



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 18, 2004

H.R. 3551

Surface Transportation Research and Development Act of 2004

*As ordered reported by the House Committee on Science, Space, and Technology
on February 4, 2004*

SUMMARY

CBO estimates that implementing H.R. 3551 would cost \$2.7 billion over the 2005-2009 period and about \$1 billion after 2009. Enacting the legislation would not affect direct spending or revenues.

H.R. 3551 would extend the authority for transportation research programs administered by the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), the National Highway Traffic Safety Administration (NHTSA), and the Federal Motor Carrier Safety Administration (FMCSA). For those programs, CBO estimates that the bill would authorize the appropriation of \$2.8 billion and provide \$865 million in contract authority (the authority to incur obligations in advance of appropriations) over the 2005-2009 period.

Consistent with the Balanced Budget and Emergency Deficit Control Act, CBO assumes that the contract authority for those research programs would continue at the same rate provided immediately before the authority for the programs would expire in 2010. Hence, this estimate includes an additional \$177 million in contract authority in each year over the 2010-2014 period.

H.R. 3551 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). As conditions for receiving federal assistance, state and local governments would have to provide matching funds and comply with various planning and reporting requirements.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of is shown in Table 1. The costs of this legislation fall within budget function 400 (transportation).

TABLE 1. SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF H.R. 3551

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Ongoing Highway Programs					
Authorization Level	500	500	500	500	500
Estimated Outlays	75	300	450	500	500
New Highway Grant Program ^a					
Authorization Level	0	0	0	0	0
Estimated Outlays	11	45	68	75	75
Transit Programs					
Estimated Authorization Level	54	55	56	57	58
Estimated Outlays	8	33	49	55	56
Highway Safety Programs ^a					
Estimated Authorization Level	0	0	0	0	0
Estimated	13	57	86	97	99
Motor Carrier Safety Programs					
Estimated Authorization Level	10	10	10	11	11
Estimated Outlays	2	6	9	10	10
Commission on National Transportation Needs					
Estimated Authorization Level	2	0	0	0	0
Estimated Outlays	1	1	0	0	0
Total Proposed Changes					
Estimated Authorization Level	566	565	566	567	569
Estimated Outlays	110	442	662	737	741
CHANGES IN DIRECT SPENDING ^a					
New Highway Grant and Highway Safety Programs					
Estimated Budget Authority	97	99	101	103	105
Estimated Outlays	0	0	0	0	0

a. Spending for these programs would be controlled by appropriation actions. Thus, while the budget authority would be a form of direct spending, outlays are shown in the discretionary spending category.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3551 will be enacted near the end of 2004. Estimates of outlays are based on historical spending patterns of transportation research programs. CBO estimates that implementing H.R. 3551 would cost \$2.7 billion over the 2005-2009 period. Enacting the bill would not affect revenues or outlays from direct spending; however, CBO estimates that enacting H.R. 3551 would increase contract authority by \$505 million over the 2005-2009 period and by over \$1 billion over the 2005-2014 period in comparison to CBO's baseline levels.

Spending Subject to Appropriation

Highway Programs. H.R. 3551 would extend the authorization for research programs administered by FHWA. Some of those programs include conducting research and developing technology to improve highways, operating the Bureau of Transportation Statistics, and grants to universities to conduct transportation-related research. To conduct those activities in each year over the 2004-2009 period, the bill would authorize the appropriation of either 1.08 percent of amounts made available from the Highway Trust Fund or \$500 million, whichever is greater. Because CBO cannot anticipate the amounts that will be made available from the trust fund over this period, CBO assumes the appropriation of \$500 million in each year over the 2005-2009 period. CBO estimates that implementing those provisions would cost about \$1.8 billion over the 2005-2009 period and another \$675 million after 2009.

In addition to extending the authority to continue FHWA's ongoing research programs, H.R. 3551 would establish a new grant program that would fund research into improving highways. For this program, the bill would provide \$75 million of contract authority each year over the 2004-2009 period. Under current law, spending from contract authority provided for highway research programs is considered discretionary because it is controlled by annual limitations on obligations set in appropriation acts. For this estimate, CBO assumes that appropriation actions will limit spending on the new grant program. CBO estimates that implementing the new program would cost \$274 million over the 2005-2009 period and another \$101 million after 2009.

