CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 3, 2012

S. 1950
Commercial Motor Vehicle Safety Enhancement Act of 2011

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011

SUMMARY

S. 1950 would extend the authority for programs administered by the Federal Motor Carrier Safety Administration (FMCSA) within the Department of Transportation (DOT) and would establish a DOT grant program to build infrastructure for the transportation of freight goods. The bill would set the amount of contract authority (the authority to incur obligations in advance of appropriations, a mandatory form of budget authority) for FMCSA programs at $562 million for 2012 and $564 million for 2013.

Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO assumes that the budget authority provided by the bill for 2013, the last year of the authorization, would continue at the same rate in each of the following years. CBO estimates that enacting the bill would result in baseline contract authority totaling $5.6 billion over the 2012-2022 period—an increase of $127 million above the amounts of contract authority for motor carrier safety programs currently projected in CBO's current baseline for the 2012-2022 period.

CBO expects that most spending for the motor carrier safety 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 expenditures.

Enacting S. 1950 would affect revenues; therefore, pay-as-you-go procedures apply. The bill would require FMCSA to charge a fee for the use of a proposed new clearinghouse for drug and alcohol information and to impose fees to cover the cost of federal safety audits that would be performed for certain bus operations. The bill also could result in the collection of additional civil penalties because it would increase the penalties that FMCSA could impose for violations of certain regulations. CBO estimates that enacting the bill would increase revenues by $56 million annually, beginning in 2013.

S. 1950 would not authorize an obligation limitation level for the contract authority provided in the legislation. However, for this estimate of discretionary spending, CBO assumes that the obligation limitation for the affected programs would equal the amount of contract authority provided. The obligation limitation for 2012, which was enacted in the Consolidated and Further Continuing Appropriations Act, 2012 (Public Law 112-55), was about $11 million less than the amount assumed for S. 1950. The bill also would establish a grant program within DOT to build infrastructure for the transportation of freight goods. Assuming enactment of the estimated obligation limitations for 2012 and 2013 and appropriation of the amounts estimated to be necessary for the grant program, CBO estimates that implementing the bill would cost $920 million over the 2012-2017 period.

S. 1950 contains intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on driving schools and entities that employ drivers. The bill would impose additional intergovernmental mandates by preempting state, local, and tribal laws and regulations. CBO estimates that the costs to comply with the intergovernmental mandates would fall below the annual threshold for such mandates ($73 million in 2012, adjusted annually for inflation). The bill also would impose private-sector mandates on owners and operators of commercial vehicles (including motorcoaches), brokers for motor carriers, coordinators of freight shipments, medical examiners, and others. Because of uncertainty about the nature and scope of regulations to be established under the bill, CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation).

CBO has not reviewed section 706(a) of the bill for intergovernmental or private-sector mandates. Section 4 of UMRA excludes from the application of that act any legislative provisions that enforce statutory rights that prohibit discrimination. CBO has determined that the provisions of section 706(a) fall within that exclusion because they involve compliance with the Americans with Disabilities Act of 1990.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1950 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars						
	2012	2013	2014	2015	2016	2017	2012-2017
CHANGES IN DIRECT SPENDING							
Budget Authority [a]	11	13	13	13	13	13	76
Estimated Outlays	0	0	0	0	0	0	0
CHANGES IN REVENUES							
Estimated Revenues [b]	0	56	56	56	56	56	280
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
FMCSA							
Estimated Obligation Limitation [c]	11	564	0	0	0	0	575
Estimated Outlays	5	255	250	18	13	6	547
Freight Grant Program							
Estimated Authorization Level	200	200	0	0	0	0	400
Estimated Outlays	0	20	88	108	70	50	336
Other Authorized Programs							
Estimated Authorization Level	8	8	7	7	7	0	37
Estimated Outlays	3	8	8	8	7	3	37
Total Changes							
Estimated Budgetary Resources	219	772	7	7	7	0	1,012
Estimated Outlays	8	283	346	134	90	59	920

Notes: FMCSA = Federal Motor Carrier Safety Administration.

a. S. 1950 would provide about $5.6 billion in contract authority over the 2012-2022 period—$127 million more than the amount projected in CBO's baseline.

b. CBO estimates that enacting S. 1950 would raise $560 million in revenues over the 2012-2022 period.

c. Estimated discretionary outlays reflect use of funds under the 2012 and 2013 obligation limitations estimated by CBO. (Outlays stemming from additional contract authority shown in the table would be authorized in future legislation that cover the period after 2013).

BASIS OF ESTIMATE

Direct Spending

S. 1950 would provide budget authority (in the form of contract authority) of $562 million in 2012 and $564 million in 2013 for programs administered by FMCSA, including grants to increase the safety of motor carrier operations. The bill would consolidate certain grant programs within FMCSA and expand the available uses of that contract authority.

Additional uses would include providing grants to develop certain data systems and establishing a clearinghouse to track the results of tests performed on commercial vehicle drivers to detect the use of controlled substances or alcohol.

Under current law, contract authority totaling $276 million is available to FMCSA through March 31, 2012. Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing its baseline, CBO assumes that funding provided for the first six months of 2012 will continue at the same rate through the rest of this year (for a total level of $551 million in contract authority) and in each subsequent year. Because of those baseline construction rules, CBO estimates that enacting the bill would add $11 million ($562 million less $551 million) of contract authority to the baseline in 2012 and $13 million ($564 million less $551 million) annually over the 2013-2022 period. That funding level represents an increase of about $127 million above the total amounts of contract authority for FMCSA programs currently projected in CBO's baseline through 2022.

Spending Subject to Appropriation

Spending Subject to the Obligation Limitation. CBO expects that the contract authority provided in the bill would be controlled by limitations on obligations set in annual appropriation acts. The bill does not authorize an obligation limitation level, however, CBO's estimate of discretionary spending under this legislation assumes that obligation limitations equal to the contract authority provided in the bill would be provided. (Historically, the Congress has set obligation limitation for FMCSA programs at or near the level of contract authority). For this estimate, CBO did not project additional discretionary authority past fiscal year 2013, the end of the authorization period covered by S. 1950. Because the 2012 obligation limitation has already been enacted, CBO's estimate of the cost of this bill for 2012 is the difference between that limit ($555 million) and the amount of contract authority provided in S. 1950 ($562 million). We estimate that the obligation limitation for 2013 would be $564 million. As a result, CBO estimates that implementing those provisions of the legislation would cost $547 million over the 2012-2017 period.

Freight Grant Program. Title XII would establish a grant program that would be administered by a proposed new Office for Freight Planning within DOT. Under current law, freight projects are eligible to receive other competitive grants administered by DOT. Based on the number of freight projects that received grants through that program, CBO estimates that the bill would make available $200 million per year for projects to improve the infrastructure for freight transportation. Assuming appropriation of the amounts estimated to be necessary, CBO estimates that enacting this provision would cost $336 million over the 2012-2017 period.

Other Authorized Programs. Title VII would require FMCSA and the National Highway Traffic Safety Administration (NHTSA) within DOT to establish new safety standards and regulations for most interstate buses, complete research projects on the safety of buses, and create a new training curriculum for operators of interstate buses. Based on information from FMCSA and NHTSA, CBO estimates that implementing those provisions would cost $37 million over the 2012-2017 period, assuming appropriation of the necessary amounts.

Revenues

CBO estimates that enacting S. 1950 would increase revenues by $56 million annually, beginning in 2013. Those revenues would come primarily from fees paid to use a proposed drug and alcohol clearinghouse and from new fees on bus carriers.

Fees for Use of the Drug and Alcohol Clearinghouse. Title IV would allow FMCSA to charge for the use of a drug and alcohol clearinghouse administered by the agency. Potential employers of motor carrier operators would be required to check the status of drivers in the clearinghouse. Based on information from the agency, CBO estimates that FMCSA would charge fees totaling about $55 million per year, beginning in 2013.

Fees for New Bus Carriers. Title VIII would allow FMCSA to charge certain new bus carriers a fee of $1,200 for safety audits that must be completed before the company would be allowed to operate. Under provisions of the bill, those amounts would be deposited in the Highway Trust Fund. Based on information from the agency, about 1,000 carriers apply annually for operating permits. Thus, CBO estimates that enacting the provision would increase revenues by $1 million annually, beginning in 2013.

Other Civil Penalties. Enacting the bill could result in the collection of additional civil penalties because it would increase the amount that FMCSA could impose for violations of certain regulations. However, CBO estimates that such collections would likely be small, and the effect on revenues would be insignificant.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for 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

	By Fiscal Year, in Millions of Dollars												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	-56	-56	-56	-56	-56	-56	-56	-56	-56	-56	-280	-560

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1950 contains intergovernmental and private-sector mandates, as defined in UMRA, on driving schools and entities that employ drivers. The bill would impose additional intergovernmental mandates by preempting state, local, and tribal laws and regulations. CBO estimates that the costs to comply with the intergovernmental mandates would fall below the annual threshold for such mandates ($73 million in 2012, adjusted annually for inflation). The bill also would impose private-sector mandates on owners and operators of commercial vehicles (including motorcoaches), brokers for motor carriers, coordinators of freight shipments, medical examiners, and others. Because of uncertainty about the nature and scope of regulations to be established under the bill, CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation).

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PREVIOUS CBO ESTIMATE

CBO transmitted a cost estimate for S. 453, the Motorcoach Enhanced Safety Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 5, 2011. That bill contained a number of provisions contained in title VII of S. 1950. CBO's cost estimates of those similar provisions are the same for each piece of legislation.

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