



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 5, 2004

### **H.R. 4219** **Surface Transportation Extension Act of 2004, Part II**

*As cleared by the Congress on April 29, 2004  
and signed by the President on April 30, 2004*

#### **SUMMARY**

H.R. 4219 (enacted as Public Law 108-224) provides a temporary extension of the programs authorized under the Transportation Equity Act for the 21st Century (TEA-21), including the Federal-Aid Highway program, highway and motor carrier safety programs, and transit programs.

For those programs, H.R. 4219 provides about \$31.3 billion in contract authority (the authority to incur obligations in advance of appropriations) for the nine-month period from October 1, 2003, through June 30, 2004. Consistent with the baseline construction rules in the Balanced Budget and Emergency Deficit Control Act, CBO assumes this funding continues at the same rate through the rest of fiscal year 2004 and in each of the following years. Hence, under this law, CBO projects \$250 billion of contract authority over the 2004-2009 period and nearly \$460 billion of contract authority over the 2004-2014 period. That funding level represents an decrease of \$3.7 billion below the baseline amounts projected over the 2004-2009 period and about \$6.9 billion below the baseline amounts projected over the 2004-2014 period.

H.R. 4219 will not affect revenues or outlays from direct spending. CBO expects that most spending from those programs will be controlled by limits on annual obligations set in appropriation acts.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO's estimate of the impact of H.R. 4219 on direct spending and revenues is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Changes in Mandatory Budget Authority	-624	-624	-624	-624	-624	-624	-624	-624	-624	-624	-624
Changes in outlays	0	0	0	0	0	0	0	0	0	0	0
Changes in receipts	0	0	0	0	0	0	0	0	0	0	0

## BASIS OF ESTIMATE

H.R. 4219 provides about \$31.3 billion in contract authority, a form of mandatory budget authority, for the nine-month period from October 1, 2003, through June 30, 2004. 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 this assumption, under H.R. 4219, CBO projects about \$41.7 billion in contract authority for surface transportation programs each year beginning in 2004. That amount is derived by annualizing the nine-month figure specified in the act.

CBO's current baseline projects an annual level of contract authority of \$42.3 billion for surface transportation programs, reflecting the level established by Public Law 108-202, which was enacted on February 29, 2004. Thus, H.R. 4219 reduces the contract authority in the baseline projection by \$624 million for each year over the 2004-2014 period.

TEA-21 exempts certain portions of the Federal-Aid Highway program from the obligation limitations set in appropriation acts, resulting in mandatory outlays. H.R. 4219 continues this policy for the Minimum Guarantee portion of the program and exempts \$479.25 million from any limitation on obligations. CBO assumes this exemption continues at the same rate through the rest of fiscal year 2004 and in each of the following years. After annualizing that amount, CBO projects that, under H.R. 4219, \$639 million of contract authority will be exempt from any obligation limitation in 2004 and in each of the following years. That sum is equal to the baseline level of exempt contract authority for the Minimum Guarantee Program; thus, H.R. 4219 will not affect outlays from direct spending relative to the baseline.

## **PREVIOUS CBO ESTIMATE**

On March 8, 2004, CBO transmitted an estimate of the direct spending effects of H.R. 3850, the Surface Transportation Extension Act of 2004 (Public Law 108-202). That act provided contract authority through April 30, 2004, and CBO's cost estimate showed an increase in contract authority of \$1.2 billion a year relative to the baseline that existed prior to enactment of that legislation. Those amounts became part of an adjusted baseline for scoring purposes, and the budgetary impact of H.R. 4219 is measured relative to that adjusted baseline.

## **ESTIMATE PREPARED BY:**

Rachel Milberg

## **ESTIMATE APPROVED BY:**

Robert A. Sunshine  
Assistant Director for Budget Analysis