



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 11, 2007

### **S. 496**

### **Appalachian Regional Development Act Amendments of 2007**

*As ordered reported by the Senate Committee on Environment and Public Works  
on March 29, 2007*

#### **SUMMARY**

S. 496 would authorize appropriations for the Appalachian Regional Commission (ARC), modify the terms of some existing programs, and create a new grant program to promote energy efficiency and renewable energy in the Appalachian region. The bill would authorize a total of \$511 million over 2007-2011 period, including \$95 million for fiscal year 2007. S. 496 also would allow the ARC to increase the government's share of the cost of projects in counties most at risk of becoming economically distressed.

CBO estimates that implementing this bill would cost \$294 million over the 2007-2012 period, assuming appropriation of the specified amounts. Enacting S. 496 would have no effect on direct spending or revenues.

S. 496 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit local governments in the Appalachian region.

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

The estimated budgetary impact of S. 496 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law for the Appalachian Regional Commission						
Budget Authority <sup>a</sup>	65	0	0	0	0	0
Estimated Outlays	64	60	51	29	15	7
Proposed Changes						
Economic Development Grants						
Authorization Level	18	87	89	93	95	0
Estimated Outlays	2	12	32	56	71	75
Energy Grants						
Authorization Level	12	12	13	13	14	0
Estimated Outlays	1	4	7	10	12	12
Total Changes						
Authorization Level	30	99	102	106	109	0
Estimated Outlays	3	16	39	66	83	87
Spending Under S. 496 for the Appalachian Regional Commission						
Authorization Level	95	99	102	106	109	0
Estimated Outlays	67	76	90	95	98	94

a. The 2007 level is the amount provided thus far for this year under Public Law 110-5. S. 496 would authorize the appropriation of \$95 million for 2007.

## **BASIS OF ESTIMATE**

S. 496 would authorize the appropriation \$511 million over the 2007-2011 period for the ARC, which makes grants to the 13 states of the Appalachian region. Based on historical spending patterns, CBO estimates that implementing S. 496 would cost \$3 million in 2007 and \$294 million over the 2007-2012 period. For this estimate, CBO assumes that this legislation will be enacted in the spring of 2007 and that the authorized amounts will be appropriated for each year.

The funding authorized by S. 496 includes \$95 million for fiscal year 2007, of which \$12 million would be for a new grant program to promote energy efficiency and renewable energy in the Appalachian region. Thus far, the ARC has received funding of \$65 million for fiscal year 2007 under Public Law 110-5, the Revised Continuing Appropriations

Resolution, 2007. Thus, enacting this legislation would authorize the appropriation of an additional \$30 million for the ARC in 2007. For this estimate, CBO assumes that the added amount would be provided in a supplemental appropriation.

The bill also would specify funding levels for fiscal years 2008 through 2011, authorizing the appropriation of \$416 million over those four years. That total includes \$364 million for ARC's existing grant programs, of which \$23 million would be allocated for the commission's Telecommunications and Technology Initiative. The remaining \$52 million would be authorized for the new energy grant program.

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

S. 496 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit local governments in the Appalachian region.

## **PREVIOUS CBO ESTIMATE**

On February 13, 2007, CBO transmitted a cost estimate for H.R. 799, the Appalachian Regional Development Act Amendments of 2007, as ordered reported by the House Committee on Transportation and Infrastructure on February 7, 2007. S. 496 and H.R. 799 are similar but would authorize different amounts of funding. In addition, CBO has updated the estimated spending under current law to reflect the amounts appropriated under Public Law 110-5.

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