



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 25, 2004

S. 2172

Indian Tribal Contract Support Cost Act of 2004

As ordered reported by the Senate Committee on Indian Affairs on June 16, 2004

SUMMARY

S. 2172 would delete several statements in the Indian Self-Determination and Education Assistance Act (ISDEAA) that payments to Indian tribes for contract support costs are subject to the availability of appropriated funds. The bill also would authorize tribes to recover their full contract support costs in accordance with a cost rate agreement from federal programs that do not otherwise limit payments for administrative costs.

CBO estimates that implementing S. 2172 would cost \$95 million in 2005 and \$562 million over the 2005-2009 period, assuming appropriation of the necessary funds. Those costs reflect the difference between the contract support costs authorized by the bill and the costs that would be paid by the Bureau of Indian Affairs (BIA) and the Indian Health Service (IHS) under current law. The bill also could increase spending on contract support costs by other agencies, but CBO cannot estimate the magnitude of any such increase. The bill would not affect direct spending or revenues.

S. 2172 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA), and it would impose no costs on state, local, or tribal governments. It would authorize additional reimbursements to tribal governments for indirect costs associated with contracts or compacts they have entered into for managing federal programs.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2172 is shown in the following table. The costs of this legislation fall within budget functions 450 (community and regional development) and 550 (health). For this estimate, CBO assumes that S. 2172 will be enacted by the end of 2004.

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Bureau of Indian Affairs					
Estimated Authorization Level	13	13	13	13	13
Estimated Outlays	11	13	13	13	13
Indian Health Service					
Estimated Authorization Level	93	98	102	106	110
Estimated Outlays	84	97	102	106	110
Total Changes Under S. 2172					
Estimated Authorization Level	106	111	115	119	123
Estimated Outlays	95	110	115	119	123

BASIS OF ESTIMATE

BIA and IHS Contract Support Costs

The Indian Self-Determination and Education Assistance Act allows Indian tribes to enter into contracts to manage programs that had previously been administered on their behalf by BIA or IHS. Self-determination contracts provide funding for both direct program costs and the costs of administering the contracts, commonly known as contract support costs.

Several sections of ISDEAA state that funding for contract support costs is subject to the availability of appropriations. The amounts that have been appropriated for contract support costs have been capped in recent years for both BIA and IHS and have not fully covered the contract support costs that tribes have incurred. Tribes have covered these shortfalls by using direct program funds or tribal resources.

S. 2172 would remove the statements in ISDEAA that funding for contract support costs are subject to the availability of appropriations. However, that change alone does not appear sufficient to authorize BIA and IHS to obligate the government to pay contract support costs in advance, or in excess, of available appropriations.

CBO estimates that fully funding contract support costs for BIA and IHS would cost \$95 million in 2005 and \$562 million over the 2005-2009 period, assuming the appropriation of the necessary funds. Appropriations for contract support costs totaled \$135 million for

BIA and \$271 million for IHS in 2004. Those amounts represented about 90 percent and 75 percent, respectively, of total tribal need. Our estimate assumes that funding for self-determination contracts in both agencies will continue to rise in the future.

Recovery of Contract Support Costs from Other Federal Programs

S. 2172 also would allow tribes to recover their full contract support costs from federal programs that do not otherwise limit payments for administrative costs. CBO does not have enough information to estimate this provision because it is unclear exactly which programs would be affected. However, any additional costs stemming from this provision would be subject to appropriation of the necessary funds.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2172 contains no intergovernmental or private-sector mandates as defined in UMRA, and it would impose no costs on state, local, or tribal governments. It would authorize additional reimbursements to tribal governments for indirect costs associated with contracts or compacts they have entered into for managing federal programs.

ESTIMATE PREPARED BY:

Federal Costs: Eric Rollins (IHS) and Mike Waters (BIA)
Impact on State, Local, and Tribal Governments: Leo Lex
Impact on the Private Sector: Selena Caldera

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis