

## DOCUMENT RESUME

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All of the Urban Mass Transportation Administration's (UMTA's) programs include grants to State or local governments since UMTA does not itself operate transit services or construct transit facilities. Unexpended balances in the UMTA account at the close of fiscal year 1977 involved \$12.6 billion, \$9.6 billion of which represented unobligated balances and \$3.0 billion of which represented unliquidated obligations. The 1979 budget forecasts that unliquidated obligations will exceed unobligated balances at the end of that year by \$576 million. Findings/Conclusions: The large unobligated balance in the UMTA program exists primarily because of the way Congress funds and controls UMTA programs. UMTA funding has taken the form of contract authority which does not lapse at the end of the fiscal year in which it was authorized. This method was chosen to provide for advanced funding for UMTA programs. UMTA believes that, at the present level of program option, it will utilize almost all of the unobligated funds available by the end of 1980, as most of these funds will likely be committed by administrative reservation even if they are not formally obligated. Increases in UMTA's unliquidated balances are due primarily to the funding of projects for new rail systems. Issues related to congressional consideration of new legislation for UMTA programs involve: how to provide advanced budget authority, how much funding to provide for new heavy rail systems, and how to simplify the complex appropriation program. (RRS)

7849

ANALYSIS OF UNOBLIGATED BALANCES  
IN THE URBAN MASS TRANSPORTATION FUND

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## PREFACE

This document is an overview of the unexpended balances in the Urban Mass Transportation Administration account (UMTA). It has been prepared in partial response to Chairman Butler Derrick's October 13, 1977 request on behalf of the Budget Process Task Force. Our response to this request is being prepared in two phases: Phase I, an overview of balances in civil agencies; Phase II, an analysis of unobligated balances in selected programs chosen by the Task Force.

This document examines historical trends in the balances of budget authority for UMTA from 1972 through 1979. To place these balances of budget authority in perspective, we briefly discussed UMTA's current programs and the effect of congressional actions on the level of these balances.

All activities of UMTA appear under one budget account, #69-1119-0-1-401. However, within this account UMTA manages three major programs and several minor programs each of which have different funding mechanisms. For several of the programs these mechanisms have changed repeatedly over the last six years. Major changes in funding levels have also occurred among these programs. As a result it is difficult to establish definitive historical trends against which to compare UMTA's performance. We have performed our analysis within these constraints and have tried to point out the effects of these changes on our analysis.

The material presented in this report was assembled over a very short timeframe. Most dollar amounts shown were derived from budget or accounting documents compiled at the appropriation account level. We were not able to analyze the supporting documents for accuracy. In the case of the capital grant program we did examine data on individual projects, but these data were not audited for accuracy. On the other hand, neither did we find any obvious reasons to question the data used. UMTA administers a small number of major programs, making each program visible.

Due to the severe time restraints of the job, UMTA has not had the opportunity to review or comment on this document. UMTA officials have stated very strongly that they should have been given the opportunity to review the document. UMTA has been given a copy of this document. If, after review, UMTA officials have any serious problems concerning the contents of this document, we will forward those concerns to the committee.

## OVERVIEW

This document examines the unexpended balances in account #69-1119-0-1-401. This complex account includes all of the programs administered by the Urban Mass Transportation Administration. The major programs are the formula grant program, the capital grant program, and the interstate transfer program. All of these programs include grants to State or local governments; UMTA does not itself operate transit services or construct transit facilities.

The unexpended balances 1/ in the UMTA account at the close of fiscal year 1977 was \$12.6 billion. Of the total, \$9.6 billion represents unobligated balances and \$3.0 billion unliquidated obligations. The unobligated balance component is decreasing and the unliquidated balance component is increasing. Unobligated balances declined by \$2.2 billion from 1976 to 1977 while unliquidated balances increased by \$661 million. 2/ The 1979 budget forecasts that unliquidated obligations will exceed unobligated balance at the end of that year by \$576 million.

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1/ The budgetary terms used in this report are defined on page 8.

2/ The change from 1976 to 1977 represents a 15 month period due to the transitional quarter.

Our analysis indicates that the large unobligated balance in the UMTA program exists primarily because of the way Congress funds and controls the UMTA programs. UMTA funding has taken the form of contract authority which does not lapse at the end of the fiscal year in which it was authorized. This method was chosen by Congress to provide for advanced funding for UMTA programs, an objective similar to that served by trust funds in Federal highway and aviation programs. The major sources of the unobligated balances currently available to UMTA are the \$11.8 billion in new contract authority provided by 1973 and 1974 legislation amending the Federal Aid Highway Act and the Urban Mass Transit Act of 1964, and the \$1.4 billion in budget authority provided in 1976 and 1977 primarily to fund interstate transfer grants.

By annual appropriation act ceilings on administrative reservations (or on obligations in the case of Interstate transfer grants) Congress generally controls the rate at which unobligated balances are utilized. Obligations appear to follow rather routinely from administrative reservations. An example of the congressional control over the rate of utilization of the UMTA funds is the following language in the general provisions of the 1978 Appropriations Act:

Sec. 306. None of the funds provided in this Act shall be available for administrative expenses in connection with commitments for the Urban Mass Transportation Act of 1964, as amended, aggregating more than \$2,077,700,000 in fiscal year 1977, except that amounts apportioned pursuant to Section 5 of the Act and not committed in the year of apportionment may be committed notwithstanding this limitation.

Sec. 307. None of the funds provided under this Act shall be available for administrative expenses in connection with obligations against contract authority for interstate substitutions under 23 U.S.C. 103 (e) (4) aggregating more than \$75,000,000 in fiscal year 1977.

Detail of the administrative reservation ceilings is contained in Committee reports. Except for the rail operating subsidy authorized by the Railroad Revitalization and Regulatory Reform Act of 1974, administrative reservations in 1977 were close to the ceilings mandated by Congress as shown in the following table:

UMTA 1977 ADMINISTRATIVE RESERVATIONS COMPARED  
TO CONGRESSIONALLY MANDATED CEILINGS  
(in millions of dollars)

	<u>Ceiling imposed by Congress</u>	<u>Actual</u>
Capital Grants	1,250	1,250
Formula Grant	650 <sup>1/</sup>	622 <sup>2/</sup>
Technical Studies	43	43
Research	59	59
Managerial Training	1	1
University Research	2	2
Administrative Expenses	18	15
Rail Service Operating Payments	55	6
Total Ceiling	<u>2,078</u>	<u>1,996</u>

- 1/ Does not include the carry-over formula authority (Sec. 5) from previous years.
- 2/ Could include reservations from both the \$346 million carry-over authority and \$650 million allotted for 1977.

UMTA believes that at the present level of program operation it will utilize almost all of the unobligated funds available by the end of 1980. Our analysis supports this view in the sense that almost all of the unobligated funds will likely be committed by administrative reservation even if they are not formally obligated. As of the end of 1977 there were \$8.2 billion in uncommitted unobligated balances available in UMTA. If funds were reserved at the same rate as the \$2.4 billion actually reserved in 1977, all but about \$1.0 billion of the \$8.2 billion in uncommitted and unobligated balances would be committed at the end of 1980. Much of this would probably be in the interstate transfer grant program. In the 1979 budget, however, UMTA anticipates that reservations will increase to \$3.1 billion in 1978 and \$2.9 billion in 1979. This higher rate of fund utilization would further reduce but not eliminate unobligated balances by the end of 1980.

UMTA states that the increases in UMTA's unliquidated balances which have occurred are due primarily to the funding of projects for new rail systems subsequent to adoption of the 1973 and 1974 transit legislation. In major construction projects, outlays can lag obligations by as much as several years, but an audit of the particular factors operating in the UMTA case were beyond the scope of this study.

Our analysis of UMTA balances indicates several items which may be of interest to Congress:

--The Interstate transfer program had roughly the same level of uncommitted budget authority at the end of 1977 (\$1.4 billion) that it had at the beginning of 1977. The other major programs showed a decrease in the level of the uncommitted balance. Therefore, the percentage of the unexpended balance due to the interstate transfer program increased over the year. UMTA officials state that they have little control over the timing of requests for Interstate transfers and that the law now permits jurisdictions to transfer funds to UMTA without specifying in advance the exact use to be made of the funds.

--In 1976 and 1977 the UMTA budget underestimated unobligated balances and overestimated unliquidated obligations in both the budget year and the current year. For example, end of year unobligated balances in 1977 were \$1.1 billion greater than the end of year estimate in the original 1977 budget and unliquidated balances were \$1.4 billion lower than the estimate in the 1977 budget. One reason for this is that in presenting its current year estimates in the budget, UMTA overestimated administrative reservations and obligations in both

1976 and 1977. (Original budget year estimates were much closer to actual figures.) In addition, in 1976, Congress approved budget authority that was not requested in the original 1976 budget.

--Full funding of projects is a basic budgetary concept. There is some uncertainty in UMTA programs about the definition of a project.

Although funds are reserved to fully fund a grant whenever it is approved; in UMTA, a grant may be for only a small part of a project. For example, the 13.7 miles of the Atlanta rail transit system now being constructed with federal grants was funded by nine separate grants, and no federal funds are now committed for the remainder of the 50 mile system planned by Atlanta.

Our analysis of UMTA unexpended balances also suggests several issues that are related to Congressional consideration of new legislation for UMTA programs such as that recently proposed by the Administration. These issues are:

1. How to Provide Advanced Budget Authority

Although the method used in the 1973 and 1974 legislation has resulted in large unexpended balances, it did provide advanced funding authority for UMTA. The Congress recognized that many of the projects that UMTA funds, such as building heavy-rail transit systems, require commitments over a long

period of time and commitments to local governments long before construction actually begins.

By changing UMTA's method of financing from contract authority to appropriations, programs under the new legislation would be funded by appropriations provided on a regular basis, and therefore, the unexpended balance should be smaller and more predictable. But Congress needs to evaluate whether the five-year authorization combined with two-year appropriation will provide the desired degree of assurance about future funding levels.

## 2. How Much Funding to Provide for New Heavy Rail Systems

Material published concerning the new proposal suggests that the funds available for the discretionary grant program from 1980 through 1984 would allow the part of the discretionary grant program that finances major rail systems to continue at the present level of funding into the mid-1980's. As is discussed in Chapter 4, UMTA has made commitments to build segments of rail systems in several cities in the categories "formal sum-certain commitments" and "commitments in principle." Formal sum-certain commitments will be funded by the end of 1980. Continuing the present program level through 1984 would allow funding the "commitments in principle." However, only very small amounts of funds would be available to fund any additional segments of the currently approved systems or to start a new project.

### 3. How to Simplify the Program

The complex appropriation account used to fund several major programs from several sources of funding makes it difficult to relate financial data to program performance.

CHAPTER 1  
INTRODUCTION

This document analyzes the unexpended balances in account number 69-1119-0-1-401. This account provides financing for all programs of the Urban Mass Transportation Administration. (UMTA). There are substantial unexpended balances in the UMTA account, although the amount is declining. The unexpended balance declined from \$14.2 billion at the end of fiscal year 1976 to \$12.6 billion at the end of fiscal year 1977. The 1979 budget forecasts that by the end of 1979 unexpended balances will decline to \$9.1 billion.

The unexpended balance may be divided into two main categories: unobligated balances and unliquidated obligations. Since 1975, the unobligated balance has been decreasing while unliquidated obligations have been increasing. The 1979 budget shows this trend to continue through 1979:

TABLE 1-1

END OF YEAR UNEXPENDED BALANCES: ACTUAL FOR 1976 AND 1977  
AND BUDGET ESTIMATES FOR 1978 AND 1979  
(In millions of dollars)

	1976 Actual	1977 Actual	1978 Estimate	1979 Estimate
Unobligated balance	11,830	9,623	6,953	4,257
Unliquidated balance	<u>2,346</u>	<u>3,007</u>	<u>4,186</u>	<u>4,833</u>
Unexpended balance	14,176	12,630	11,139	9,090

Unliquidated obligations are forecast by UMTA to exceed unobligated balances in 1979. This document focuses primarily on analyzing the \$12.6 billion unexpended balance that existed at the end of fiscal year 1977.

The questions we have examined include:

- Why does this balance exist?
- How well has UMTA been able to estimate the level of the unexpended balance?
- What problems, if any, are evident from an examination of this balance?

#### UMTA Programs and Sources of Financing

The existing UMTA programs, all of which are financed through one appropriation account, have four major components:

- discretionary capital grants, which provide 80 percent of the capital cost of vehicles and facilities;
- formula grants, which are available at local option for either capital expenses at 80 percent Federal share or operating expenses at up to 50 percent Federal share;
- Interstate transfers and other highway-related funds, which can be used for capital expenses at 80 percent Federal share; and
- other UMTA programs including research and development, training, and administration.

Since 1972 these programs have been financed by several sources. The Federal-Aid Highway Act of 1973, and the National Mass Transportation Assistance Act of 1974 have been the major sources of funding for all programs except the Interstate transfer program. The new \$11.8 billion in multi-year contract authority provided by these two acts is divided by statute into two parts--\$3.975 billion for the formula grant program and \$7.825 billion for the capital grant program and other programs (R&D, training, administration). In addition, about \$1.4 billion in new budget authority has been made available to UMTA in 1976 and 1977. Most of this amount was transfers from programs administered by the Federal Highway Administration.

The budget authority Congress made available to UMTA under the legislation just described represents multi-year advanced funding for UMTA programs and does not lapse at the end of the year. 1/ The amount of new budget authority not obligated during one year becomes an unobligated balance at the end of the year that carries over for use in future years.

#### How UMTA Obligates Funds

UMTA does not run mass transit services or construct facilities. It gives grants for these purposes to cities

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1/ Funds reserved for formula grants lapse three years after apportionment.

as requested. When a request for a grant is received it must first be approved by the program office. This process generally involves negotiation with the local jurisdiction. The accounting office then reviews the request and determines that funds would be available if approved. When the project is approved by the Administrator, an administrative reservation is made; when the grantee accepts, an obligation is incurred by the government.

Thus, an administrative reservation (also referred to in the budget as an administrative commitment or simply as a commitment) is made when the government offers funds to finance a project. This action constitutes a unilateral offer not binding on either party. An obligation is incurred by the government when both parties have accepted the agreement. The grantee may now draw down funds against the obligation. Appropriations provided to liquidate obligations result in outlays. The period between an administrative reservation and an obligation is usually short, a matter of weeks. The period between obligation and outlays can be quite long, a matter of years in the case of funds obligated for heavy-rail construction projects.

Administrative reservations and obligations both are important in the discussion which follows. Congress limits the rate of administrative reservation, therefore, this is the basic measure of program activity. The unex-

pended balances, however, concern the rate at which obligations are made and liquidated.

In the discretionary capital grant program, UMTA has also developed informal procedures for allocating funds preceeding the decision to make an administrative reservation. The two major classifications used are "sum certain commitments" and "commitments in principle." Neither of these categories is legally binding, but is used for planning purposes. A "commitment in principle" is the least definite of the commitments and is used as a planning target. A "sum-certain commitment" is made after considerable planning has taken place but preceeds an administrative reservation. The highway transfer program does not use these categories, but similar concepts apply. Highway funds which are transferred are designated for specific localities, although under the most recent legislation the funds may not be designated for specific projects.

#### Categories of Unobligated Balances

There are several program categories, funding sources, and accounting terms applicable to UMTA programs. UMTA's budget documents distinguish several categories of unobligated balances. These are committed and uncommitted balances, and balances related to unfunded contract authority and appropriated budget authority. The end of year balances for 1976 and 1977 and the budget estimates for each category for 1978 and 1979 are shown in Table 1-2. Uncommitted budget

authority declined by \$2.5 billion from 1976 to 1977. The 1979 budget projects that by 1979 there will be an uncommitted balance of \$2.8 billion, an amount approximately equal to the decrease in uncommitted balances that is projected in the budget for each of the years 1978 and 1979. Committed budget authority balances increased by about \$300 million from 1976 to 1977 and are forecast to remain at \$1.4 billion level through 1979.

The most significant factor which explains the UMTA unobligated balances is the way Congress has funded and controlled the UMTA programs. This fact is discussed in the next chapter.

TABLE 1-2

CATEGORIES OF UMTA END-OF-YEAR UNOBLIGATED BALANCES  
ACTUAL FOR 1976 AND 1977 AND BUDGET ESTIAMTES  
FOR 1978 AND 1979

(in millions of dollars)

Type of balance	1976	1977	1978	1979
<b>Contract authority</b>				
committed	1,064	1,386	1,231	1,160
uncommitted	<u>10,493</u>	<u>7,481</u>	<u>5,188</u>	<u>2,409</u>
Subtotal	11,557	8,867	6,419	3,569
<b>Fund balance</b>				
committed	39	25	180	251
uncommitted	<u>234</u>	<u>731</u>	<u>355</u>	<u>437</u>
Subtotal	272	757	535	688
<b>Total</b>	<u><u>11,830</u></u>	<u><u>9,623</u></u>	<u><u>6954</u></u>	<u><u>4,257</u></u>
committed	(1,103)	(1,411)	(1,141)	(1,411)
uncommitted	(10,727)	(8,212)	(5,543)	(2,846)

(Detail may not add due to rounding.)

CHAPTER 2  
BALANCES OF BUDGET AUTHORITY

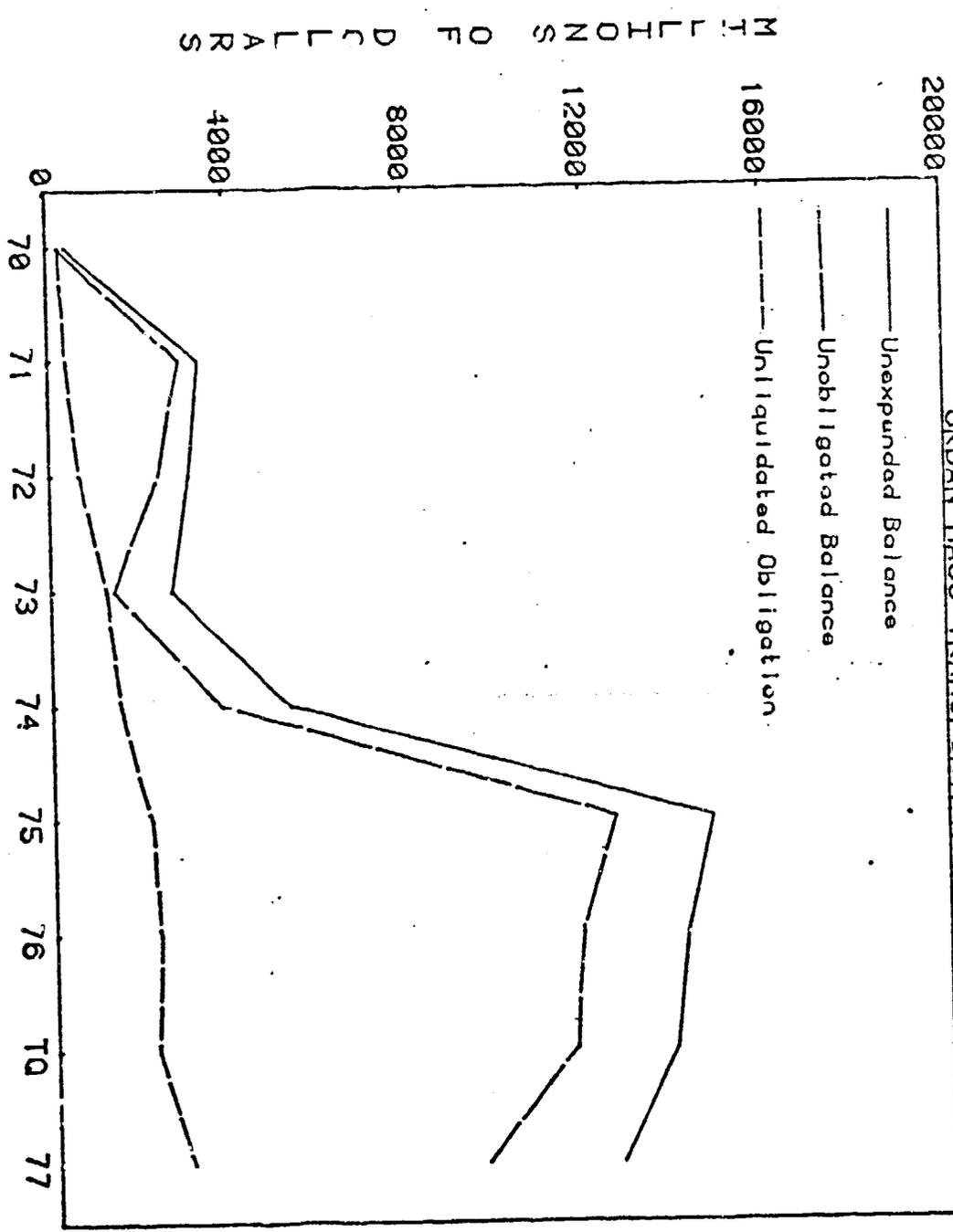
This chapter discusses the balance of budget authority available to UMTA from fiscal year 1972 through 1979. The level of available budget authority is influenced by the actions of both the Congress and UMTA. This chapter will emphasize the effects of Congressional action, which appears to be the major factor influencing the level of balances of budget authority.

The balances of budget authority are classified according to standard definitions provided in the 1977 GAO report, "Terms Used in the Budgetary Process." Unexpended Balance is the amount of budget authority that is unspent and available to be converted to outlays in the future. It is the sum of the unobligated balance and the unliquidated obligations. Unliquidated obligations are the amount of obligations that have been incurred for which payment has not yet been made. It can be carried forward until the obligations are paid. Unobligated Balance is the portion of the unexpended balance that has not yet been obligated.

Actual Balances of Budget Authority

Chart 1 shows unexpended balances, unobligated balances, and unliquidated obligations for fiscal years 1970 through 1977. The appendix contains the numbers that support the chart.

CHART 1  
 ACTUAL BUDGET AUTHORITY UNEXPENDED (millions of dollars)  
 URBAN MASS TRANSPORTATION FUND



The graph of the unexpended balance has a small rise in 1971 and a very large rise in 1974 and 1975. These increases may be explained by changes in the law. The small rise in 1971 was a result of the Urban Mass Transportation Assistance Act of 1970, which substantially increased UMTA's program level. The large increase in 1974 and 1975 is a result of the Federal-Aid Highway Act of 1973 and the National Mass Transportation Assistance Act of 1974, which provided UMTA with \$11.8 billion in contract authority. The increase in 1976 and 1977 is largely attributable to the interstate transfer program. After peaking in 1975, the unexpended balance shows a decrease in 1976 and 1977. Without new legislation this downward trend should continue.

