



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

July 29, 2005

**S. 858**

**Nuclear Fees Reauthorization Act of 2005**

*As ordered reported by the Senate Committee on Environment and Public Works  
on June 8, 2005*

**SUMMARY**

CBO estimates that the net cost of implementing S. 858 would be \$2 million in fiscal year 2006 and about \$10 million over the 2006-2010 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues.

Under current law, the Nuclear Regulatory Commission (NRC) is authorized to collect annual fees to offset about 90 percent of its general fund appropriation. If that authority is allowed to expire at the end of fiscal year 2005, the NRC would be authorized to collect only 33 percent of its budget through user fees. S. 858 would extend the NRC's current authority to charge annual fees to offset 90 percent of most of its general fund appropriation through 2011 and also would prohibit amounts appropriated to the NRC for certain specified homeland security activities to be offset with user fees. The fees that NRC collects are classified as offsetting collections (a credit against discretionary spending) because they are explicitly tied to the level of annual discretionary appropriations for the agency.

S. 858 also would authorize the NRC to establish several new initiatives with higher education institutions to enhance employee recruitment. The programs would provide support, such as grants, loans, and equipment to higher education institutions for NRC-related curricula, and for scholarships and fellowships to students potentially seeking careers at NRC. S. 858 also would authorize funding for promotional items used in recruitment, reimbursement of travel expenses for students working with the NRC, medical costs of overseas NRC employees, and mentoring, training, and research programs at Hispanic-serving, historically black, and tribally controlled colleges or universities.

S. 858 contains both an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of the intergovernmental mandate would not exceed the threshold (\$62 million in 2005, adjusted annually for inflation) established in that act. CBO cannot determine whether the costs of

the private-sector mandate would exceed the annual threshold established in UMRA (\$123 million in 2005, adjusted annually for inflation) because UMRA does not specify how CBO should measure the costs of extending an existing mandate. Depending on how they are measured, the costs to the private sector could exceed the threshold.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 858 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Higher Education and Recruitment Programs					
Estimated Authorization Level	1	6	6	6	6
Estimated Outlays	1	4	5	6	6
NRC Fee Collection Offset <sup>a</sup>					
Estimated Authorization Level	-1	-5	-5	-5	-5
Estimated Outlays	-1	-5	-5	-5	-5
NRC Cost Recovery from Government Agencies					
Estimated Authorization Level	2	2	2	2	2
Estimated Outlays	2	2	2	2	2
Total Net Change in Discretionary Spending Under S. 858					
Estimated Authorization Level	2	3	3	3	3
Estimated Outlays	2	1	2	3	3

a. Under current law, collections are authorized at declining percentages of the NRC's budget (90 percent in 2005 and 33 percent after 2005). S. 858 would authorize a 90 percent collection for 2006 to 2011. To estimate the net change in NRC costs under S. 858, 90 percent was applied to the estimated cost of higher education and recruitment programs as authorized by S. 858.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2006, that the necessary amounts will be appropriated for each year, and that outlays will occur at historical rates.

S. 858 would establish new initiatives with higher education institutions and recruitment efforts at the NRC. The bill would make changes to the NRC's authority to collect fees to offset its appropriations. Based on information from the NRC, CBO estimates that the net cost of implementing S. 858 would be \$2 million in 2006 and about \$10 million over the 2006-2010 period. All budget effects of the bill would be subject to appropriation action.

### **Higher Education and Recruitment Programs**

S. 858 would establish new NRC programs with colleges and universities to enhance employee recruitment. The programs would provide grants, loans, and equipment to higher education institutions for NRC-related curriculum and scholarships and fellowships to students with prospects of future employment at NRC. S. 858 also would authorize funding for promotional items used in recruitment, travel expenses reimbursement for students working with the NRC, medical cost coverage of overseas NRC employees, and various mentoring, training, and research programs at Hispanic-serving, historically black, and tribally controlled colleges or universities. Based on information from the NRC, CBO estimates that implementing higher education and recruitment programs would have a gross cost of \$1 million in 2006 and \$22 million over the 2006-2010 period. Under S. 858, the NRC would recover 90 percent of these costs through fees that are credited against its annual appropriations.

