



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 7, 2012

S. 1813

Moving Ahead for Progress in the 21st Century Act

*As ordered reported by the Senate Committee on Environment and Public Works
on November 9, 2011, with legislative language provided to CBO on February 2, 2012*

SUMMARY

S. 1813 would extend the authority for surface transportation programs administered by the Federal Highway Administration (FHWA) for two years and would authorize the appropriation of funds for certain other transportation programs. FHWA is part of the Department of Transportation (DOT).

CBO estimates that the bill would provide \$39.9 billion in net contract authority in 2012 and about \$13.0 billion in 2013. Contract authority is a form of budget authority; the use of that authority for transportation programs has traditionally been controlled by provisions in appropriation acts that limit the amount of contract authority that may be obligated (those provisions are known as obligation limitations). Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing its baseline of future contract authority for transportation programs, CBO assumes that the contract authority provided by the bill for 2013, the last year of the authorization, would continue at the same rate in each of the following years. Hence, CBO estimates that enacting the bill would result in baseline contract that is \$26.9 billion per year below the amounts of contract authority for highway programs currently projected in CBO's baseline for 2013 and later years.

Enacting S. 1813 would increase the obligation limitation that was enacted in the Consolidated and Further Continuing Appropriations Act, 2012 (Public Law 112-55) by about \$2.4 billion. Because a full-year obligation limitation is already in place for 2012, CBO estimates that enacting the higher obligation limitation would increase direct spending by \$2.2 billion over the 2012-2013 period and a total of \$2.3 billion over the 2012-2022 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO assumes that the use of contract authority provided in 2013 would continue to be controlled by obligation limitations enacted in future appropriation acts. The bill would authorize an obligation limitation of \$42.2 billion for 2013. However, the bill would require DOT to rescind sufficient amounts of that obligation limitation to prevent future

estimated balances in the Highway Trust Fund from falling below \$2 billion. As a result, CBO estimates that the obligation limitation for 2013 would be reduced to \$12.2 billion. The bill also would authorize the appropriation of \$1 billion for certain large transportation projects and expand the current federal program to inspect bridges. Assuming appropriation actions consistent with S. 1813, including enactment of a supplemental obligation limitation before the end of fiscal year 2012, CBO estimates that the total changes in appropriated spending under the legislation would be \$12.2 billion over the 2012-2017 period.

S. 1813 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state, local, or tribal governments would result from complying with conditions of assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1813 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1813 will be enacted before the current authorization for surface transportation programs expires on March 31, 2012, that the authorized amounts will be provided for each year in appropriation acts, and that outlays will follow the historical rate of spending for transportation programs.

Direct Spending

Reduction in Contract Authority. Enacting S. 1813 would reduce the amount of budget authority (in the form of contract authority) that is estimated in CBO's baseline projections to be available for DOT's surface transportation programs over the 2012-2022 period. Because spending of the contract authority for transportation programs in 2013 and beyond is expected to be controlled by provisions in future appropriation acts, there would be no impact on direct spending expenditures from this provision.

The bill would require DOT to calculate projected balances in the Highway Trust Fund once appropriation action on obligation limitation is complete each year. If the projected balances in the highway account of the trust fund would fall below \$2 billion in any year, DOT would be required to rescind both contract authority and obligation limitation so that the balances in the trust fund would not fall below that level. Based on CBO's January 2012 projections of the status of the highway account of the Highway Trust Fund, CBO estimates that DOT would rescind \$26.9 billion of 2013 contract authority. As a result, CBO estimates that the net contract authority available for FHWA programs for 2013 would be about \$13 billion.

	By Fiscal Year, in Millions of Dollars						2012- 2017
	2012	2013	2014	2015	2016	2017	
CHANGES IN DIRECT SPENDING							
Reduction in Contract Authority							
Estimated Budget Authority ^a	0	-26,946	-26,946	-26,946	-26,946	-26,946	-134,730
Estimated Outlays	0	0	0	0	0	0	0
Highway Trust Fund Spending							
Obligation Limitation	2,420	0	0	0	0	0	2,420
Estimated Outlays ^b	242	992	605	194	97	48	2,178
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Highway Trust Fund Spending							
Estimated Obligation Limitation ^c	0	12,227	0	0	0	0	12,227
Estimated Outlays	0	3,057	5,013	1,834	978	489	11,371
Projects of Regional and National Significance							
Authorization Level	0	1,000	0	0	0	0	1,000
Estimated Outlays	0	0	100	340	200	150	790
Bridge and Tunnel Inspection							
Estimated Authorization Level	15	15	0	0	0	0	30
Estimated Outlays	2	8	10	5	3	0	28
Total Changes							
Estimated Budgetary Resources	15	13,242	0	0	0	0	15,677
Estimated Outlays	2	3,065	5,123	2,179	1,181	639	12,189

a. S. 1813 would reduce budget authority by \$269 billion below the amounts assumed in CBO's baseline for programs administered by Federal-Aid Highways over the 2012-2022 period.

b. CBO estimates that enacting the obligation limitation in S. 1813 for 2012 would increase outlays from direct spending by \$2.3 billion over the 2012-2022 period.

c. Estimated discretionary outlays reflect use of funds under the 2013 obligation limitations estimated by CBO. (Outlays stemming from additional contract authority shown in the table would be authorized in future legislation that covers years after 2013.)

Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO assumes that funding provided by the bill for 2013, the last year of the authorization, would continue at the same rate in each of the following years. Hence, CBO estimates that enacting the bill would result in baseline contract authority totaling about \$170 billion over the 2012-2022 period. That funding level represents a decrease of \$269 billion (\$26.9 billion per year for 10 years) below the amount of contract

authority for highway programs currently projected in CBO's baseline for the 2012-2022 period.

Highway Trust Fund Spending. Enacting S. 1813 would provide an obligation limitation of \$41.9 billion for 2012, about \$2.4 billion more than provided in the Consolidated and Further Continuing Appropriations Act, 2012 (Public Law 112-55). By increasing the obligation limitation, FHWA could obligate more contract authority in 2012 than it could under current law. CBO estimates that enacting the higher obligation limitation would increase direct spending by \$2.2 billion over the 2012-2017 period and a total of \$2.3 billion over the 2012-2022 period.

Changes in Spending Subject to Appropriation

Assuming appropriation of the amounts authorized and estimated to be necessary, CBO estimates that implementing S. 1813 would lead to appropriated spending totaling \$12.2 billion over the 2012-2017 period. That amount includes spending from the Highway Trust Fund, as well as spending on a new grant program for certain large transportation projects and spending on expanded bridge and tunnel inspections by federal agencies.

Highway Trust Fund Spending. For many years, the contract authority provided in transportation legislation has been controlled by limitations on obligations contained in annual appropriation acts. CBO expects that practice would continue in 2013 under S. 1813. CBO's estimates of discretionary spending under this legislation reflect the proposed obligation limitations that would be provided under the bill for 2013. The bill would provide an obligation limitation of \$42.2 billion for 2013. However, the bill would require DOT to rescind an obligation limitation (as well as contract authority, mentioned above) in any year if the agency projects that the balances in the highway account of the Highway Trust Fund will fall below \$2 billion. Because of this constraint on spending authority, CBO estimates that the bill effectively would provide an obligation limitation of only \$12.2 billion in fiscal year 2013—much less than the \$42.2 billion authorized for that year. CBO estimates that implementing that obligation limitation would cost almost \$11.4 billion over the 2012-2017 period.

Projects of Regional and National Significance. Section 1118 would authorize the appropriation of \$1 billion in 2013 for a program to provide competitive grants for certain large-scale projects that would have a significant impact on the national transportation network or on a regional network. Based on historical spending patterns for a similar program administered by DOT, CBO estimates that implementing this provision would cost \$790 million over the 2012-2017 period.

Bridge and Tunnel Inspection. Section 1111 would expand the detail and scope of the current national bridge inspection program and also would require federal safety

inspections of tunnels. Implementing this provision would increase the frequency of inspections of federally owned bridges and would add to the training that inspectors of those bridges need to perform this work. Current regulations require that federal agencies that own and operate bridges on public roads comply with all safety requirements under DOT's bridge program. There are about 9,000 such bridges nationwide, mostly owned by the Departments of Agriculture, Defense, and the Interior. Based on information from DOT, CBO estimates that implementing this provision would cost \$28 million over the 2012-2017 period, assuming appropriation of the necessary amounts.

Amendments to the Uniform Relocation Act. Section 1514 would amend the Uniform Relocation Act to increase the ceiling on amounts that agencies are authorized to pay to acquire real property or to compensate individuals who are displaced from their home or farm because of construction projects funded with federal dollars. Under current law, agencies are allowed to exceed those amounts. As a result, CBO estimates that indexing those amounts to inflation would not increase spending subject to appropriation.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 1813, the Moving Ahead For Progress in the 21st Century Act as ordered reported by the Senate Committee on Environment and Public Works on November 9, 2011, with language provided to CBO on February 2, 2012

	By Fiscal Year, in Millions of Dollars											2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	242	992	605	194	97	48	48	48	24	0	0	2,178	2,298

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1813 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill would benefit states by reauthorizing federal highway programs. Any costs to state, local, or tribal governments would result from complying with conditions of federal assistance.

PREVIOUS ESTIMATE

This cost estimate for S. 1813 supersedes the CBO cost estimate transmitted on February 6, 2012, for the bill as ordered reported by the Senate Committee on Environment and Public Works on November 9, 2011. CBO has clarified the cost estimate to more accurately describe the status of the bill. The estimated costs of enacting the bill are unchanged.

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