Since 1972, the unobligated balance has been the largest component of the unexpended balance. The unobligated balance is decreasing, as the multi-year authority is obligated each year. As mentioned in Chapter 1, the 1979 budget forecasts that in 1979 the unliquidated obligations balance will exceed the unobligated balance for the first time. The increased obligations of funds to construction projects for which outlays would be expected to follow obligations by several years is a major reason for the increase in unliquidated obligations. A detailed audit of accounts to verify this was beyond the scope of this study.

Table 2-1 relates UMTA unobligated balances to total obligational authority and obligations. Except for minor adjustments, UMTA's unobligated balances remaining at the end of the year for use in subsequent years should be the difference between total obligational authority available during the year and the obligations incurred during the year. The table shows the major increments of new budget authority which Congress has made available. The affect of the \$11.8 billion in contract authority is clearly evident. Most of the additions to budget authority which have occurred after 1975 involve highway transfer programs. The table also shows the increase in the level of obligations which has occurred since the early 1970's: Obligations in 1977, \$2.5 billion, were about three times the amount in 1974.

Table 2-1 also highlights the difficulty encountered in trying to make an exact accounting of UMTA's balances of budget authority. The balances reported at the end of one year do not always agree with the balances reported for the beginning of the next year. The UMTA Budget Office indicates that these differences can be explained on the basis of Congressional action and changing OMB requirements for presenting program financing.

TABLE 2-1  
DERIVATION OF UNOBLIGATED BALANCES AT THE END OF YEAR <sup>1/</sup>  
(In millions of dollars)

	70	71	72	73	74	75	76	77	78	79	
Unobligated Balances at beginning of year	157	225	2941	2352	1419	5171	12319	11830	11643	9623	Estimates 6953
New Budget Authority	175	3097	--	--	3095	8817	947	--	455	484	200
Miscellaneous Adjustments, detailed in budget appendices	3	-47	4	57	-33	134	1	2	5	0	1
Total Authority For The Year	335	3275	2945	2409	4481	14122	13267	11832	12103	10107	7154
Obligations Incurred	110	334	508	989	676	1549	1437	189	2480	3154	2897
Unobligated Balances, at End of Year	225	2941	2437	1420	3805	11573	11830	11643	9623	6953	4257

<sup>1/</sup>According to the UMTA accounting office, discrepancies between end year unobligated balances and the next years beginning unobligated balances are caused by accounting rule changes and an infusion of money in a year where it was not expected. To adjust for this infusion of money beginning of year unobligated balances were adjusted.

## Administrative Reservations, Ceilings and Obligations

Since 1973, Congress has been setting ceilings on administrative reservations for specific UMTA programs by the language included in the general provisions of the Transportation Appropriation Acts. For example, the relevant sections of the General Provisions of the proposed 1979 Appropriations bill are as follows:

Sec. 305. None of the funds provided in this Act shall be available for administrative expenses in connection with commitments for the Urban Mass Transportation Act of 1964, as amended, aggregating more than (\$2,365,000,000) \$2,396,900,000 in fiscal year (1978) 1979.

Sec. 306. None of the funds provided under this Act shall be available for administrative expenses in connection with obligations against contract authority for interstate substitutions under 23 U.S.C. 103(e)(4) aggregating more than (\$350,000,000) \$300,000,000 in fiscal year (1978) 1979.

As noted in Chapter 1, an administrative reservation is made by UMTA when it has approved a project. When the grant recipient counter signs the contract, the reservation becomes an obligation. Thus, by controlling the reservations each year by imposing ceilings, Congress also controls the level of obligations and expenditures, although the timing of these subsequent actions depends on UMTA and the grantees.

In comparing the ceilings reported in the general provisions in the Appropriation Acts and the actual commitments made by UMTA in any year, there are several

points relating to the complexity of this account which are important to keep in mind. During the past seven years there have been six changes in the laws governing UMTA operations, OMB has issued directives which affect UMTA accounting practices, and the Congressional Budget and Impoundment Control Act of 1974 has imposed major changes on UMTA funding mechanisms. Further, the ceiling totals have in different years applied to different UMTA programs or to the different sources of funds for UMTA programs.

However, it is possible to show the impact of congressional ceilings on UMTA reservations (and thus ultimately obligations) by reviewing conference reports, which are more recent documents than the Presidential budget. Within the \$2,365 million limitation in the General Provisions of the 1978 Appropriations Act, Conference Report #95-470 provides the following ceilings for fiscal year 1978:

TABLE 2-2

1978. CEILINGS ON ADMINISTRATIVE RESERVATIONS  
(In millions of dollars)

Capital Grants		1,400
Bus	395	
Rail Modernization	530	
New Starts	475	
Formula Grants		775
Technical Studies		55
Research		70
Administrative Expenses		20
Rail Service Operating Payments		<u>45</u>
Total Ceiling		\$2,365

Table 2-3 compares the actual reservations in 1977 found in the 1979 Budget Appendix to the ceilings imposed by Congress. 1/ An examination of the ceilings and actual reservations by program line indicates UMTA is staying within the congressionally imposed limits. Only the rail service operating payments authorized by the Railroad Revitalization and Regulatory Reform Act of 1976 differ appreciably from the ceilings. Officials of UMTA and of the Interstate Commerce Commission (which establishes costs allocation formulas for this program) explain that the implementation of this program has been delayed primarily because of problems with the labor protection provisions contained in Section 13(c) of the Urban Mass Transportation Act of 1964, as amended.

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1/ Comparing the 1977 ceilings to the 1978 ceilings shown in Table 2-2 suggests the problems involved in relating total reservations in any year to the ceilings. First, the ceilings don't always cover the same categories, and second, Congress has adjusted ceilings to permit UMTA to make administrative reservations on a previous year's money.

TABLE 2-3

UMTA 1977 ADMINISTRATIVE RESERVATIONS COMPARED TO  
CONGRESSIONALLY MANDATED CEILINGS  
(in millions of dollars)

	<u>Congressional</u>	<u>Actual</u>
Capital Grants	1,250.0	1,250.0
Formula Grant	650.0	621.6
Technical Studies	43.2	43.2
Research	58.7	58.9
Managerial Training	.5	.5
University Research	2.0	2.0
Administrative Expens	18.3	14.6
Rail Service Operatin Payments	<u>55.0</u>	<u>5.5</u>
Total Ceiling <sup>1/</sup>	2,077.7	1,996.3

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<sup>1/</sup>Does not include the carry-over of formula authority (sec. 5) from previous years.

CHAPTER 3  
UMTA ESTIMATES OF BUDGET BALANCES

The level of UMTA's unexpended balances existing at the end of 1977 can be explained to a large degree by the general method Congress uses to fund and control UMTA programs that was described in the last chapter.

In this chapter, we will compare UMTA's estimates of the balances of budget authority to the actual balances published in subsequent years. This comparison was made to determine how well UMTA estimates program activity and determine if UMTA actions have contributed to maintaining a high level in the unexpended balance.

UMTA's estimates of the balances of budget authority for the years 1970 through 1979 are presented in the Appendix. Tables are presented which show UMTA estimates for the budget year 1/ (first estimate), current year (second estimate), and the actual year for each of the following accounts:

- unexpended balance
- unobligated balance
- unliquidated obligations
- obligations

Bar charts displaying this information and the percentage differences between estimated and actual amounts are also included in the Appendix.

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1/ The transition quarter (TQ) was an anomaly because only a current year estimate was developed.

The information presented in the Appendix reveals two time periods where UMTA has had difficulty in estimating the balances of budget authority:

--the period effected by the dramatic increase in budget authority provided by the 1973 and 1974 Acts, and;

--recent years where the transformation of unobligated balances to unliquidated obligations has been slower than predicted.

#### The Effect of the 1973 and 1974 Legislation

The charts in the appendix show that the estimated balances of budget authority for the unexpended balance, unobligated balance, and unliquidated obligation balance anticipate the actual balances reasonably well prior to 1973. However, in the period 1973 through 1975 the estimated balances vary significantly from the corresponding actual balances published in subsequent budget appendices. It was during this period that the 1973 and 1974 Acts were passed giving UMTA a new, large balance of available funds.

The difference between the estimates and the actual amounts form a pattern during the 1973 to 1975 period of going from overestimating to underestimating showing that UMTA found it difficult to predict the timing of the arrival of the new budget authority. Estimated balances reflect, at least in part, the budget authority that UMTA expects to receive from Congress.

It may have been difficult to anticipate the exact amount and timing of the new legislation.

Although the unobligated balance was fluctuating during the period under study because of the effect of the new budgetary authority given during the period, administrative reservations, rather than showing sharp fluctuations, showed a steady increase during this period. This fact indicates that the rate at which administrative reservations are made was not subject to the same sharp fluctuations as was the unobligated balance and its related accounts. It increased showing the increasing level of program activity.

#### Recent Experience

The second area of concern relates to the years 1976 and 1977. In these years there is a tendency to underestimate unobligated balances and to overestimate unliquidated obligations in both the budget year and the current year. Estimated and actual unobligated balances for 1976 and 1977 are shown in Table 3-1. For 1976, the actual amount was \$2.4 billion more than the budget year estimate. For 1977, the actual amount was \$1.1 billion more than the budget year estimate. Estimated and actual unliquidated obligations are shown in Table 3-2.

Part of the explanation for the increase in actual unobligated balances over budget year estimates in 1976 is that Congress approved more budget authority than requested in the original budget. The original budget requested no

budget authority but \$946 million was authorized. For 1977, however, Congress authorized \$200 million less than the \$655 million requested in the budget year.

Problems with UMTA estimates of administrative reservations and obligations is also a part of the explanation of why actual unobligated balances and unliquidated obligations for 1976 and 1977 have differed from budget estimates. As shown in Table 3-3 (Administration Reservations) and Table 3-4 (Obligations) actual administrative reservations and obligations have been close to the amounts estimated in the budget year. However, for each year the current year estimate of reservations and obligations was higher by at least \$500 million in each case.

Table 3-1

UMTA END-OF-YEAR UNOBLIGATED BALANCES:  
BUDGET ESTIMATES AND ACTUAL FOR FISCAL YEARS 1976 AND 1977  
(In millions of dollars)

<u>Year</u>	<u>Budget Estimate</u>		<u>Actual</u>
	<u>Budget Year</u>	<u>Current Year</u>	
1976	\$9,436	\$10,768	\$11,830
1977	8,546	9,099	9,623

Table 3-2

UMTA ULIQUIDATED OBLIGATIONS:  
BUDGET ESTIMATES AND ACTUAL FOR FISCAL YEARS 1976 AND 1977  
(In millions of dollars)

<u>Year</u>	<u>Budget Estimate</u>		<u>Actual</u>
	<u>Budget Year</u>	<u>Current Year</u>	
1976	\$2,984	\$3,451	\$2,346
1977	4,363	3,414	3,007

Table 3-3

UMTA ADMINISTRATIVE RESERVATIONS BUDGET ESTIMATES AND ACTUAL  
FOR FISCAL YEARS 1976 AND 1977  
(In millions of dollars)

<u>Year</u>	<u>Budget Estimate</u>		<u>Actual</u>
	<u>Budget Year</u>	<u>Current Year</u>	
1976	\$1,724	\$2,488	\$1,919
1977	2,484	2,999	2,406

Table 3-4

UMTA OBLIGATIONS:  
BUDGET ESTIMATES AND ACTUAL FOR FISCAL YEARS 1976 AND 1977

<u>Year</u>	<u>Budget Estimate</u>		<u>Actual</u>
	<u>Budget Year</u>	<u>Current Year</u>	
1976	\$1,724	\$2,488	\$1,437
1977	2,484	2,999	2,480

At the appropriation level, it is difficult to explain the program reasons why actual unobligated balances are higher than estimated. The audit of accounts that would be required to do this is beyond the scope of this study. The next chapter does, however, discuss some of the characteristics of the major programs which will help to explain aspects of UMTA unobligated balances.

