



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 7, 2014

S. 1237 **Omnibus Territories Act of 2013**

*As ordered reported by the Senate Committee on Energy and Natural Resources
on December 19, 2013*

SUMMARY

S. 1237 would amend laws concerning the territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands (collectively known as insular areas). The legislation would authorize federal agencies to waive the requirement to provide local matching funds to receive certain federal grants in the insular areas; the amount of the waiver could not exceed \$500,000. The legislation also would create a fund that would pay compensation to people and their family members who were victims of the Japanese occupation of Guam during World War II. Finally, S. 1237 would require reports to the Congress by the Department of the Interior, the Government Accountability Office, and the Office of National Drug Control Policy concerning issues faced by the insular areas.

CBO estimates that enacting S. 1237 would increase net direct spending by about \$20 million over the 2015-2024 period. Because the bill would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

Implementing the bill would increase spending subject to appropriation by about \$1 million over the 2015-2019 period, assuming availability of appropriated funds.

S. 1237 would impose no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1237 is shown on the following table. The costs of this legislation fall within budget functions 600 (income security) and 800 (general government).

	By Fiscal Year, in Millions of Dollars											2015-	2015-
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
CHANGES IN DIRECT SPENDING ^a													
Waiver of Matching Funds													
Estimated Budget Authority	2	2	2	2	2	2	2	2	2	2	10	20	
Estimated Outlays	2	2	2	2	2	2	2	2	2	2	10	20	

Note: * = less than \$500,000

a. In addition, S. 1237 would increase discretionary costs by \$1 million over the 2015-2019 period for preparation of additional reports for the Congress, assuming availability of appropriated funds..

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted by the end of fiscal year 2014.

Waiver of Matching Funds

Under current law, federal agencies are allowed to waive the requirement for the first \$200,000 of local matching funds for federal grants to the territories of American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands. S. 1237 would increase that waiver from \$200,000 to \$500,000.

If the bill is enacted, the territories would be allowed to spend less of their own funds for several mandatory programs, including the Temporary Assistance for Needy Families, Foster Care, Medicaid, Supplemental Nutrition Assistance, and Child Support Enforcement (CSE) programs. Federal grants to the territories are capped for most programs, so federal spending would generally remain unchanged. However, funding for administrative costs in the Supplemental Nutrition Assistance and CSE programs in the territories is not capped. Guam and the Virgin Islands participate in those programs.

Federal costs for those two programs would increase for two reasons if S. 1237 was enacted. CBO expects that federal payments to the two territories would increase by the amount of the additional waived funds. In addition, CBO expects that the territories would use some of the amounts they no longer have to use for those purposes to draw down additional federal matching funds. In total, CBO estimates that federal spending would increase by about \$2 million annually.

Guam War Claims Fund

S. 1237 would establish a schedule of compensation payments to Guam residents and family members for their treatment during the island’s occupation by Japanese military forces during World War II and create a new fund within the U.S. Treasury to make those payments.

Under current law, customs duties and federal income taxes derived from Guam and certain other amounts collected under federal laws are paid to the treasury of Guam for use by that territory’s government. In 2012 those payments totaled \$57 million. If S. 1237 was enacted, any such future payments due to Guam that exceed the amount paid in 2012 would instead be paid to a new U.S. Treasury fund that would be available to make compensation payments. CBO estimates that the collection and spending of those funds would have no significant net impact on direct spending over the 2015-2024 period.

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. S. 1237 would increase direct spending; therefore, pay-as-you-go procedures apply. The net budgetary changes that are subject to pay-as-you-go procedures are shown in the following table.

CBO Estimate of the Statutory Pay-As-You-Go Effects for S. 1237, the Omnibus Territories Act of 2013, as ordered reported by the Senate Committee on Energy and Natural Resources on December 19, 2013

	By Fiscal Year, in Millions of Dollars												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-2019	2014-2024
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	2	2	2	2	2	2	2	2	2	2	10	20

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1237 would impose no intergovernmental or private-sector mandates as defined in UMRA.

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