



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 11, 2002

S. 1917

Highway Funding Restoration Act

*As ordered reported by the Senate Committee on Environment and Public Works
on June 4, 2002*

SUMMARY

S. 1917 would amend the Transportation Equity Act for the 21st Century (TEA-21) by authorizing an increase in the obligation limitation for the Federal-Aid Highway program of about \$5.5 billion in 2003. TEA-21 provides budget authority for the Federal-Aid Highway program in the form of contract authority, the authority to incur obligations in advance of appropriations. Spending from the program, however, is largely controlled by limits on annual obligations set in appropriations acts. Although TEA-21 includes specific obligation limitations for the Federal-Aid Highway program, each year appropriation acts include a limitation that may or may not be the same as the amounts in TEA-21.

Assuming the 2003 appropriations act includes an obligation limitation equal to the limitation in the bill, CBO estimates that implementing S. 1917 would cost about \$5.3 billion over the 2003-2007 period, and an additional \$0.2 billion after 2007. S. 1917 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 1917 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit states.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1917 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level ^a	0	0	0	0	0
Estimated Outlays	1,491	2,320	939	331	221
<p>a. Budget authority for the Federal-Aid Highway program is provided as mandatory contract authority in authorization legislation such as TEA-21. Changing the obligation limitation, as S. 1917 would do, does not affect such budget authority.</p>					

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1917 will be enacted in fiscal year 2002, that the appropriation action for 2003 will adopt the new obligation limitation, and that spending from the Federal-Aid Highway program will follow historical patterns. Assuming the 2003 appropriations act sets a limitation equal to the level that would be authorized by S. 1917, implementing the bill would cost \$5.5 billion over the next seven years.

S. 1917 would increase both the obligation limitation and the outlay cap association with the highway category for 2003. Amending the outlay cap for the highway category would affect the enforcement of limitations for discretionary spending, but any effect on the budget would be subject to future appropriation action. That is, the increase in the cap would not—by itself—cause an increase in spending. The highway category includes the Federal-Aid Highway program, programs for motor carrier safety, and programs for highway traffic safety.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1917 contains no intergovernmental or private-sector mandates as defined in UMRA. Enacting this bill would benefit states by substantially increasing the level of Federal-Aid Highway grants available in 2003. Because states voluntarily participate in this program, any costs they would incur as a result of the bill's enactment would be voluntary as well.

PREVIOUS CBO ESTIMATE

On May 6, 2002, CBO transmitted a cost estimate for H.R. 3694, the Highway Funding Restoration Act, as ordered reported by the House Committee on Transportation and Infrastructure on May 1, 2002. The House bill would amend TEA-21 by authorizing an increase in the obligation limitation for the Federal-Aid Highway program of almost \$4.4 billion. S. 1917 would authorize an increase of about \$5.5 billion, and the estimated costs of the two pieces of legislation reflect this difference.

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