



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 3, 2005

S. 1764

**An act to provide for the continued education of students affected by
Hurricane Katrina**

As passed by the Senate on September 22, 2005

SUMMARY

S. 1764 would extend the period of obligation until September 30, 2006, for Department of Education funds that were canceled or expired on September 30, 2005. The act also would authorize the Secretary of Homeland Security (at the request of the Secretary of Education) to transfer funds from the Disaster Relief Fund for Hurricane Katrina to the Department of Education, and it would shorten from 15 days to 3 days the period for certain advance notifications to the Congress under the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2005.

CBO estimates that enacting S. 1764 would increase direct spending by \$224 million over the 2006-2007 period. Enacting the legislation would not affect federal revenues.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act legislative provisions that provide for emergency assistance or relief. CBO has determined that the provisions of S. 1764 would fall within that exclusion and thus has not reviewed the bill for intergovernmental or private-sector mandates.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1764 is shown in the following table. The changes in direct spending, which total an estimated \$260 million in 2006 and 2007, fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	224	0	0	0	0
Estimated Outlays	202	22	0	0	0

BASIS OF ESTIMATE

CBO estimates that enacting S. 1764 would increase direct spending by \$224 million over the next two years by extending for one year the period of obligation for previously appropriated funds that are no longer available for obligation or expenditure under current law. Such an action would constitute reappropriation of the affected funds.

According to data from the Department of Education, there are approximately \$214 million in obligated funds from the 1999-2000 and 2000 appropriation accounts that were canceled on September 30, 2005, and approximately \$10 million in unobligated funds in the 2004-2005 and 2005 appropriation accounts that expired on September 30, 2005.

An estimated \$36 million in additional unobligated funds in the 2004-2005 and 2005 appropriation accounts for student financial assistance expired on September 30, 2005, but these funds were reappropriated by H.R. 3863, which was cleared by the Congress on September 30, 2005.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Section 4 of UMRA excludes from the application of that act legislative provisions that provide for emergency assistance or relief. CBO has determined that the provisions of S. 1764 would fall within that exclusion and thus has not reviewed the bill for intergovernmental or private-sector mandates.

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