



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 28, 2009

S. 1496

A bill to extend National Highway Traffic Safety Administration and Federal Motor Carrier Safety Administration authorizations funded by the Highway Trust Fund, and for other purposes

As reported by the Senate Committee on Commerce, Science, and Transportation on July 22, 2009

SUMMARY

The bill would extend through March 30, 2011, the authorization for certain programs authorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU; Public Law 109-59). For programs administered by the National Highway Traffic Safety Administration (NHTSA), the Federal Motor Carrier Safety Administration (FMCSA), and other federal agencies, the bill would set the total amount of contract authority (the authority to incur obligations in advance of appropriations and a mandatory form of budget authority) at \$1.3 billion for 2010 and at \$645 million for the period from October 1, 2010, to March 30, 2011.

Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO assumes that funding provided by the bill for the first six months of fiscal year 2011 would continue at the same rate through the rest of that year and in each of the following years. Hence, CBO estimates that enacting the bill would result in baseline contract authority totaling \$12.9 billion over the 2010-2019 period. For programs administered by NHTSA, FMCSA, and other federal agencies, that funding level represents an increase of \$1.2 billion (\$125 million per year) above the amounts of contract authority currently projected in CBO's baseline for the 2010-2019 period.

CBO expects that spending for those programs will continue to be controlled by limits on annual obligations set in appropriation acts. Consequently, the changes in contract authority would not increase mandatory spending. The bill does not authorize an obligation limitation level. However, for the purposes of providing information about the discretionary outlays that would likely result from the increases in contract authority provided in the bill, CBO estimated the level of obligation limitation assuming that the

funding for the programs after 2009 increased at the rate of inflation. Subject to the enactment of annual obligation limitations for the 18-month period of program extension, CBO estimates that implementing the bill would cost \$1.9 billion over the 2010-2014 period. CBO estimates that enacting the bill would not affect revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

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

BASIS OF ESTIMATE

Direct Spending

The bill would extend the authorization period through March 30, 2011, for certain programs authorized by the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU; Public Law 109-59). For programs administered by NHTSA, FMCSA, and other federal agencies, the bill would set the total amount of contract authority (the authority to incur obligations in advance of appropriations and a mandatory form of budget authority) at \$1.3 billion for 2010 and at \$645 million for the period from October 1, 2010, to March 30, 2011.

	By Fiscal Year, in Millions of Dollars										2010-	2010-
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2014	2019
CHANGES IN DIRECT SPENDING												
NHTSA												
Budget Authority	80	82	82	82	82	82	82	82	82	82	408	818
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
FMCSA												
Budget Authority	40	42	42	42	42	42	42	42	42	42	208	418
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Other Programs												
Budget Authority	1	1	1	1	1	1	1	1	1	1	5	10
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Total Changes												
Budget Authority	121	125	125	125	125	125	125	125	125	125	621	1,246
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
NHTSA												
Estimated Obligation Limitation ^a	738	371	0	0	0	0	0	0	0	0	1,109	1,109
Estimated Outlays	322	417	215	118	37	0	0	0	0	0	1,109	1,109
FMCSA												
Estimated Obligation Limitation ^a	551	279	0	0	0	0	0	0	0	0	830	830
Estimated Outlays	256	425	149	0	0	0	0	0	0	0	830	830
Other Programs												
Estimated Obligation Limitation ^a	1	0	0	0	0	0	0	0	0	0	1	1
Estimated Outlays	1	0	0	0	0	0	0	0	0	0	1	1
Total Changes												
Estimated Obligation Limitation ^a	1,290	650	0	0	0	0	0	0	0	0	1,940	1,940
Estimated Outlays	579	842	364	118	37	0	0	0	0	0	1,940	1,940

Notes: NHTSA = National Highway Traffic Safety Administration; FMCSA= Federal Motor Carrier Safety Administration.

a. Estimated discretionary outlays reflect use of funds under the 2010 and part-year 2011 obligation limitations estimated by CBO. (Outlays stemming from additional contract authority shown in the table would be authorized in future legislation that covers the period after the 18-month program extension.)