Transit Programs. H.R. 3551 would authorize the appropriation of such sums as may be necessary over the 2004-2009 period for FTA to conduct research on public transportation. These activities received \$53 million for the current fiscal year. For this estimate, CBO adjusted that figure for anticipated inflation over the 2005-2009 period. We estimate that implementing this provision would cost \$201 million over the 2005-2009 period and another \$79 million after 2009.

Highway Safety Programs. H.R. 3551 would provide an indefinite amount of contract authority over the 2004-2009 period for NHTSA to conduct research on highway safety. CBO's current baseline assumes \$360 million of contract authority for highway safety research over the 2004-2009 period; however, based on information from the agency, CBO estimates that NHTSA would require an additional \$130 million over the 2005-2009 period to conduct that research. Under current law, spending from contract authority provided for highway safety programs is considered discretionary because it is controlled by annual limitation on obligations set in appropriation acts. For this estimate, CBO assumes that appropriation actions will continue to limit spending on those programs. We estimate that implementing this provision would cost \$352 million over the 2004-2009 period and another \$138 million after 2009.

Motor Carrier Safety Programs. H.R. 3551 would authorize the appropriation of such sums as may be necessary over the 2004-2009 period for FMCSA to conduct research and develop technology for improving truck safety. The Administration's budget request for fiscal year 2005 includes about \$10 million for those activities. For this estimate, CBO assumes appropriation of \$10 million in 2005 and adjusts this figure for anticipated inflation over the 2006-2009 period. We estimate that implementing that provision would cost \$38 million over the 2005-2009 period and another \$14 million after 2009.

Commission on National Transportation Needs. H.R. 3551 would establish a commission to study transportation needs in the United States, recommend changes to current policy that would help meet those needs, and issue a report before the end of 2005. For that commission, the bill would authorize the appropriation of such sums as necessary for fiscal years 2004 and 2005. Based on historical spending patterns of similar organizations and information from the Department of Transportation, CBO estimates that implementing this provision would cost \$2 million over the 2005-2006 period.

Contract Authority (Direct Spending)

Enacting the bill would not affect outlays from direct spending but would increase contract authority (a form of direct spending). Those effects are detailed in Table 2.

TABLE 2. ESTIMATED EFFECTS ON CONTRACT AUTHORITY UNDER H.R. 3551

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Baseline Contract Authority for Highway Safety Programs	72	72	72	72	72	72	72	72	72	72	72
Proposed Changes:											
Highway Grant Program	0	75	75	75	75	75	75	75	75	75	75
Highway Safety Program	<u>0</u>	<u>22</u>	<u>24</u>	<u>26</u>	<u>28</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
Total Changes	0	97	99	101	103	105	105	105	105	105	105
Contract Authority for Highway Safety Programs and Highway Grant Program Under H.R. 3551	72	169	171	173	175	177	177	177	177	177	177

Highway Programs. H.R. 3551 would provide \$75 million of contract authority each year over the 2004-2009 period for a new grant program to fund highway-related research. The Balanced Budget and Emergency Deficit Control Act specifies that an expiring mandatory program with current-year outlays in excess of \$50 million be assumed to continue at the program level in place when it is scheduled to expire. Following that rule, under H.R. 3551, CBO projects \$75 million in additional contract authority for the new grant program beginning in 2010.

CBO assumes that spending on highway research programs would continue to be controlled by annual limitations on obligations in appropriation acts and that the outlays would therefore be discretionary.

Highway Safety Programs. For research in highway safety, H.R. 3551 would provide an indefinite amount of contract authority over the 2004-2009 period. CBO estimates that NHTSA would require \$490 million over the 2005-2009 period to conduct that research, and CBO projects another \$102 million for that program each year beginning in 2010. CBO assumes, however, that spending on research on highway safety would continue to be controlled by annual limitations on obligations in appropriation acts and would therefore be discretionary.

CBO's current baseline projects an annual level of contract authority for research on highway safety of \$72 million and a total level of contract authority for this program of \$360 million over the 2005-2009 period. Thus, for that research, H.R. 3551 would provide \$280 million in contract authority above the baseline level over the 2005-2014 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3551 contains no intergovernmental or private-sector mandates as defined in UMRA. As conditions for receiving federal assistance, state and local governments would have to provide matching funds and comply with various planning and reporting requirements.

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