DOT believes that the increases in unobligated balances which have occurred in 1976 and 1977 in no way suggest that UMTA will be unable to commit funds at a rate sufficient to exhaust most of the existing budget authority by 1980 as planned. The level of administrative reservations and obligations projected for 1978 and 1979 in the 1979 Budget are intended to accomplish this goal.

CHAPTER 4  
UNCOMMITTED BALANCES BY PROGRAM

The UMTA budget does not provide information on unexpended balances by major program category within the appropriation account. This chapter discusses characteristics of major UMTA programs which help to give insight into the nature of UMTA's unobligated balances. The emphasis is on UMTA's uncommitted balances and the degree of discretion UMTA has in using these funds.

Use of Uncommitted Balances in 1977

Table 4-1 shows the unexpended balance of funds available to UMTA at the beginning of fiscal year 1977. However, \$1,484.5 million (\$1,329.1 + \$155.4) of the total is "Committed". Though not legally binding, UMTA feels that these funds are not available for obligation to new projects. Another \$2,245.6 million is obligated but not liquidated. These two subtractions leave \$10,158.7 million available in uncommitted funds for use in fiscal year 1977.

Table 4-2, which was prepared by UMTA at our request, breaks down the \$10,158.7 million in uncommitted budget authority at the beginning of 1977 and, further, shows 1977 activity against that uncommitted authority. This section discusses the activity in 1977 to arrive at the uncommitted balance available for fiscal year 1978 and subsequent years. The second part of this chapter then discusses 1978 in detail to see

Table 4-1

UNEXPENDED BALANCE OF FUNDS AVAILABLE TO UMTA  
AT THE BEGINNING OF FISCAL YEAR 1977  
(Millions of Dollars)

Unobligated Balance of Contract Authority	
Available at beginning of period	
Committed	1,329.1
Uncommitted	10,069.1
Fund Balance (Cash Authority)	
Committed	155.4
Uncommitted	89.6
Unobligated Balance	<u>11,643.2</u>
Obligated Balance, Beginning of Period	
Contract Authority (unfunded)	2,102.2
Fund Balance	<u>134.4</u>
Unliquidated Obligations	<u>2,245.6</u>
Unexpended Balance	\$13,888.8

SCURCE: Appendix to the Budget for Fiscal Year 1978, pg. 582.

TABLE 4-2

CHANGES IN AVAILABLE (UNCOMMITTED) BUDGET AUTHORITY, FISCAL YEAR 1977  
(Millions of Dollars)

	Balance Available 9-30-76	FY'77 Budget Authority	FY'77 Administrative Reservations	Reimbursements, Recoveries, Deobligations	Balance Available 9-30-77
<u>Contract Authority</u>					
Capital Grants <sup>1/</sup>	5316.7	-73.8	-1293.2	2.2	3951.9
Interstate Transfer after May 1976 <sup>2/</sup>	1371.3		-81.5		1289.8
Formula Grants <sup>3/</sup>	<u>3381.0</u>	<u>-4.1</u>	<u>-621.6</u>	<u>0.9</u>	<u>2756.2</u>
Total Contract Authority	10069.0	-77.9	-1996.3	3.1	7997.9
<u>Cash and Loan Authority</u>					
R&D, Training, University Research, Administrative <sup>4/</sup> Expenses (Cash Authority)	2.5	75.8 <sup>6/</sup>	-76.7	.6	2.2
Rail Operating Subsidy <sup>5/</sup>	1.5	55.0	-5.5		51.1
Interstate Transfers before May 1976 <sup>2/</sup>	75.4	400.0	-328.0		147.4
Unrestricted Cash Authority	.6	-2.0		5.4	4.0
Loan Authority	<u>9.6</u>			<u>.2</u>	<u>9.8</u>
Total Other Authority	<u>89.7</u>	<u>528.8</u>	<u>-410.2</u>	<u>6.2</u>	<u>214.5</u>
Total	10158.7	450.9	-2406.5	9.3	8212.4

Notes to Table 4-2

- 1/ Authority available under Section 4(c) of the Urban Mass Transportation (UMTA) Act of 1964, UMTA's basic authority.
- 2/ Due to a change in law, Interstate transfers made before May 1976, are considered cash authority. Interstate transfers made after May 1976, are considered contract authority.
- 3/ Section 5 of the Urban Mass Transportation Act.
- 4/ Sections 6, 10, 11, and 12 of the Urban Mass Transportation Act.
- 5/ Authority from the "4-R" Act.
- 6/ In FY '77, UMTA received new budget authority of \$455 million--\$400 million to liquidate Interstate transfers made before May, 1978 and \$55 million to liquidate rail operating subsidies under the "4-R" Act. All other budget authority comes from the UMT Act of 1964. The \$75.8 million for cash authority is offset by \$73.8 million of contract authority and \$2.0 million of unrestricted cash authority.
- 7/ Includes \$43.2 million for technical grants.

what discretionary funds are available and to determine if excess funds are apparent.

In fiscal year 1977, UMTA received new budget authority of \$455 million to cover obligations for the rail operating subsidy program and Interstate transfer program (transfers made before May 1976). The other changes in budget authority, which result in a net decrease of \$4.1 million, suggests the complexity of some aspects of the UMTA account.

The obligation ceiling for formula grants is spelled out by law. The 1977 ceiling was \$650 million. Actual reservations were \$621.6 million. States have 3 years to utilize funds under this program.

Funds Available for 1978 and Subsequent Years

The previous section showed that \$8.2 billion in uncommitted budget authority would be available in 1978. Table 4-3 summarizes the \$8.2 billion in uncommitted authority shown in the last column of Table 4-2:

TABLE 4-3

UNCOMMITTED BALANCE OF BUDGET AUTHORITY  
AT BEGINNING OF 1978  
(millions of dollars)

<u>Program</u>	<u>Amount</u>
Formula Grants	\$2,756.2
Interstate Transfers	1,437.2
Capital Grants	3,951.9
Other	<u>67.1</u>
Total	\$8,212.4

The sections of this chapter which follow examine each major program to determine the degree of discretion available in the use of the funds. The small category "other" is not discussed in detail.

Formula Grants. UMTA has little control over the allocation of formula grants. Funds are allocated among urban areas with a population over 50,000 according to a formula specified by law that gives equal weight to population and population density. UMTA monitors the program to assure compliance with appropriate regulations; however, local officials decide whether the funds will be used to finance capital projects or to help cover transit or operating deficits. Federal funds may be used to cover 80 percent of the capital projects or up to 50 percent of the operating deficit. Historically, 94 percent of formula grant funds have been used for operating deficits.

The rate at which formula grant spending can grow is limited by ceilings on annual appropriations specified in the legislation. Table 4-4 shows the annual appropriation ceilings.

TABLE 4-4  
APPROPRIATION CEILINGS FOR FORMULA GRANTS  
(in millions of dollars)

<u>Year</u>	<u>Amount</u>
1975	\$ 300
1976	500
1977	650
1978	775
1979	850
1980	900
	\$3,975

Adding the last three entries shows that \$2.525 billion of the total amount available is earmarked for fiscal years 1978, 1979, and 1980. Subtracting the \$2.525 billion in earmarked funds from the \$2,756.2 in uncommitted formula grant funds shown in Table 4-5 reveals the fact that only \$231.2 million of the total could have been committed but was not. The \$231.2 million is uncommitted primarily because states have 3 years to obligate funds provided for any given year; therefore, all funds for 1977 and 1976 may not have been obligated. (If not obligated in 3 years, funds lapse.)

Table 4-5

UMTA ADMINISTRATION RESERVATIONS OF FORMULA GRANTS FOR 1975, 1976, and 1977: BUDGET ESTIMATE VERSUS ACTUAL

(In millions of dollars)

<u>Year</u>	<u>Estimate</u>		<u>Actual</u>
	<u>Budget Year</u>	<u>Current Year</u>	
1975	--	300	152
1976	500	648	390
1977	650	996	662

Interstate Transfer Grants. Since 1973 when the Interstate transfer grant program was first authorized, a number of changes have occurred in how funds reserved for highway use can be transferred to UMTA, in what transit activities can be financed, and in how the transfer grant program is budgeted and accounted for. Jurisdictions can now transfer grants to UMTA without specifying in advance the use to be made

of the funds, thereby increasing UMTA unobligated balances. Although Congress sets limits in appropriation statutes on the amount of grants which can be transferred in preparing budget estimates, UMTA must try to estimate the use likely to be made of this transfer authority by State and local governments.

The interstate transfer program had roughly the same level of uncommitted budget authority at the end of 1977 (\$1.4 billion) that it had at the beginning of 1977. The other major programs showed a decrease in the level of the uncommitted balance. Therefore, the percentage of the unexpended balance due to the interstate transfer program increased over the year. UMTA officials state that they have little control over the timing of requests for interstate transfers and that the law now permits jurisdictions to transfer funds to UMTA without specifying in advance the exact use to be made of the funds. Estimated and actual administration reservations for Interstate transfer grants for fiscal years 1975, 1976, and 1977 are shown in Table 4-6. Capital Grants. The capital grant program pays 80 percent of the cost of bus purchases, rail modernization and extension projects, and construction of new rail systems. In line with congressionally mandated ceilings on administrative reservations, UMTA has been programming its commitments so that capital grant funds will be committed evenly through fiscal year 1980. Table 4-2 showed administrative

reservations in 1977 of \$1,293 million, for capital grants and technical grants. If this amount is also committed for fiscal years 1978, 1979, and 1980, the amount committed in these three years would be \$3,879 million, just \$73 million less than the \$3,952 uncommitted balance available at the end of 1977. As shown in Table 4-7, UMTA has been able to anticipate rather closely the administrative reservations actually made for fiscal years 1975, 1976 and 1977. About 30 percent of the capital funds are programmed for bus replacement. The remaining 70 percent goes to rail, being split fairly evenly between new rail systems and modernization of existing rail.

TABLE 4-6  
DETAIL OF UMTA UNOBLIGATED BALANCES  
AT THE CLOSE OF FISCAL YEAR 1977: BUDGET ESTIMATES AND ACTUAL  
 (in millions of dollars)

<u>Type of Balance</u>	<u>1977 Budget Year</u>	<u>1977 Est. Year</u>	<u>1977 Actual Year</u>
<u>Contract Authority</u>			
Committed	598	1,329	1,386
Uncommitted	<u>7,886</u>	<u>7,576</u>	<u>7,481</u>
Subtotal:	8,484	8,905	8,867
 <u>Fund Balance:</u>			
Committed	24	155	25
Uncommitted	<u>38</u>	<u>39</u>	<u>731</u>
Subtotal:	<u>62</u>	<u>194</u>	<u>756</u>
 TOTAL:	 8,546	 9,099	 9,623

TABLE 4-7  
UMTA ADMINISTRATIVE RESERVATIONS OF INTERSTATE TRANSFER GRANTS:  
FOR 1976 AND 1977: BUDGET ESTIMATE VERSUS ACTUAL  
 (In millions of dollars)

<u>Year</u>	<u>Estimate</u>		<u>Actual</u>
	<u>Budget Year</u>	<u>Current Year</u>	
1976	200	632	338 <u>1/</u>
1977	575	575	409

1/ In addition, \$215 was reserved in the Transition Quarter.

