



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 13, 2010

H.R. 4785 **Rural Energy Savings Program Act**

As ordered reported by the House Committee on Agriculture on July 14, 2010

SUMMARY

H.R. 4785 would authorize the Secretary of Agriculture, through the Rural Utilities Service (RUS), to make loans to certain public or cooperative electric utilities. Under the bill, participating cooperatives would, in turn, make low-interest loans to customers to support installations of energy-efficiency measures. The bill would authorize the appropriation of \$993 million to cover the federal cost of such activities.

Assuming appropriation of the specified amount, CBO estimates that implementing H.R. 4785 would cost \$800 million over the 2011-2015 period. Enacting H.R. 4785 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 4785 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4785 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars					2011- 2015
	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	993	0	0	0	0	993
Estimated Outlays	150	210	160	120	160	800

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 4785 will be enacted in 2010 and that appropriations will be provided as specified by the bill. We assume that about \$10 million of authorized funds would be used each year by RUS to expand staffing as necessary to administer the proposed program. Based on information from RUS about the likely subsidy rate of the proposed loans (ranging from 20 percent to 25 percent), CBO estimates that remaining amounts would be used to leverage between \$4 billion and \$5 billion in new loans to local electric cooperatives. Based on historical disbursement rates for RUS loans, CBO estimates that resulting spending under H.R. 4785 would total \$800 million over the 2011-2015 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4785 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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