



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 15, 2010

S. 980 **Native American Challenge Demonstration Project Act of 2010**

*As ordered reported by the Senate Committee on Indian Affairs
on November 18, 2010*

SUMMARY

S. 980 would direct the Secretary of Commerce to establish a demonstration program aimed at promoting economic development in Indian communities. The bill would require the Secretary to enter into agreements with various federal agencies and coordinate existing funding sources to carry out the program. The bill also would authorize the Secretary to provide grants and technical assistance to tribes seeking to conduct demonstration projects.

Based on information from several federal agencies and assuming appropriation of the necessary amounts, CBO estimates that implementing the legislation would cost \$20 million over the 2011-2015 period. Enacting the legislation would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 980 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 S. 980 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					2011- 2015
	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	4	4	4	4	5	21
Estimated Outlays	3	4	4	4	5	20

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted in calendar year 2010 and that the necessary amounts will be appropriated for each fiscal year. Estimated outlays are based on historical spending patterns for similar activities.

S. 980 would authorize the Secretary to provide grants to Indian tribes seeking to develop demonstration projects that promote economic development in their communities. Based on information from several federal agencies regarding the cost of carrying out similar programs, CBO estimates that providing those grants would cost about \$4 million a year over the 2011-2015 period. In addition, we estimate that the Department of Commerce would spend about \$200,000 a year to administer the program. Assuming appropriation of the necessary amounts, CBO estimates that implementing the legislation would cost \$20 million over the 2011-2015 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 980 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Any costs to those governments would be incurred voluntarily as a condition of receiving federal assistance.

ESTIMATE PREPARED BY:

Federal Costs: Jeff LaFave

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Marin Randall

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis