



March 29, 2012

Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

Dear Mr. Leader:

The Congressional Budget Office (CBO) has reviewed S. 1813, the Moving Ahead for Progress in the 21st Century Act, as passed by the Senate on March 14, 2012. CBO estimates that enacting the legislation would increase both direct spending and revenues; therefore, pay-as-you-go procedures apply. Together, CBO estimates that those changes would reduce future deficits by \$15.3 billion over the 2012-2017 period and by \$10.0 billion over the 2012-2022 period (see enclosed Table 1). CBO also estimates that implementing S. 1813 would have discretionary costs of \$50.6 billion over the 2012-2017 period, assuming appropriation actions consistent with the legislation (see enclosed Table 2).

In addition, CBO estimates that implementing provisions of S. 1813 for the remainder of 2012 and for 2013 would result in an end-of-year balance in 2013 of approximately \$4 billion in the highway account of the Highway Trust Fund and about \$3 billion in the transit account of the Highway Trust Fund (see enclosed Table 3).

CBO and staff of the Joint Committee on Taxation estimate that over the 2012-2022 period, S. 1813 would require transfers totaling \$13.9 billion to the Highway Trust Fund from the General Fund of the Treasury (\$5 billion), certain tariffs collected on imported goods (\$4.5 billion), a portion of the balances and future amounts expected to be credited to the Leaking Underground Storage Tank Trust Fund (\$4.7 billion), and amounts expected to be collected from the existing gas guzzler tax on certain vehicles (\$0.7 billion). Those transferred amounts are included in the estimates of the balances that would be available in the Highway Trust Fund that are displayed in Table 3; such intergovernmental transfers would enable prompt liquidation of current and future obligations of the Highway Trust Fund.

The legislation, as passed by the Senate, includes a number of provisions that were not included in the cost estimate that CBO transmitted on March 7, 2012, for S. 1813 with an amendment number 1761. Specifically, the legislation passed by the Senate would require that certain penalties paid in connection with the April 2010 explosion at the Deepwater Horizon facility in the Gulf of Mexico be directed to certain Gulf Coast States

and would reauthorize mandatory payments to certain states and counties that contain federal land. The legislation also would raise additional revenues from certain changes to pension funds and authorize spending on uranium enrichment activities.

To remain consistent with cost estimates provided when the legislation was being considered, this cost estimate is relative to CBO's January 2012 baseline and has not been updated to reflect changes in our recently completed March baseline.

Since October 2011, CBO has prepared cost estimates for the following bills that contain provisions that are in S. 1813 or are similar to provisions in the Senate-passed legislation:

- S. 1813, the Moving Ahead for Progress in the 21st Century Act, as ordered reported by the Senate Committee on Environment and Public Works on November 9, 2011, with legislative language provided to CBO on February 2, 2012;
- S. 1449, the Motor Vehicle and Highway Safety Improvement Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- S. 1950, the Commercial Motor Vehicle Safety Enhancement Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- S. 1952, the Hazardous Material Transportation Safety Improvement Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- S. 1953, the Research and Innovative Technology Administration Reauthorization Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- The Federal Public Transportation Act as ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs on February 2, 2012;
- The Highway Investment, Job Creation, and Economic Growth Act of 2012, as ordered reported by the Senate Committee on Finance on February 13, 2012;
- S. 1813, the Moving Ahead for Progress in the 21st Century Act, with an Amendment, Number 1761, on March 7, 2012; and
- S. 1400, the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States Act of 2011 on October 19, 2011.

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Those cost estimates provide further details on the cost of components of S. 1813. The CBO staff contact is Sarah Puro.

Sincerely,



Douglas W. Elmendorf
Director

Enclosures

cc: Honorable Mitch McConnell
Minority Leader

Honorable Tim Johnson
Chairman
Committee on Banking, Housing, and Urban Affairs

Honorable Richard C. Shelby
Ranking Member

Honorable John D. Rockefeller IV
Chairman
Committee on Commerce, Science, and Transportation

Honorable Kay Bailey Hutchison
Ranking Member

Honorable Barbara Boxer
Chairman
Committee on Environment and Public Works

Honorable James M. Inhofe
Ranking Member

Honorable Max Baucus
Chairman
Committee on Finance

Honorable Orrin Hatch
Ranking Member

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TABLE 1. NET CHANGES IN DIRECT SPENDING AND REVENUES UNDER S. 1813, THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT, AS PASSED BY THE SENATE

	By Fiscal Year, in Millions of Dollars												2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022	
CHANGES IN DIRECT SPENDING														
DOT Contract Authority														
Budget Authority ^a	162	173	173	173	173	173	173	173	173	173	173	1,027	1,892	
Estimated Outlays ^b	0	0	0	0	0	0	0	0	0	0	0	0	0	
FHWA Obligation Limitation														
Estimated Obligation Limitation	2,420	0	0	0	0	0	0	0	0	0	0	2,420	2,420	
Estimated Outlays	242	992	605	194	97	48	48	24	0	0	0	2,178	2,250	
Railroad Rehabilitation and Improvement Financing Loan Program														
Estimated Budget Authority	0	10	10	10	10	10	10	10	10	10	10	50	100	
Estimated Outlays	0	5	8	10	10	10	10	10	10	10	10	43	93	
Pension Benefit Guarantee Corporation														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	
Estimated Outlays	0	0	-75	-100	-225	-225	-200	-75	25	75	150	-625	-650	
Secure Rural Schools Program														
Estimated Budget Authority	288	387	-26	-45	-54	-53	-51	-50	-48	-45	-41	497	262	
Estimated Outlays	0	640	9	-45	-54	-53	-51	-50	-48	-45	-41	497	262	
RESTORE Act and Land and Water Conservation Fund														
Estimated Budget Authority	0	700	745	127	184	339	366	399	372	328	302	2,095	3,862	
Estimated Outlays	0	175	338	336	369	294	217	274	322	351	352	1,512	3,028	
Uranium Enrichment Activities														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	
Estimated Outlays	90	60	0	0	0	0	0	0	0	0	0	150	150	
Total Changes														
Estimated Budgetary Resources	2,870	1,270	902	265	313	469	498	532	507	466	444	6,089	8,536	
Estimated Outlays	332	1,872	885	395	197	74	24	183	309	391	471	3,755	5,133	
On-Budget Outlays	386	1,872	967	396	198	75	25	184	310	392	472	3,866	5,247	
Off-Budget Outlays ^c	-27	*	-82	-1	-1	-1	-1	-1	-1	-1	-1	-111	-114	

Continued

TABLE 1. Continued.

	By Fiscal Year, in Millions of Dollars												2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022	
CHANGES IN REVENUES														
FMCSA Revenues	0	56	56	56	56	56	56	56	56	56	56	280	560	
Division D, Title II	-121	-95	-103	-120	-132	-143	-144	-143	-141	-140	-138	-714	-1,420	
Division D, Title III	685	2,687	4,907	5,464	3,909	1,789	402	-557	-1,971	-1,484	155	19,444	15,990	
Total Changes in Revenues	564	2,648	4,860	5,400	3,833	1,702	314	-644	-2,056	-1,568	73	19,010	15,130	
On-budget Revenues	591	2,543	4,647	5,188	3,661	1,621	324	-544	-1,809	-1,291	303	18,254	15,239	
Off-budget Revenues	-27	105	213	212	172	81	-10	-100	-247	-277	-230	756	-109	
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES														
Impact on Deficit ^c	-232	-776	-3,975	-5,005	-3,636	-1,628	-290	827	2,365	1,959	398	-15,252	-9,995	
On-budget Deficit Change	-232	-671	-3,680	-4,792	-3,463	-1,546	-299	728	2,119	1,683	169	-14,384	-9,984	
Off-budget Deficit Change ^c	0	-105	-295	-213	-173	-82	9	99	246	276	229	-867	-6	

Sources: Congressional Budget Office and staff of the Joint Committee on Taxation.

Notes: DOT = Department of Transportation; FHWA = Federal Highway Administration; RESTORE = Resources and Ecosystems Sustainability, Tourist Opportunities and Revised Economies; FMCSA = Federal Motor Carrier Safety Administration.

* = between -\$500,000 and \$0.

Contract authority is a mandatory form of budget authority.

Amounts may not sum to totals because of rounding.

