CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 6, 1997

H.R. 860
Surface Transportation Research and Development Act of 1997

As ordered reported by the House Committee on Science on September 17, 1997, with subsequent amendments

SUMMARY

H.R. 860 would provide contract authority of $490.5 million for each of the fiscal years 1998 through 2000 for certain research and development (R&D) activities within the Federal-Aid Highways program. Most of the funding authorized by the bill would support existing R&D initiatives involving intelligent transportation systems, surface transportation, and applied research and technology. The bill would expand the Department of Transportation's planning, evaluation, and reporting requirements and would direct the department to develop model procurement procedures. It also would establish new R&D initiatives involving technology partnerships, advanced research, statistics, and environmental and community impacts. Several provisions would modify the terms and conditions under which DOT's funding is awarded to universities and other performers of R&D, including requirements for peer review.

Following procedures delineated in the Balanced Budget Act of 1997, CBO estimates the total impact of the bill by assuming that the contract authority it provides is extended indefinitely at the level specified for the year 2000. On this basis, CBO estimates that continued funding of these programs at the contract authority levels provided in H.R. 860 would increase discretionary outlays by a total of $221 million over the 1998-2002 period relative to the amounts assumed in the budget resolution baseline, assuming that appropriations acts contain obligation levels equal to the annual contract authority levels. By providing new contract authority, H.R. 860 would affect direct spending; therefore, pay-as-you-go procedures would apply. However, because outlays from contract authority provided for Federal-Aid Highways are controlled by annual obligation limitations, the pay-as-you-go effect on outlays would be zero in each year.

H.R. 860 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of implementing H.R. 860 and continuing the programs at the funding levels specified for fiscal year 2000 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	1997	1998	1999	2000	2001	2002
DIRECT SPENDING						
Baseline Spending Under Current Law						
Estimated Budget Authority [a]	406	417	428	439	451	463
Estimated Outlays	0	0	0	0	0	0
Proposed Changes, Including Baseline Changes in 2001 and 2002 from Enacting H.R. 860						
Estimated Budget Authority	0	74	63	51	39	27
Estimated Outlays	0	0	0	0	0	0
Total Spending (assuming enactment of H.R. 860 and continuation of funding levels beyond 2000)						
Estimated Budget Authority	406	491	491	491	491	491
Estimated Outlays	0	0	0	0	0	0
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Proposed Changes, Including Baseline Changes in 2001 and 2002 from Enacting H.R. 860						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays [b]	0	22	52	58	50	39

a. The 1997 level is the amount of contract authority provided for these programs for 1997. The 1998-2002 levels are the amounts included in the budget resolution baseline. This contract authority is a subset of the $20.3 billion provided for Federal-Aid Highways.

b. Outlays from the mandatory contract authority provided for these programs are subject to the obligation limit specified in annual appropriations.

BASIS OF ESTIMATE

Enacting H.R. 860 would affect direct spending and spending subject to appropriation. The budget authority provided by the bill is contract authority, which is a form of direct spending. Outlays from this contract authority would be controlled by annual obligation limitations imposed through the appropriations process. Hence, while the contract authority is classified as direct spending (shown in the top portion of the table), the outlays are classified as discretionary (shown in the bottom portion of the table under "Changes in Spending Subject to Appropriation").

CBO's estimate of the budgetary effects of enacting H.R. 860 reflects Congressional scorekeeping procedures. Under those guidelines, existing mandatory programs with current-year outlays greater than $50 million are assumed to continue, even if they expire under current law. Our estimate of budget authority under current law reflects the contract authority included in the budget resolution baseline for 1998 through 2002, which is the amount provided for the R&D programs for 1997 ($406 million), adjusted for inflation. Because of changes adopted as part of the Balanced Budget Act of 1997, however, we have used a different procedure to estimate the contract authority provided by this bill. That act requires that projections of mandatory spending be based on the assumption that the program continues to operate under the law as in effect immediately before the program's expiration. CBO interprets this requirement to mean that projections of contract authority provided in this bill should equal, in each year after 2000, the level provided for 2000 without an adjustment for inflation ($490.5 million).

To estimate outlays from the contract authority provided by H.R. 860, we assumed that the obligation limitations customarily established in appropriation acts would equal the contract authority in each year. Outlays are expected to follow historical spending patterns for such R&D programs. Relative to the amounts assumed in the budget resolution baseline, we estimate that implementing H.R. 860—including the assumed continuation of funding after 2000—would increase outlays by a total of $221 million over the 1998-2002 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. While H.R. 860 would provide contract authority for highway R&D programs, the outlays for these programs are considered discretionary because they would be subject to annual obligation limitations usually included in appropriations acts. Therefore, the pay-as-you-go effect on outlays from direct spending would be zero each year. The bill would not affect governmental receipts.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 860 contains no intergovernmental mandates as defined in UMRA. Some of the funds authorized in the bill would be made available to public institutions, including universities, in the form of research grants, technical assistance, and assistance for transportation planning. Most of these grant programs would require recipients to comply with certain conditions and to match the federal funds provided under the program.

H.R. 860 would also create new eligibility criteria for the receipt of grant funds under this bill. Specifically, the bill would exclude grantees from consideration for awards if, in the previous five years, they had received funds under any other federal program that was not subject to a competitive, merit-based award process. Those criteria could reduce the income of public institutions that apply for grants, and change the allocation of funds among grant recipients. CBO cannot predict how the share of research funding awarded to these entities would change because of this provision.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill would impose no new private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Kathleen Gramp
Impact on State, Local, and Tribal Governments: Theresa Gullo

ESTIMATE APPROVED BY:

Robert A. Sunshine
Deputy Assistant Director for Budget Analysis