TABLE 4-8

UMTA ADMINISTRATIVE RESERVATIONS OF CAPITAL GRANTS FOR 1976  
AND 1977: BUDGET ESTIMATE VERSUS ACTUAL  
(In millions of dollars)

<u>Year</u>	<u>Estimate</u>		<u>Actual</u>
	<u>Budget Year</u>	<u>Current Year</u>	
1976	1,100	1,100	1,091
1977	1,125	1,250	1,250

The Congressional Budget Office (CBO) report states that UMTA has approved virtually all applications for modernization of bus fleets and has approved most rail modernization projects. The CBO in its March 1977 staff paper 1/ on UMTA states that the bus and rail modernization programs are fairly uniform from year to year and follow historical replacement cycles:

Proposals for bus and rail modernization are relatively easy to forecast since they follow historical trends as well as vehicle replacement cycles. The current level of bus proposals is about \$350 million a year with rail modernization proposals running at least twice this amount. However, the number of proposals tends to follow the level of available funds. For example, if UMTA were to receive a substantial increase in budget authority, an increase in the number and size of proposals could be expected.

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1/"UMTA Funding--Is It Adequate?" by Richard Mudge and Porter Wheeler, Congressional Budget Office, March, 1977.

New Rail Systems. Since the 1973 and 1974 changes in legislation affecting transit programs, a considerable portion of UMTA's budget has been devoted to building rail systems in cities which previously did not have a rail system. Actual construction is underway in two cities and will be underway in additional cities in the near future.

UMTA has made "formal sum-certain commitments" to Baltimore (for an 8.5 mile heavy-rail segment), Atlanta (for a 13.7 mile segment), and Philadelphia (for the Center City Tunnel).

"Commitments in principle" have been made to Buffalo (for a 6.4 mile light-rail segment), Detroit (use undetermined), Miami (use undetermined), and to four cities for down-town people movers (Cleveland, Houston, Los Angeles, and St. Paul). In addition, UMTA anticipates some commitment to Honolulu and Los Angeles in the future. Table 4-8, prepared by UMTA, summarizes the status of UMTA commitments to September 30, 1977.

If UMTA continues their rail programs through 1980, at their current level of activity, they will be able to finance the rail segments under the category "formal-sum certain commitments" while maintaining other existing programs at current levels. However, as demonstrated in Table 4-9, very little would be left over to fund projects under the category "commitments in principle", or add new segments to projects in the category "formal sum-certain commitments", or to begin projects in new cities.

TABLE 4-9

UMTA COMMITMENT STATUS  
(Millions of Dollars)

City	Description of project	Total commitment	Obligations to 9-30-77	Balance to complete
<u>Formal Sum-Certain Commitments</u>				
(New Starts)				
Baltimore	8.5 mile, heavy rail	500	276	224
Atlanta	13.7 mile, heavy rail	680	571	109
Philadelphia	Center City Tunnel	<u>240</u>	<u>25</u>	<u>215</u>
Subtotal		1420	872	548
<u>Commitments in Principle</u>				
(New Starts)				
Buffalo	6.4 mile, light rail	269	8	261
Detroit	undetermined	600	0	600
Miami	undetermined	575	15	560
Downtown People Movers		<u>220</u>	<u>1</u>	<u>219</u>
Subtotal		1664	24	1640
Modernization and Extensions)				
North New Jersey		476	161	315
Chicago		<u>209</u>	<u>104</u>	<u>105</u>
Subtotal		685	265	420
<u>Commitment under Bus and Paratransit Program</u>				
		<u>188</u>	<u>84</u>	<u>104</u>
Grand Total		3957	1245	2712

TABLE 4-10

ESTIMATED FUNDS AVAILABLE FOR NEW RAIL PROJECTS  
THROUGH FISCAL YEAR 1980

Uncommitted Contract Authority available 9-30-77	\$ 3,952
Continuation of existing programs at the 1977 level for 3 years 1977 through 1980 (deduct) <u>1/</u>	-- <u>3.060</u>
Balance available for new rail projects	\$ 883
Sum-Certain Commitments (deduct)	- <u>548</u>
Uncommitted balance available for commitments in principle or for extensions of systems funded by sum-certain commitments	\$ 335

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1/ Existing programs and the approximate amount of reservations made in 1977 are;

-- bus purchase and rail modernization	\$ 890 million
-- technical studies	50 million
-- R&D, training, university research and administration expenses	<u>83 million</u>
TOTAL	\$1,023 million

The uncommitted balance available to UMTA would not provide funds for extensions of systems now under construction which have received sum-certain commitments. For example, the Atlanta subway as originally approved by UMTA was for a 50 mile system; however, UMTA has agreed to fund only the first 13.7 mile segment of that system.

CHAPTER 5  
ISSUES

In January, the Administration sent to Congress a legislative proposal that would provide more than \$50 billion over the next five years for highway construction and public transportation development. This legislation would make changes in the UMTA programs discussed in this report. For example, the Administration plan would broaden the transit formula grant program to make it the source of assistance for all routine capital activities, such as rolling stock replacement and system modernization, as well as for operating expenses. Routine capital projects would no longer be eligible for discretionary grants, except under emergency circumstances. The formula grant program would also be the source of funds for commuter rail operating assistance and for assistance of the elderly and handicapped. Existing categorical programs for these purposes would be discontinued. The present formula for apportioning transit grants, which considers only population and population density, would also be broadened. The legislation would convert the discretionary capital grant program from one designed to fund most public transit capital needs to one intended primarily to assist major mass transportation capital investments such as the construction of new fixed guideway systems, the extension of existing systems, major bus acquisition programs, and joint development projects.

There are several issues related to our analysis of unexpended UMTA balances which should be considered in evaluating legislation proposals such as that made by the Administration. The following paragraphs discuss three of these:

- Advanced funding and full funding
- Level of funding for new rail systems
- Complexity of financing.

#### Advanced Funding and Full Funding

The Federal-aid Highway Act of 1973 and the National Mass Transportation Assistance Act of 1974 provided UMTA with \$11.8 billion in multiyear contract authority with no expiration date. This funding mechanism was chosen to provide advanced funding authority for UMTA. The Congress recognized that many of the projects that UMTA funds, such as building heavy rail transit systems, require commitments over a long period of time and commitments to local governments long before construction actually begins. When considering how much funds to make available for operating subsidies and other transit programs, State and local governments also have need to know how much Federal money is likely to be available.

By changing UMTA's method of financing from contract authority to appropriations, programs under the new legislation would be funded by appropriations provided on a regular basis; therefore, the unexpended balance should

be smaller and more predictable. But Congress needs to evaluate whether the five-year authorization combined with two-year appropriation will provide the desired degree of assurance about future funding levels. It also needs to reconcile the method of advanced funding with the concept of full funding.

Full funding requires that spending authority be available in sufficient amount to "fully fund" all spending present and future, when a project is approved. In UMTA's case, there is some question as to when a project is approved or what constitutes a project.

Current UMTA practice is to fully fund each grant once it has become a commitment. This practice does not conform to the general definition given above, since each approved project will be funded through a number of grants. For example, the Phase I segment of the Atlanta subway was funded through 9 grants (technically, 1 grant and 8 amendments).

The rapid transit grant for Atlanta is committed to a total of nearly \$800 million, making it one of largest to date. UMTA was first involved with the Atlanta rail system in the mid-sixties, when an UMTA Technical Studies grant funded the development of a plan for the system. It received its first funding of \$69,533,333 in June 1973. The ground breaking for the rail rapid system was February 19, 1975. The last grant was released on October 6, 1977, and brought the total Federal obligation to \$799,933,333.

Thus, UMTA has been involved in financing the planning and construction of the Atlanta system for over ten years. Construction should be completed in 1978. The following table displays the history of UMTA commitments to date:

HISTORY OF UMTA COMMITMENTS

June 29, 1973	(original grant 2/3-1/3)	\$ 69,533,333
June 27, 1974	(Amendment No. 1-80%)	50,400,000
February 19, 1975	(Amendment No. 2)	80,000,000
June 30, 1975	(Amendment No. 3)	69,971,000
December 11, 1975	(Amendment No. 4)	160,000,000
June 27, 1976	(Amendment No. 5)	50,437,800
September 27, 1976	(Amendment No. 6)	79,455,200
January 17, 1977	(Amendment No. 7)	132,000,000
October 6, 1977	(Amendment No. 8)	108,136,000
Grand Total		<u>\$799,933,333</u>

This funding is for the first 13.7 miles of the rapid transit system which Atlanta hopes will extend to 50 miles. The full-funding commitment covers only this initial phase, although the funds did provide money for designing the next segment. As can be seen from the funding history of Atlanta, very large amounts of money must be reserved for a considerable time period if Congress wishes UMTA to fund major capital projects under a true full funding concept.

Amount of Funds for New Rail Systems

Material published by the Department of Transportation concerning the new proposal suggests that the funds available for the discretionary grant program from 1980 through 1984 would allow the part of the discretionary grant program that finances major rail systems to continue at the present level

of funding into the mid-1980's. As noted in Chapter 4, UMTA has made commitments to build segments of rail systems in several cities in the categories "formal sum-certain commitments" and "commitments in principle." Formal sum-certain commitments can be funded by the end of 1980 within existing authority. Continuing the present program level through 1984 would allow funding the "commitments in principle" (See Table 4-10). Only very small amounts of funds would be available to fund additional segments of the currently approved systems or to start a new project.

Congress needs to consider carefully its policies for funding rail systems when it evaluates the level of funding to be provided in future capital grant programs.

#### Complexity of Financing

The UMTA appropriation account described in this report is a complex one, making it difficult to relate financing considerations (such as changes in unobligated balances) to underlying program performance. The present program for linking highway and transit funding is especially complex. One consideration in changing the legislation would be to simplify the financing arrangements as much as possible to facilitate monitoring program performance.

**APPENDIX**

TABLE 2  
 UNEXPENDED BALANCES  
 (In millions of dollars)

Fiscal Year	Budget Year Estimate	Current Year Estimate	Actual	% Deviation Budget Year from Actual <u>1/</u>	% Deviation Current Year from Actual <u>2/</u>
1970			432		
1971		3,316	3,355		-.1
1972	2,989	3,076	3,124	-4.3	-1.3
1973	2,686	5,744	2,704	-.7	112.
1974	5,250	5,181	5,345	-.6	-3.
1975	4,481	13,486	14,779	-70.	-9.
1976	12,420	14,219	14,176	-12.	.3
TQ		13,849	13,889		.29
1977	12,919	12,514	12,631	2.2	-.9
1978	10,744	11,140			
1979	9,090				