- a. S. 1813 would provide \$52.8 billion in contract authority (a mandatory form of budget authority) for fiscal year 2013, CBO estimates. Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing its baseline for future contract authority for transportation programs, CBO assumes that the contract authority for years after 2013 would be equal to the amount provided by the act for 2013, the last year of the authorization.
- b. CBO expects that most outlays from contract authority (a mandatory form of budget authority) for surface transportation programs will continue to be controlled by obligation limitations enacted in future appropriation acts. Those expenditures are displayed in Table 2.
- c. Section 40314 would transfer \$109 million from the General Fund of the Treasury (an on-budget cost) to the Social Security Trust Funds (an off-budget receipt). That transfer has no effect on the unified budget. (Other sections of the act would have an off-budget effect)

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TABLE 2. CHANGES IN SPENDING SUBJECT TO APPROPRIATION UNDER S. 1813, THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT, AS PASSED BY THE SENATE

	By Fiscal Year, in Millions of Dollars						2012- 2017
	2012	2013	2014	2015	2016	2017	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Spending from the Highway Trust Fund							
Estimated Obligation Limitation ^a	98	51,908	0	0	0	0	52,006
Estimated Outlays	15	13,008	20,364	8,125	3,210	2,954	47,676
Other Authorized Transportation Programs							
Estimated Authorization Level	140	3,197	20	20	20	10	3,407
Estimated Outlays	36	436	712	784	531	403	2,902
Total Changes							
Estimated Budgetary Resources	238	55,105	20	20	20	10	55,413
Estimated Outlays	51	13,444	21,076	8,909	3,741	3,357	50,578

Source: Congressional Budget Office.

Note: Amounts may not sum to totals because of rounding.

- a. Estimated discretionary outlays reflect use of funds from the contract authority provided by the legislation (in 2012 and 2013) under the obligation limitations specified or estimated by CBO. (Outlays stemming from any additional contract authority that would be provided for years after 2013 would be attributable to future legislation.) Under current law, CBO estimates that spending from the Highway Trust Fund will be about \$48 billion in 2012.

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TABLE 3. SUMMARY OF CASH FLOWS FOR ACCOUNTS IN THE HIGHWAY TRUST FUND UNDER S. 1813, THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT, AS PASSED BY THE SENATE

	By Fiscal Year, in Billions of Dollars										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Highway Account											
Start-of-Year Balance	14	6	4	a	a	a	a	a	a	a	a
Revenues and Interest	33	33	35	36	36	36	36	36	37	37	37
Transfers from Proposed Solvency Account	0	9	0	0	0	0	0	0	0	0	0
Outlays ^b	42	44	46	46	47	47	49	49	49	50	50
End-of-Year Balance	6	4	a	a	a	a	a	a	a	a	a
Transit Account											
Start-of-Year Balance	7	6	3	a	a	a	a	a	a	a	a
Revenues and Interest	5	5	5	5	5	5	5	5	5	5	5
Outlays ^b	7	8	8	9	10	10	10	9	9	9	10
End-of-Year Balance	6	3	a	a	a	a	a	a	a	a	a
Memorandum											
Cumulative Shortfall ^a											
Highway Account Shortfall	n.a.	n.a.	-9	-21	-32	-44	-56	-69	-81	-94	-107
Transit Account Shortfall	n.a.	n.a.	-1	-5	-9	-14	-18	-22	-26	-30	-34

Notes: n.a. = not applicable.

Contract authority is a mandatory form of budget authority typically provided in authorization acts.

Obligation limitations are limitations on the obligation of contract authority typically provided in appropriation acts.

a. CBO projects that, under provisions of S. 1813 as passed by the Senate, the highway account and the transit account of the Highway Trust Fund would be exhausted in fiscal year 2014. Under current law, the Highway Trust Fund cannot incur negative balances. However, following rules in the Deficit Control Act of 1985, CBO's baseline for highway spending assumes that obligations presented to the Highway Trust Fund will be paid in full. The memorandum to this table illustrates the cumulative shortfall of fund balances, assuming spending levels that would be authorized by S. 1813 as passed by the Senate.

b. Outlays include amounts "flexed" or transferred between the highway and transit accounts. CBO estimates that amount would total about \$1 billion annually.