



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 12, 2018

S. 2278

State Offices of Rural Health Reauthorization Act of 2018

*As reported by the Senate Committee on Health, Education, Labor, and Pensions
on March 12, 2018*

SUMMARY

S. 2278 would reauthorize a program to provide \$12.5 million annually through fiscal year 2022 in grants to state offices of rural health.

CBO estimates that implementing S. 2278 would cost \$47 million over the 2019-2023 period, assuming appropriation of the specified amounts.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 2278 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 2278 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 2278 is shown in the following table. The costs of the legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars						2019- 2023
	2018 ¹	2019	2020	2021	2022	2023	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	13	13	13	13	13	0	50
Estimated Outlays	0	5	10	12	12	7	47

BASIS OF ESTIMATE

S. 2278 would reauthorize grants to state offices of rural health for improving health care in rural areas. The bill would authorize \$12.5 million per year for fiscal years 2018-2022 for such grants. The bill would modify the current grant program by increasing the minimum annual budget that states must provide to such offices from \$50,000 to \$150,000 and by allowing the Secretary of the Department of Health and Human Services to waive or reduce the state matching requirement. The bill also would allow the Secretary to limit indirect costs related to facility maintenance and administration to 15 percent; under current law, limits on indirect costs are negotiated by individual states and generally exceed 15 percent.

Based on historical spending patterns for similar activities, CBO estimates that implementing S. 2278 would cost \$47 million over the 2019-2023 period; the remaining amounts would be spent after 2023.

For this estimate, CBO assumes that the legislation will be enacted near the start of fiscal year 2019 and that the specified amounts will be appropriated beginning that year.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 2278 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

1. This bill would authorize the appropriation of \$12.5 million in 2018. CBO does not estimate any outlays for that authorization because appropriations for 2018 have already been provided. Public Law 115-141 appropriated \$10 million for state offices of rural health in 2018.

MANDATES

S. 2278 contains no intergovernmental or private-sector mandates as defined in UMRA.

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