NHTSA. The bill would provide \$737.4 million in 2010 and \$369.3 million for the period from October 1, 2010, to March 30, 2011, for programs administered by NHTSA, including grants for highway safety programs, operations, and research. For 2009, SAFETEA-LU provided \$729 million in contract authority for those programs and the Omnibus Appropriations Act included \$72 million in rescissions. As a result, the current contract authority available for those programs is \$657 million in 2009, and CBO's baseline assumes that amount is available in each subsequent year. Because of baseline construction rules, CBO estimates that enacting the bill would add \$80 million

(\$737 million less \$657 million) of contract authority to the baseline in 2010 and \$82 million (\$739 million less \$657 million) annually to the baseline over the 2011-2019 period.¹ That funding level represents an increase of \$818 million above the total amounts of contract authority for NHTSA programs currently projected in the baseline.

FMCSA. The bill would provide \$547 million in 2010 and \$275 million for the period from October 1, 2010, to March 30, 2011, for programs administered by FMCSA, including grants to motor carriers and administrative expenses for the agency. For 2009, SAFETEA-LU provided \$541 million in contract authority for those programs and the Omnibus Appropriations Act included \$34 million in rescissions. As a result, the current contract authority available for those programs is \$507 million. Because of baseline construction rules, CBO estimates that enacting the bill would add about \$40 million (\$547 million less \$507 million) of contract authority to the baseline in 2010 and \$42 million (\$549 million less \$507 million) annually to the baseline over the 2011-2019 period.¹ That funding level represents an increase of \$418 million above the total amounts of contract authority for FMCSA programs currently projected in the baseline.

Other Programs. The bill also would provide about \$1 million annually for research on Hazardous Materials. Hazardous Materials Research Projects are usually funded from contract authority provided by the research title of the authorization for surface transportation programs. However, that title is not addressed in this bill. As a result, CBO estimates that the provision would increase contract authority by \$1 million each year. The bill also would extend the authority for the Sport Fish Restoration and Boating Trust Fund. CBO assumes this program is continued in our baseline. As a result, the provision would not increase outlays from direct spending relative to the baseline.

Spending Subject to Appropriation

CBO expects that the contract authority provided in the bill would be controlled by limitations on obligations set in annual appropriations acts. The bill does not authorize an obligation limitation level. However, CBO's estimate of discretionary spending under this legislation reflects obligation limitations that are estimated to increase at the rate of inflation after 2009. For this estimate, CBO did not project this discretionary authority past March 30, 2011, the period covered by the legislation. CBO estimates that the obligation limitation to continue programs authorized by the bill would be \$1,290 million in 2010 and \$650 million for the first six months of 2011 and estimates that the resulting

1. The Balanced Budget and Emergency Deficit Control Act specifies that the baseline projection for the cost of 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. As a result, for programs administered by both NHTSA and FMCSA, CBO incorporates rescissions that were included in the 2009 Omnibus Appropriations Act (Public Law 111-8) into its baseline. Further, consistent with such rules, CBO annualizes and extends in the baseline through 2019 the amounts made available for the first half of 2011.

increases in discretionary spending, assuming the enactment of such obligation limitations, would be \$1,940 million over the 2010-2014 period.

NHTSA. CBO estimates that the necessary obligation limitation for programs administered by NHTSA, including grants for highways safety programs, operations, and research, would be \$738 million in 2010 and \$371 million in 2011. Consistent with historical spending patterns for such programs and subject to the enactment of the 2010 and part-year 2011 obligation limitations, CBO estimates that implementing the NHTSA provisions of the bill would cost \$1,109 million over the 2010-2014 period.

FMCSA. CBO estimates that the necessary obligation limitation for programs administered by FMCSA, including grants to motor carriers and administrative expenses for the agency, would be \$551 million in 2010 and \$279 million in 2011. Consistent with historical spending patterns for such programs and subject to the enactment of the 2010 and part-year 2011 obligation limitations, CBO estimates that implementing the FMCSA provisions of the bill would cost \$830 million over the 2010-2014 period.

Other Programs. CBO estimates that, assuming enactment of an obligation limitation of \$1 million for Hazardous Materials Research programs, enacting the other provisions of the bill would cost \$1 million over the 2010-2014 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY

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