Total Spending | | | | | | | |
| Estimated Authorization Level | 823 | 738 | 756 | 774 | 793 | 812 | 832 |
| Estimated Outlays | 4,366 | 4,386 | 4,666 | 5,085 | 5,461 | 5,810 | 6,057 |

a. The 1997 level is the amount of contract authority provided under ISTEA. The 1998-2003 levels are the amounts of contract authority included in CBO’s March 1997 baseline, which assumes annual increases for anticipated inflation.

b. Includes both outlays from the mandatory contract authority for programs that are subject to annual obligation limitations, and outlays from discretionary appropriations.

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

BASIS OF ESTIMATE

Enacting S. 1271 would affect both direct spending and spending subject to appropriation. Over the 1998-2003 period, the bill would provide \$32 billion in contract authority (a form

of direct spending). All of the outlays from such contract authority are controlled by annual obligation limitations established in appropriation acts. For the purpose of estimating outlays in this estimate, CBO assumes that obligation limitations would be equal to the annual contract authority levels in each year. All of the projected outlays controlled by appropriation action, whether from appropriated budget authority or annually limited contract authority, are shown in the bottom half of the table ("Spending Subject to Appropriation").

Direct Spending

Over the six-year period, S. 1271 would provide contract authority totaling \$17.3 billion for the trust fund share of expenses, \$14.2 billion for the capital investment program, and \$100 million for the clean fuels program that would be created by the bill (the first two programs already exist). In addition, the bill would provide—over the 1998-2003 period—\$36 million in contract authority for university transportation centers, and \$38 million in contract authority for university research institutes.

Finally, the bill would allow the Secretary of Transportation to enter into partnerships to promote early deployment of innovation, and would allow the Secretary to accept a portion of the revenues resulting from the sale of innovation projects. These revenues could then be spent to enter into future partnerships. CBO estimates that receipts resulting from this provision would not be significant over the next five years and that any additional receipts would be offset by increased spending.

Spending Subject to Appropriation

For those programs with authorizations of appropriated funding, CBO assumes that the amounts authorized for each year would be appropriated by or near the start of each fiscal year. Outlay estimates are based on historical spending rates. S. 1271 would authorize funding for the general fund portion of formula grants, university transportation centers, administrative expenses, transit planning and research, the clean fuel initiative, and the access-to-jobs program. Although the legislation is not specific in stipulating whether the existing programs would be funded from appropriated budget authority or contract authority, CBO assumes for the purposes of this estimate that they would be funded by appropriations because they are currently funded that way.

The access-to-jobs program is a new authorization provided in this bill. Outlay estimates are based on historical spending rates for formula grants. The bill would authorize the appropriation of \$100 million for the access-to jobs program for each fiscal year from

1998-2003. For the other new program—the clean fuel initiative—the bill would authorize funding of \$200 million a year, of which \$100 million would be contract authority, and \$100 million would come from appropriations.

S. 1271 would direct the Secretary of Transportation to conduct a study to determine whether current apportionment formulas for urbanized areas accurately reflect the needs of those areas. In addition, the bill would require the Secretary of Transportation to conduct a study to evaluate the access-to-jobs program. Based on information from FTA, CBO estimates the cost of these studies to be approximately \$450,000. Spending for these studies would be subject to the availability of appropriated funds. In addition, S. 1271 would direct the Comptroller General to conduct a study to evaluate the access-to-jobs program. Based on information from the General Accounting Office, CBO estimates the cost of this study to be negligible.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. While the bill would provide contract authority for mass transit programs, the outlays for these programs are considered discretionary. Therefore, the pay-as-you go effect on outlays from direct spending would be zero in each year. The bill would not affect governmental receipts.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1271 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments except as a condition of receiving federal assistance or participating in a voluntary federal program. 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

This bill would impose no new private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On October 8, 1997, CBO provided a cost estimate for the Federal Transit Act of 1997, as ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs on September 25, 1997. This estimate supersedes that previous estimate. Specifically, it corrects an error in the presentation and comparison of budget authority levels under current law and under the bill. The previous estimate included incorrect figures for budget authority under current law. As a result, the estimate showed the bill as causing an increase in budget authority. In fact, the bill would not cause any change in budget authority relative to CBO's March 1997 baseline, and the estimate has been corrected to reflect that fact. Estimated outlays resulting from enactment of S. 1271 are not affected by this change.

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