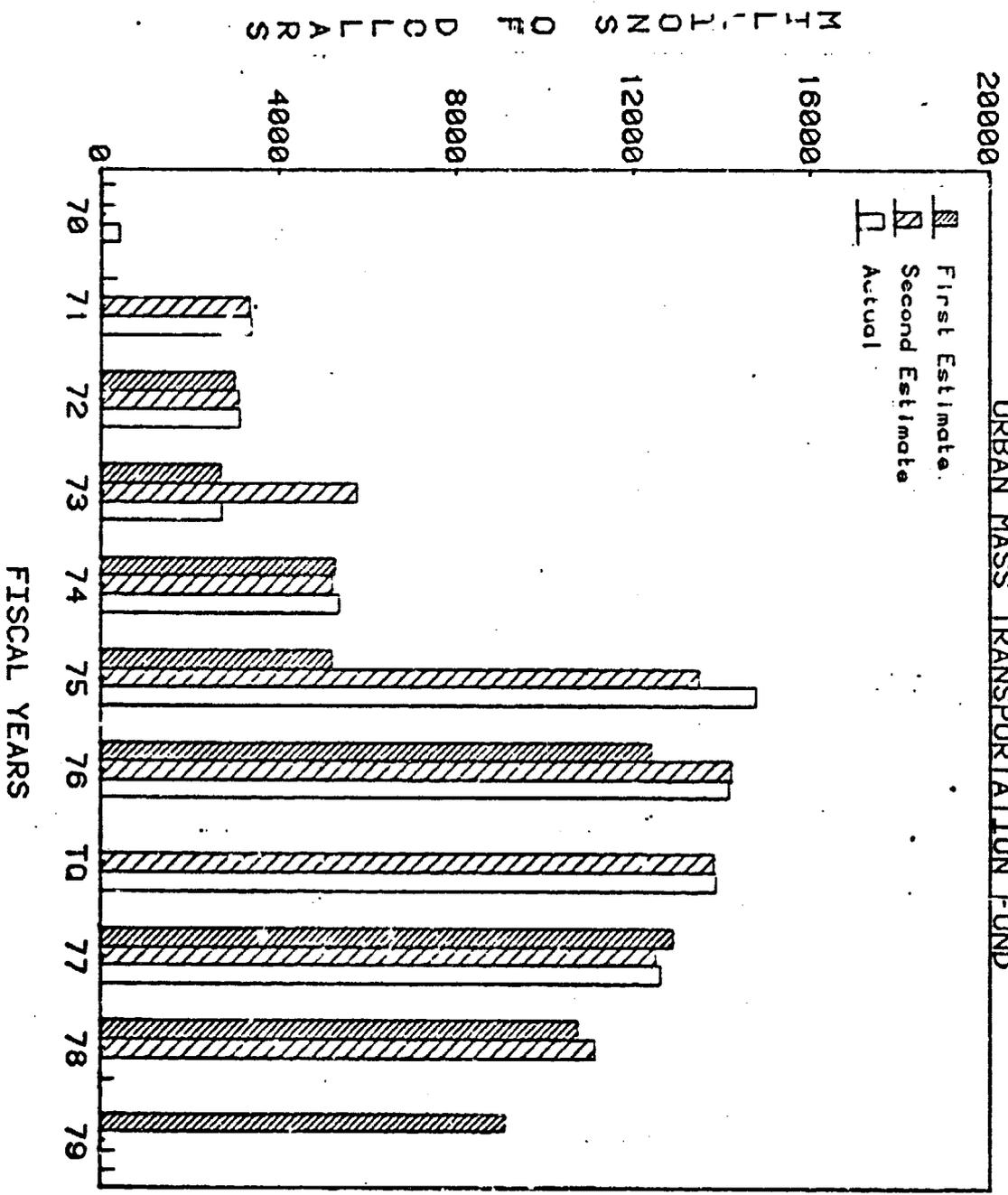
$\frac{1}{B-A}$  (100) = % deviation of Budget Year estimate for actual.

$\frac{2}{C-A}$  (100) = % deviation of budget year from actual.

NOTE: Table 1 was omitted.

TABLE 2-1

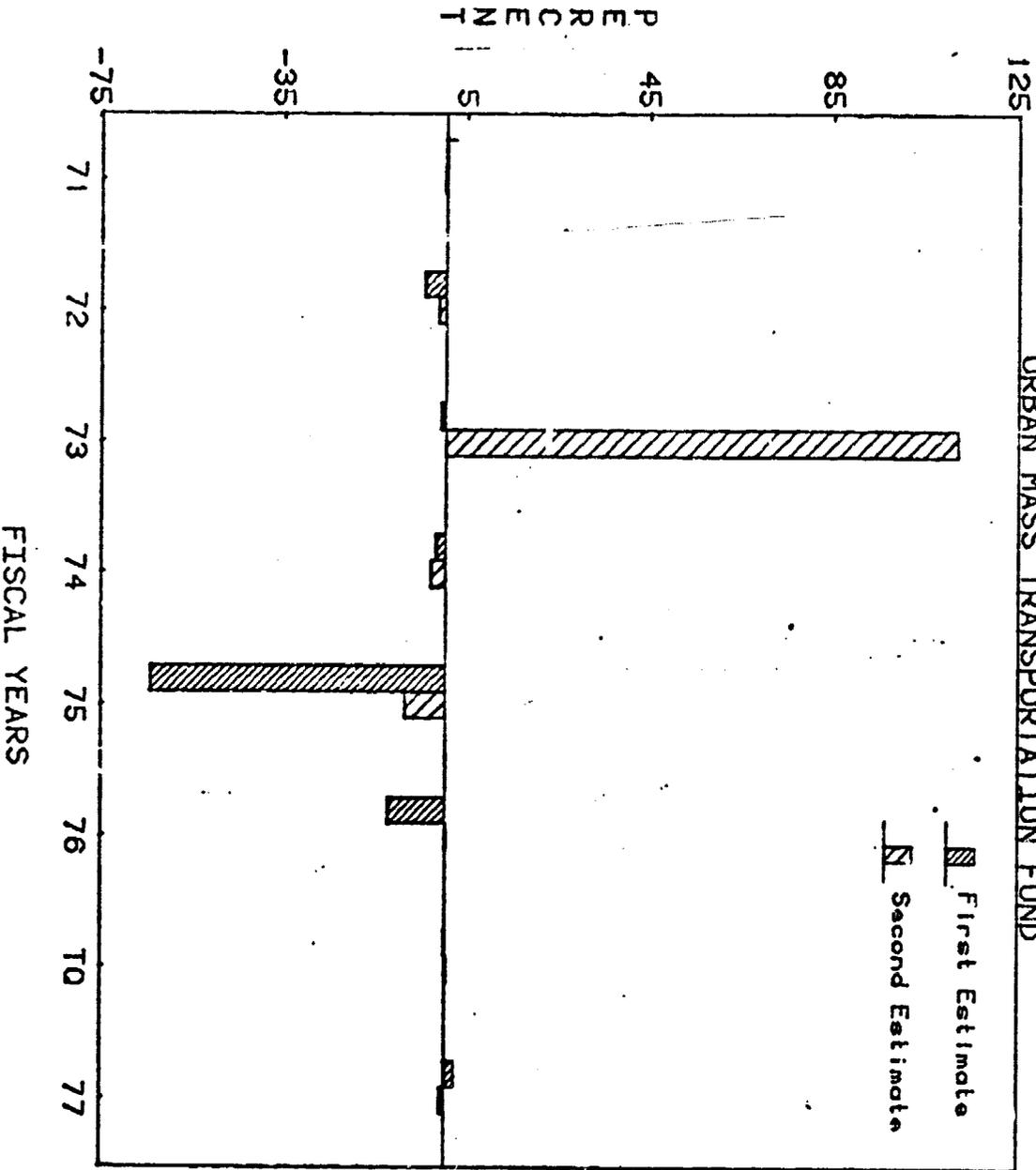
COMPARISON OF ESTIMATED AND ACTUAL UNEXPENDED BALANCES  
 URBAN MASS TRANSPORTATION FUND



Note: Estimates for fiscal years 1970 and 1971 not included.

TABLE 2-2

UNEXPENDED BALANCES - PERCENT DIFFERENCE ESTIMATES FROM ACTUAL  
 URBAN MASS TRANSPORTATION FUND



Note: First estimate percent differences for fiscal year 1971 not included.

TABLE 3

UNOBLIGATED BALANCES  
(In millions of dollars)

Fiscal Year	Budget Year Estimate	Current Year Estimate	Actual	% Deviation Budget Year from Actual <u>1/</u>	% Deviation Current Year from Actual <u>2/</u>
1970			225		
1971		3,068	2,941		4.2
1972	2,462	2,394	2,437	1.	-1.8
1973	1,395	4,459	1,420	-1.8	214.
1974	3,460	3,402	3,805	-9.	-10.5
1975	2,054	11,151	12,573	-83.7	-11.3
1976	9,436	10,768	11,830	-20.2	-8.9
TQ		10,372	11,643		-10.9
1977	8,546	9,099	9,623	-11.2	-5.4
1978	6,579	6,953			
1979	4,257				

$\frac{1/B-A}{A} (100) = \% \text{ deviation of Budget Year estimate from actual.}$