### **NRC Fees**

Under current law, the NRC is authorized to offset 90 percent of most of its budget authority in 2005 and 33 percent for each year after 2005. In 2005, the NRC received a gross appropriation from the general fund of \$601 million to be offset by an estimated \$541 million from the collection of fees. Such fees are classified as offsetting collections—a form of discretionary spending. As is the case under current law for 2005, S. 858 would set fee collection at 90 percent of most of the agency's budget authority provided from the general fund (a portion of funds are provided from the Nuclear Waste Fund) for each year from 2006 through 2011. Under S. 858, the NRC also would be prohibited from recovering costs for certain homeland security activities. For example, for 2006, the NRC requested \$31 million for homeland security activities that would no longer be offset by user fees under this bill.

By continuing to authorize fee collections at 90 percent of NRC's annual general fund appropriation, S. 858 would lead to the collection of approximately \$550 million in fees in 2006. In contrast, if that 90 percent fee-collection authority were not extended, the portion of spending recoverable through fees would drop to 33 percent, and the amount of fees collected would fall to about \$200 million in 2006. Those estimates assume that NRC funding in 2006 is equal to the amounts provided in 2005 with an adjustment for inflation.

### **NRC Cost Recovery**

Under current law, the NRC collects fees from its private licensees that offset its annual appropriation. Such fee collection includes the cost of issuing licenses to some government agencies. S. 858 would require that government agencies pay their licensing and regulatory activity fees, rather than the private sector.

Currently, the NRC charges private licensees about \$2 million per year for licenses issued to government agencies. Under S. 858, those license fees would come from appropriated funds rather than the private sector; thus, the government would incur a net cost relative to current law to pay them. We estimate that such additional costs would be \$2 million in 2006 and \$10 million over the 2006-2010 period.

### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

Under current law, the NRC is authorized to collect annual fees from its licensees (public and private) to offset 90 percent of a major portion of its general fund appropriation. CBO estimates that those collections will amount to an estimated \$541 million in fiscal year 2005. Those fee collections include the cost of issuing licenses to some federal agencies. The NRC's authority to collect that level of fees expires at the end of fiscal year 2005. When that authority expires, the NRC will be authorized to collect annual fees up to only 33 percent of its budget. S. 858 would extend the NRC's current authority to charge annual fees to offset 90 percent of its net appropriation through 2011. The duty to pay such fees would be a mandate as defined in UMRA.

The total amount of fees collected under this provision would depend on the level of future appropriations. Assuming appropriations in the amount authorized for 2005, CBO estimates that extending the fees would result in additional collections of more than \$300 million in 2006 from industries regulated by the NRC (primarily electric utilities) and similar amounts for fiscal years 2007 through 2010. CBO estimates that most of the annual fees would be paid by private, investor-owned nuclear utilities (less than 5 percent would be paid by nonfederal, publicly owned utilities).

In the case of a mandate that has not yet expired, UMRA does not specify whether CBO should measure the cost of the extension relative to the mandate's current costs or assume that the mandate will expire and that it must measure the costs of the mandate's extension as if the requirement were new. Measured against the costs that would be incurred if current law remains in place and the annual fee declines, the total cost to the private sector of extending this mandate would be close to \$300 million annually, beginning in fiscal year 2006. Measured that way, the cost of the mandate would exceed the annual threshold for the private sector as defined in UMRA. By contrast, measured against the fees paid for fiscal year 2005, the mandate would impose no additional costs on the private sector because the fees under the bill would not differ much from those currently in effect. In any case, CBO estimates that the total costs to state, local, and tribal governments would be small relative to the threshold for intergovernmental mandates.

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