



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 2, 2001

### **S. 1206**

### **Appalachian Regional Development Act Amendments of 2001**

*As ordered reported by the Senate Committee on Environment and Public Works  
on September 25, 2001*

#### **SUMMARY**

S. 1206 would authorize the appropriation of \$446 million for the Appalachian Regional Commission over the 2002-2006 period. The bill would establish an Interagency Coordinating Council on Appalachia and create a program to provide enhanced access to telecommunications and technology. The bill also would authorize the Appalachian Regional Commission, together with an academic institution located in New York State, to conduct a study of the economic impacts of the terrorist attacks on September 11, 2001.

CBO estimates that implementing S. 1206 would cost \$236 million over the 2002-2006 period, assuming the appropriation of the authorized amounts. Because this bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 1206 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would authorize new grants, some of which would be available to state and local governments and would require matching funds from those governments. Any costs associated with receiving those grants would be voluntary.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1206 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					
	2001	2002	2003	2004	2005	2006
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law for the Appalachian Regional Commission						
Budget Authority <sup>a</sup>	77	0	0	0	0	0
Estimated Outlays	118	92	66	36	18	7
Proposed Changes						
Authorization Level	0	88	88	88	90	92
Estimated Outlays	0	9	26	53	68	80
Spending Under S. 1206 for the Appalachian Regional Commission						
Authorization Level <sup>a</sup>	77	88	88	88	90	92
Estimated Outlays	118	101	92	89	86	87

a. The 2001 level is the amount appropriated for that year for the Appalachian Regional Commission, a full-year appropriation for this agency has not yet been enacted for fiscal year 2002.

## **BASIS OF ESTIMATE**

For this estimate we assume that the authorized amounts will be provided each year and that spending will follow historical patterns. CBO estimates that implementing S. 1206 would cost \$236 million over the next five years.

S. 1206 would authorize the appropriation of \$413 million over the 2002-2006 period for the Appalachian Regional Commission to provide grants to state and local governments to support economic and social development within Appalachia. In addition, the bill would create a program to provide enhanced access to telecommunications and technology and authorize the appropriation of \$10 million in fiscal year 2002, \$8 million in fiscal year 2003, and \$5 million in each of fiscal years 2004 through 2006 for this program.

S. 1206 also would authorize the Appalachian Regional Commission, together with an academic institution located in New York State, to conduct a study of the economic impacts of the September 11 terrorist attacks. The study must be completed within one year of enactment of the legislation. The bill would authorize the appropriation of \$300,000 in fiscal year 2002 to cover the cost of the study.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1206 contains no intergovernmental or private-sector mandates as defined in UMRA. New authorizations of appropriations totaling \$446 million over the 2002-2006 period would support a variety of grant programs to state and local governments in the Appalachian region. Of the total amount, \$33 million would be earmarked for technological and telecommunications initiatives, and state and local governments receiving those grants would be required to provide a match of between 20 percent and 50 percent. The bill also would authorize business incubator grants for developing and sustaining new technological or legal businesses and regional partnerships for promoting the development of job skills. Grants in those programs would require similar matching requirements. Any costs associated with receiving those grants would be voluntary.

## **PREVIOUS CBO ESTIMATE**

On July 26, 2001, CBO transmitted a cost estimate for H.R. 2501, the Appalachian Regional Development Reauthorization Act of 2001, as ordered reported by the House Committee on Transportation and Infrastructure on July 18, 2001. CBO estimates that implementing H.R. 2501 would cost \$10 million more than S. 1206 over the 2002-2006 period because of differences in the authorizations of appropriations. In addition, the Senate bill includes a provision for a study of the economic impacts of the terrorist attacks on September 11, 2001.

## **ESTIMATE PREPARED BY:**

Federal Costs: Lanette J. Walker  
Impact on State, Local, and Tribal Governments: Leo Lex  
Impact on the Private Sector: Cecil McPherson

## **ESTIMATE APPROVED BY:**

Peter H. Fontaine  
Deputy Assistant Director for Budget Analysis