$\frac{2/C-A}{A} (100) = \% \text{ deviation of budget year from actual.}$

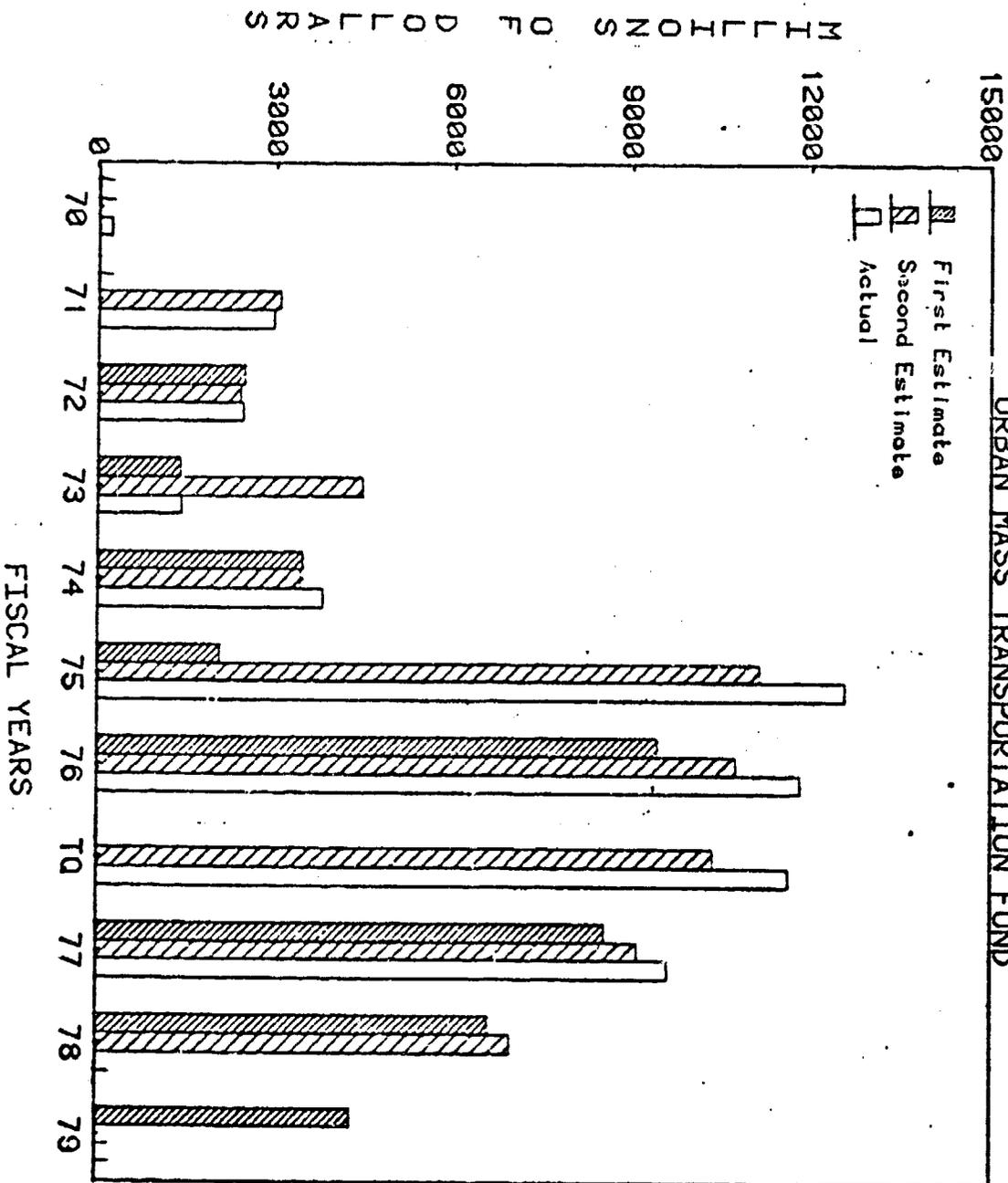
A = Actual

B = budget year estimate

C = current year estimate

TABLE 3-1

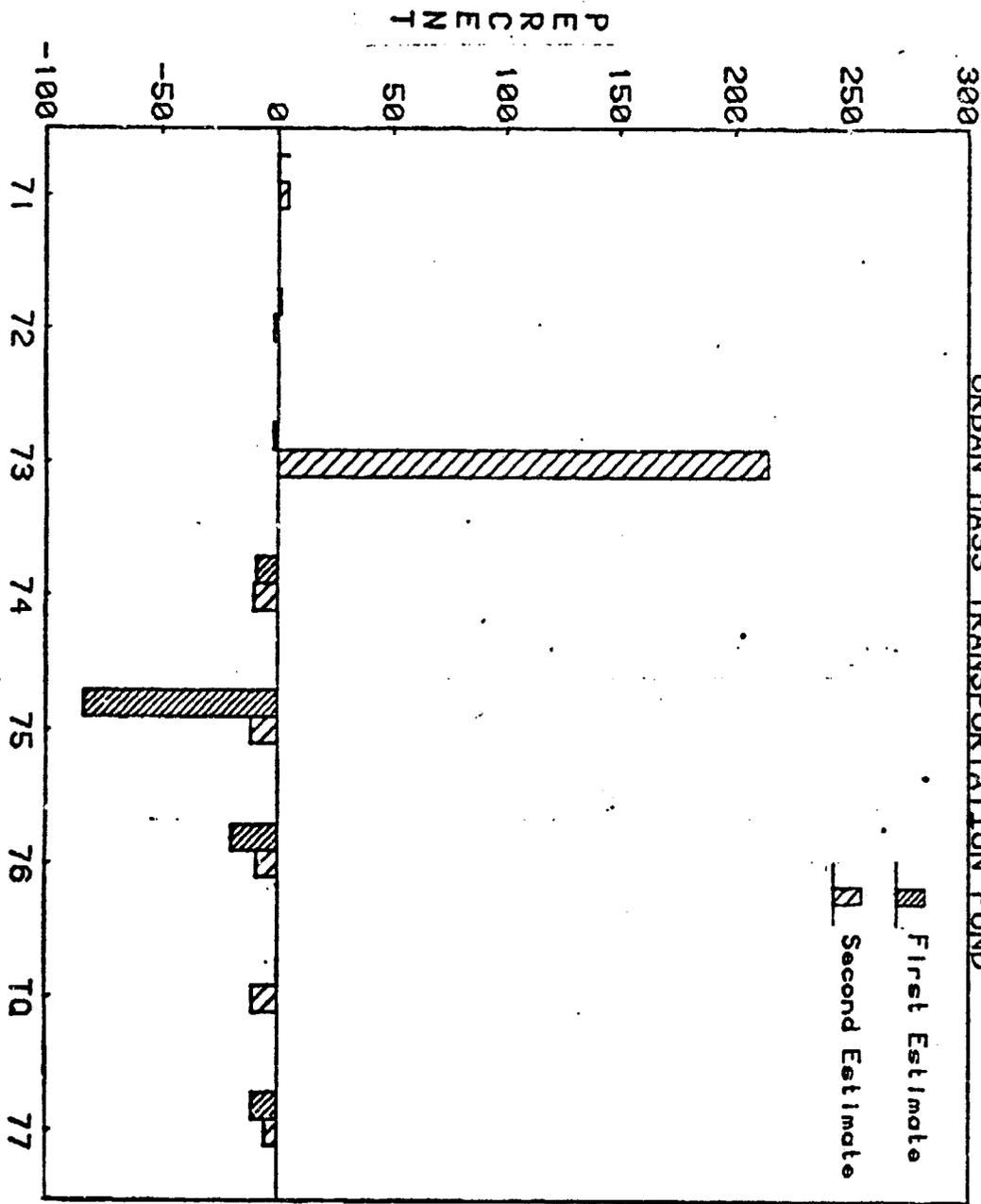
COMPARISON OF ESTIMATED AND ACTUAL UNOBLIGATED BALANCES  
URBAN MASS TRANSPORTATION FUND



Note: Estimates for fiscal years 1970 and 1971 not included.

TABLE 3-2

UNOBLIGATED BALANCES - PERCENT DIFFERENCE ESTIMATE FROM ACTUAL  
 URBAN MASS TRANSPORTATION FUND



Note: First estimate percent differences for fiscal year 1971 not included.

TABLE 4

UNLIQUIDATED OBLIGATIONS  
(In millions of dollars)

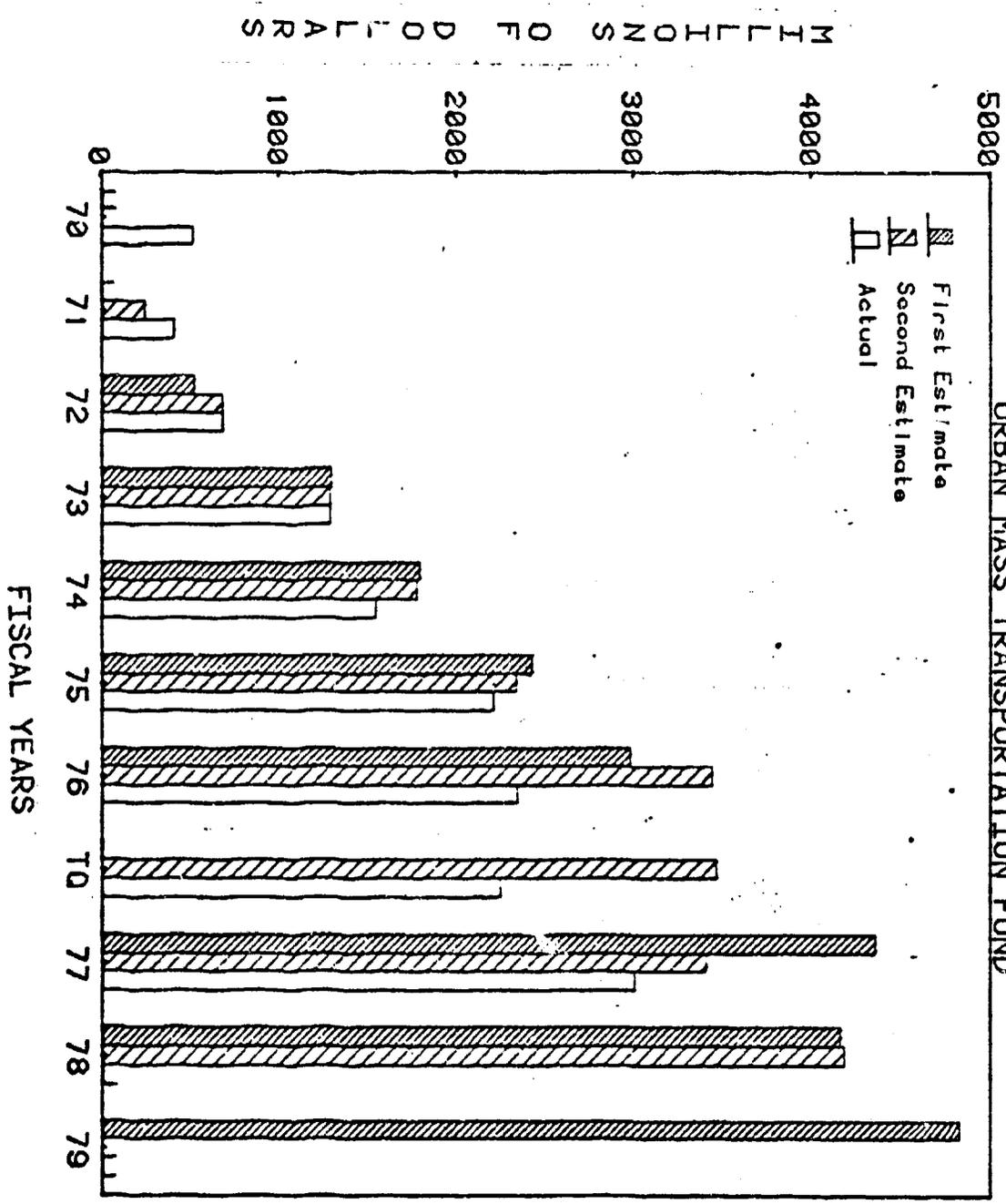
Fiscal Year	Budget Year Estimate	Current Year Estimate	Actual	% Deviation Budget Year from Actual <sup>1/</sup>	% Deviation Current Year from Actual <sup>2/</sup>
1970			570		
1971		248	414		-40.0
1972	528	682	687	-23.2	-.7
1973	1,291	1,284	1,285	.5	0.
1974	1,790	1,779	1,540	16.2	15.47
1975	2,427	2,335	2,206	10.	5.9
1976	2,984	3,451	2,346	27.2	47.1
TQ		3,476	2,246		54.8
1977	4,373	3,414	3,007	45.1	13.0
1978	4,165	4,186			
1979	4,833				

$\frac{1/B-A}{A} (100) = \% \text{ deviation of Budget Year estimate for actual.}$

