



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 11, 2005

### **Federal Public Transportation Act of 2005**

*As ordered reported by the Senate Committee on Banking, Housing,  
and Urban Affairs on March 17, 2005,  
with a subsequent amendment provided by committee staff on April 7, 2005*

#### **SUMMARY**

CBO estimates that implementing the bill would cost \$25.3 billion over the 2006-2010 period, assuming appropriation action consistent with the bill. The legislation would extend the authority for the surface transportation programs administered by the Federal Transit Administration (FTA). For those programs, CBO estimates that the bill would provide about \$82 billion in contract authority (the authority to incur obligations in advance of appropriations) over the 2006-2015. The bill also would authorize the appropriation of about \$6.2 billion for those programs over the same period.

The amount of new spending on transit programs under the bill would add to outlays expected from funding previously provided. In total, CBO estimates that discretionary outlays would sum to about \$37.3 billion over the 2006-2010 for the affected transit programs.

Consistent with the rules set forth in the Balanced Budget and Emergency Deficit Control Act, CBO assumes that the contract authority for the transit programs would continue at the same rate provided immediately before the authority for the programs would expire in 2009. Hence, this estimate includes an additional \$8.6 billion in contract authority in each year over the 2010-2015 period.

This bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). It would benefit state and local governments by reauthorizing federal funding for public transportation programs. While some provisions in the bill would result in additional costs for these governments, those costs would result from complying with conditions of federal assistance.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is summarized in the table below. The costs of this legislation fall primarily within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
FTA's Spending Under Current Law						
Authorization Level <sup>a</sup>	918	0	0	0	0	0
Estimated Outlays	6,844	4,619	3,382	2,293	1,217	470
Proposed Changes						
Estimated Authorization Level <sup>b</sup>	0	1,387	1,465	1,601	1,744	0
Estimated Outlays	0	1,231	3,764	5,666	7,359	7,280
Total Spending Under the Bill						
Estimated Authorization Level <sup>b</sup>	918	1,387	1,465	1,601	1,744	0
Estimated Outlays	6,844	5,850	7,146	7,959	8,576	7,750
<b>DIRECT SPENDING</b>						
FTA's Direct Spending Under the Current-Law Baseline						
Estimated Budget Authority <sup>b</sup>	6,691	6,691	6,691	6,691	6,691	6,691
Estimated Outlays	0	0	0	0	0	0
Proposed Changes						
Estimated Budget Authority <sup>b</sup>	0	131	518	1,186	1,892	1,892
Estimated Outlays	0	0	0	0	0	0
Total Direct Spending Under the Bill						
Estimated Budget Authority <sup>b</sup>	6,691	6,822	7,209	7,877	8,583	8,583
Estimated Outlays	0	0	0	0	0	0

a. This is the amount of budget authority appropriated for the transit programs for 2005; it does not include contract authority for that year.

b. Under current law, most budget authority for the transit programs is provided as contract authority, a mandatory form of budget authority. Outlays from those programs, however, are subject to obligation limitations contained in appropriation acts and are therefore discretionary. The legislation would provide contract authority for each of those programs and also would authorize the appropriation of discretionary funds for those programs as well. For this estimate, CBO assumes that obligation limitations will continue to control most spending from those programs.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted by May 31, 2005, when the current authority for most of the surface transportation program expires and that future appropriation actions will be consistent with the funding levels authorized in the bill.

### **Contract Authority**

The legislation would extend the authority for the surface transportation programs administered by the FTA through 2009. Under current law, most budget authority for such programs is provided as contract authority, a mandatory form of budget authority. Outlays from those programs, however, are subject to obligation limitations contained in appropriation acts and are therefore discretionary. For this estimate, CBO assumes that obligation limitations will continue to control most spending from those programs and that appropriation acts would include obligation limitations equal to the contract authority levels for those programs. For the transit programs, the bill would provide a total of \$39.1 billion of contract authority over the 2006-2010 period, or \$5.6 billion more than assumed under the CBO baseline for these programs. For the 2006-2015 period, projected contract authority would total \$82 billion or \$15.1 billion more than assumed under the CBO baseline for these programs.

### **Spending Subject to Appropriation**

In addition to providing contract authority, this legislation would authorize the appropriation of \$6.2 billion over the 2006-2009 period for various transit programs. Assuming appropriation action consistent with the authorization and obligation levels specified in the bill, CBO estimates that implementing the bill would cost about \$25.3 billion over the 2006-2010 period. The amounts of new spending under the bill would add to outlays expected from funding previously provided. In total, CBO estimates that discretionary outlays would sum to about \$37.3 billion over the 2006-2010 period for the affected transit programs.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

This bill contains no intergovernmental mandates as defined in UMRA. The bill would benefit state and local governments by reauthorizing federal funding for public transportation programs. While some provisions in the bill would result in additional costs for these

governments, those costs would result from complying with the conditions of federal assistance.

Included in the bill are changes to existing transportation planning requirements imposed on states and local Metropolitan Planning Organizations (MPOs). These requirements are conditions of receiving federal transportation assistance. According to MPO representatives, some of these changes would impose additional costs on MPOs, particularly a requirement that they include certain environmental considerations as part of the planning process. At the same time, states and MPOs receive funds from federal highway and transit programs to offset planning costs, and this bill would increase the amount of transit funds set aside for that purpose.

### **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

The bill contains no new private-sector mandates as defined in UMRA.

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