



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 29, 2003

H.R. 1151

A bill to provide that transit pass transportation fringe benefits be made available to all qualified federal employees in the National Capital Region; to allow passenger carriers which are owned or leased by the government to be used to transport government employees between their place of employment and mass transit facilities, and for other purposes

*As ordered reported by the House Committee on Government Reform
on September 25, 2003*

SUMMARY

H.R. 1151 would codify and expand Executive Order 13150 to provide a tax-free transportation benefit to federal employees in the National Capital Region, beginning in fiscal year 2005. Issued in April 2000, Executive Order 13150 directed all executive branch agencies to provide employees in the National Capital Region who use public transportation to commute to work with free transit passes (known as METROcheks) with a value equal to actual commuting costs but not more than \$100 per month. H.R. 1151 would expand this program to include employees with the legislative and judicial branches, the Smithsonian Institution, and the U.S. Postal Service. In addition, the legislation would allow federal agencies to extend existing transit services to take employees between work sites and public transportation centers.

CBO estimates that expanding the transportation benefit program to postal employees in the National Capital Region would increase direct spending by the U.S. Postal Service by about \$12 million over the 2005-2006 period. (Postal Service spending is classified as off-budget.) CBO estimates that extending the program to other federal employees in the region would cost \$3 million annually, beginning in fiscal year 2005, subject to the availability of appropriated funds. This legislation would codify existing agency practices and policies; therefore, this estimate excludes executive, legislative, and judicial branch employees who can currently participate in the transportation benefit program.

H.R. 1151 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA), and CBO estimates that the bill would have no significant impact on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 606 is shown in the following table. The costs of this legislation fall within budget functions 372 (postal service), 500 (education, training, employment, and social services) and 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN DIRECT SPENDING					
Off-Budget Effects—Postal Service					
Estimated Budget Authority	0	6	6	0	0
Estimated Outlays	0	6	6	0	0
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Commuting Benefit for Nonpostal Federal Employees					
Estimated Authorization Level	0	3	3	3	3
Estimated Outlays	0	3	3	3	3

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted by the start of fiscal year 2005, that the necessary amounts will be appropriated for each fiscal year, and that outlays will occur at historical patterns for similar programs.

Direct Spending

According to the Washington Metropolitan Area Transportation Authority (WMATA) and the Department of Transportation, the average annual benefit provided to federal employees in the National Capital Region is \$1,080. CBO estimates that 25 percent of the 22,000 Postal Service employees in the National Capital Region would apply for the new benefit. That estimate is based on information by WMATA, which expects that Postal Service employees

would use transportation benefits much less than other local federal employees because of their decentralized locations and varying office hours. About 40 percent of federal workers in the region currently use this transportation benefit. CBO estimates that enacting this legislation would cost the Postal Service about \$6 million in each of the years 2005 and 2006. Beginning in fiscal year 2007, there would be no net cost from the provision because the Postal Service is required to set rates to cover its costs, and CBO expects that the next rate increase will occur in 2006. At that time, it is possible that the Postal Service would also seek to recover prior unanticipated costs and that this provision could have no net cost over several years.

Spending Subject to Appropriation

Transit Pass Transportation Fringe Benefits. To estimate the bill's impact on nonpostal federal employees in the region, CBO reviewed the experiences of offices within the three branches of government that already provide transit benefits and estimates provided by WMATA. Using that information, CBO found that in the National Capital Region, approximately 4,000 federal employees are not eligible to receive the tax-free transportation benefit, and most of those employees work for the Smithsonian Institution. Using estimates provided by WMATA and the experiences of agencies that are similar in size and location to the Smithsonian Institution, we estimate that 75 percent of those employees would participate in the program. That estimate is higher than the average for the area because of the limited parking and nearby METRO stations available to these employees. Hence, we estimate that providing the transportation benefit to other federal employees that are currently ineligible to participate would cost approximately \$3 million a year or \$12 million over the 2005-2008 period, subject to appropriation of the necessary amounts.

Use of Government Vehicles. Section 2 also would authorize federal agencies to use government-owned or leased passenger carriers to transport employees between their offices and public transportation centers. Under current law, the use of most government vehicles is only authorized for official purposes. If an agency chooses to provide additional transportation services under the bill, the legislation would require agencies to absorb the costs from funds already available; use alternative fueled vehicles if possible; and coordinate transportation routes with other federal agencies.

For this estimate, CBO assumes that section 2 would affect only agencies in the National Capital Region because it would require agencies to consult with the National Planning Commission before offering expanded transportation services. CBO estimates that allowing federal agencies in the region to provide transportation from work places to public transportation centers would have no significant net impact on the federal budget.

Under the bill, agencies could not provide employees with a combined monthly benefit from METROcheks and the use of government-provided transportation of greater than \$100 per month. Consequently, we expect that the authority to use government vehicles to travel between public transportation centers and government work places would not be used extensively.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined by UMRA, and CBO estimates that the bill would have no significant impact on state, local, or tribal governments.

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