$\frac{2/C-A}{A} (100) = \% \text{ deviation of budget year from actual.}$

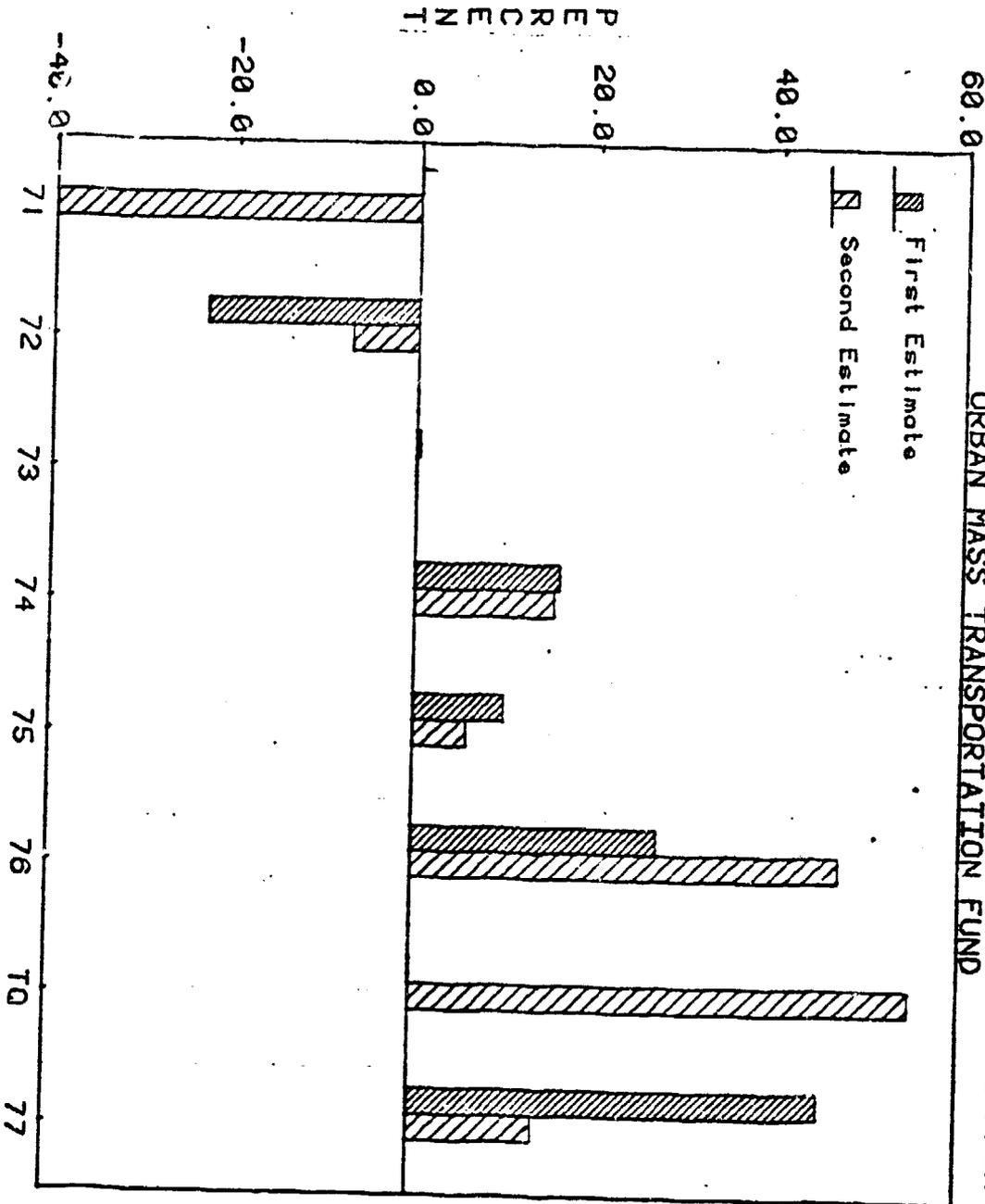
TABLE 4-1

COMPARISON OF ESTIMATED AND ACTUAL UNLIQUIDATED BALANCES  
 URBAN MASS TRANSPORTATION FUND



Note: Estimates for fiscal years 1970 and 1971 not included.

TABLE 4-2  
 UNLIQUIDATED OBLIGATIONS - PERCENT DIFFERENCE ESTIMATE FROM ACTUAL  
 URBAN MASS TRANSPORTATION FUND



Note: First estimate percent differences for fiscal year 1971 not included.

TABLE 5  
OBLIGATIONS  
(In millions of dollars)

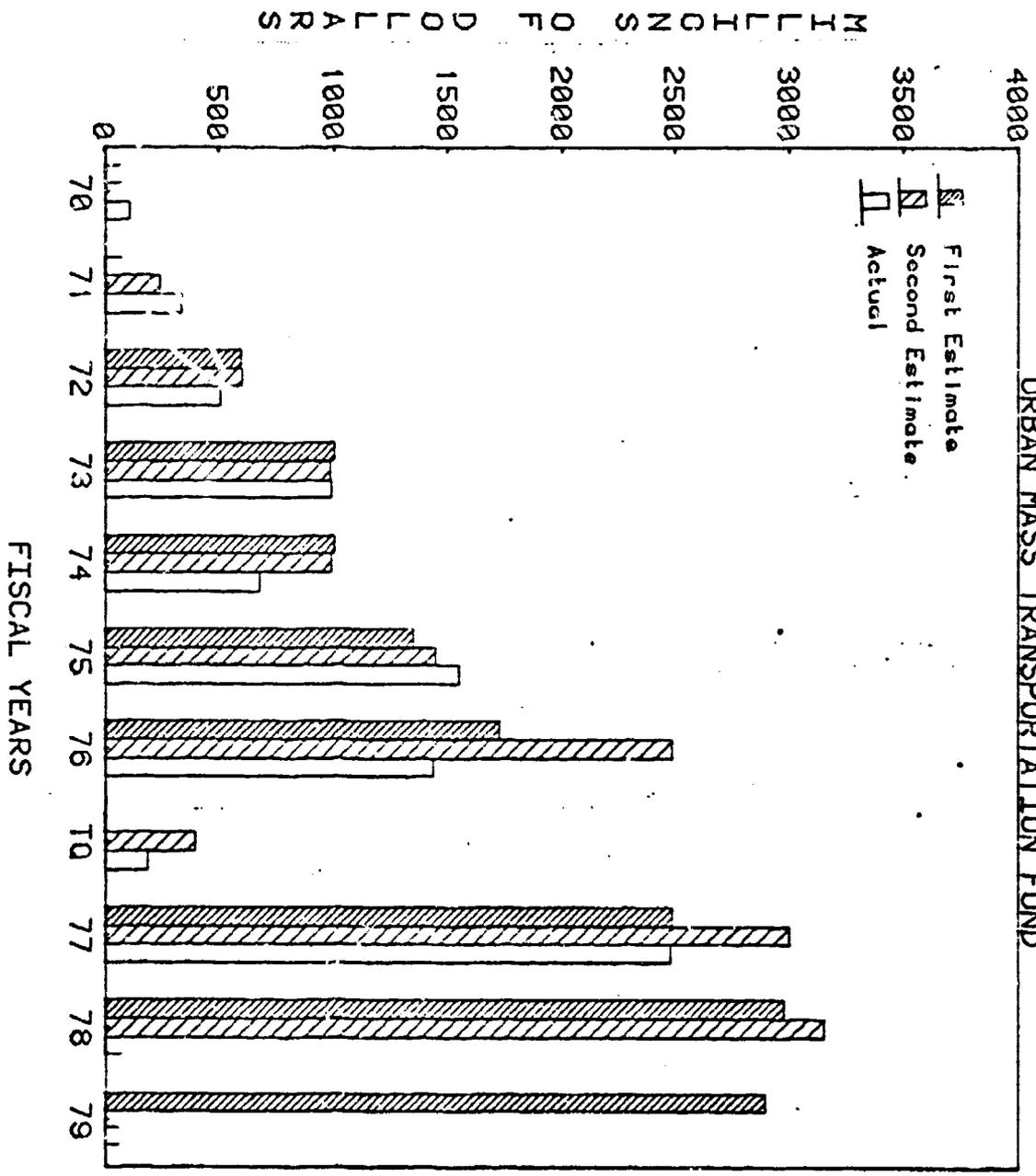
Fiscal Year	Budget Year Estimate	Current Year Estimate	Actual	% Deviation Budget Year from Actual <sub>1/</sub>	% Deviation Current Year from Actual <sub>2</sub>
1970			110		
1971		246	334		-26.2%
1972	600	606	508	18.1	19.3
1973	1,000	980	989	1.1	-.9%
1974	1,000	986	676	47.9%	45.7%
1975	1,351	1,445	1,549	-12.8	-6.7
1976	1,724	2,488	1,437	19.9	73.1%
TQ		396	189		110.9
1977	2,484	2,999	2,480	.14%	20.9
1978	2,975	3,154			
1979	2,897				

$\frac{1/B-A}{A} (100) = \% \text{ deviation of Budget Year estimate for actual.}$

$\frac{2/C-A}{A} (100) = \% \text{ deviation of budget year from actual.}$

TABLE 5-1

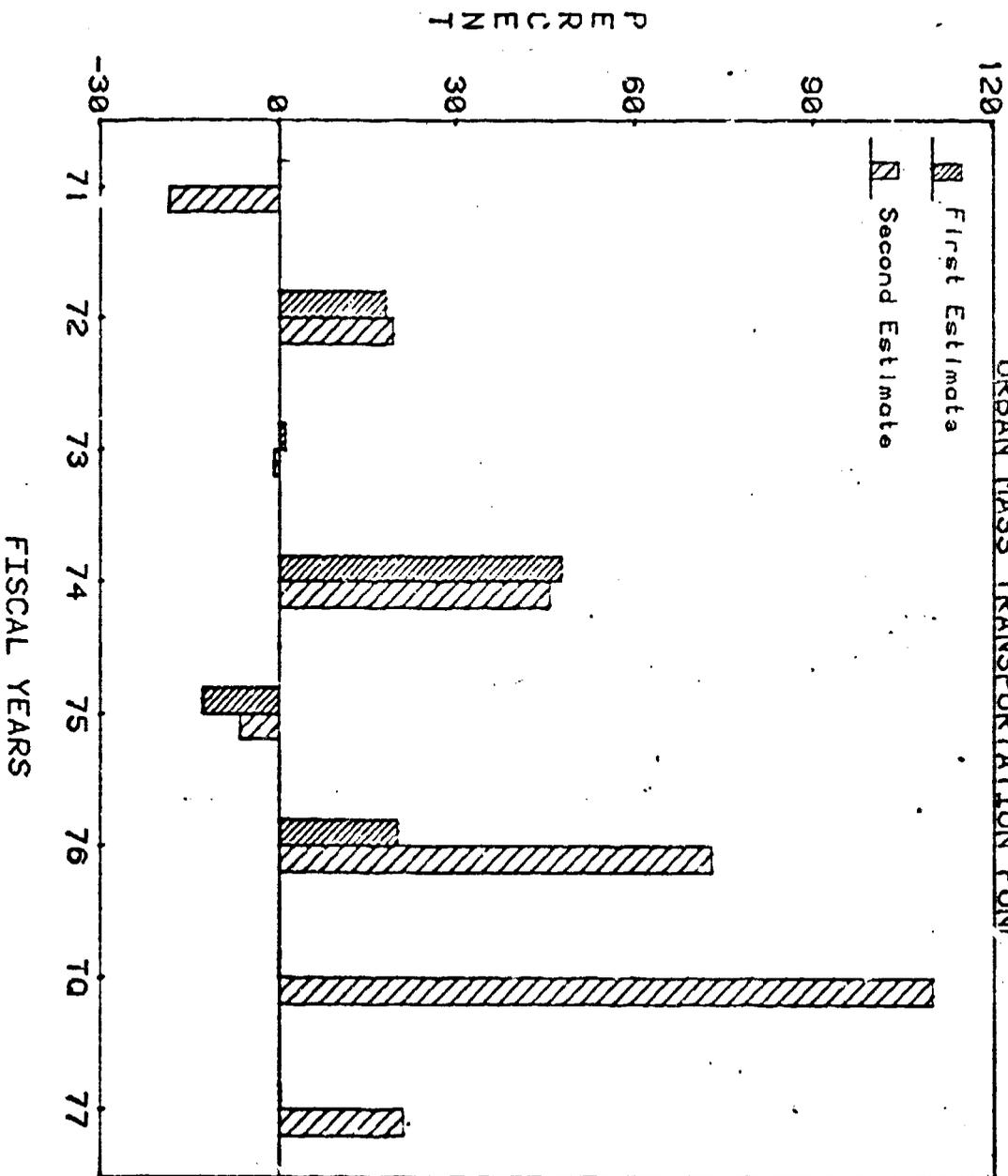
COMPARISON OF ESTIMATED AND ACTUAL OBLIGATIONS  
 URBAN MASS TRANSPORTATION FUND



Note: Estimates for fiscal years 1970 and 1971 not included.

TABLE 5-2

OBLIGATIONS - PERCENT DIFFERENCE ESTIMATES FROM ACTUAL  
 URBAN MASS TRANSPORTATION FUND



Note: First estimate percent differences for fiscal year 1971 not included.