



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 7, 2002

H.R. 4687

National Construction Safety Team Act

As ordered reported by the House Committee on Science on May 22, 2002

SUMMARY

H.R. 4687 would authorize the National Institute of Standards and Technology (NIST) within the Department of Commerce to establish National Construction Safety Teams to investigate the structural causes of building failures that cause substantial loss of life. The bill would authorize the appropriation of \$75 million over three years for this purpose. NIST also would be allowed to accept and spend monetary gifts to support the teams.

CBO estimates that maintaining a Construction Safety Team program prepared to respond to building failures would cost about \$2 million a year during the 2003-2007 period. The amount of the added costs for investigations would depend upon the number and size of the building failures that occur during a given year. Although the agency is incurring significant costs to investigate the terrorists attacks on the World Trade Center, historically, the frequency and cost of investigating such building failures has been small. These amounts would be subject to the availability of appropriated funds.

The provisions of H.R. 4687 related to the acceptance of monetary gifts could affect both revenues and direct spending; therefore, pay-as-you-go procedures would apply. We expect that any such effects would be less than \$500,000 a year.

H.R. 4687 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the total costs associated with the mandate would be small, and therefore, would not exceed the threshold established in UMRA (\$58 million for intergovernmental mandates in 2002, adjusted annually for inflation).

H.R. 4687 also contains a private-sector mandate as defined in UMRA. CBO expects that the direct costs of the mandate would be well below the annual threshold established by UMRA (\$115 million for private-sector mandates in 2002, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

H.R. 4687 would authorize the appropriation of \$25 million a year over three years for NIST to send teams to investigate the structural causes of major building collapses. CBO expects that the agency would need to maintain the personnel and equipment necessary to respond to any collapses that occur, as well as to write an annual report required under the bill. Based on information from NIST, CBO estimates that these costs would amount to about \$2 million a year, assuming the appropriation of the necessary amounts. Excluding the World Trade Center investigation, the historical costs of federal investigations into collapsed building incidents have been only a few million dollars (or less) each year.

The amount of the additional costs NIST would incur to investigate specific incidents would depend greatly on the number and size of the collapses that occur during a specific year. For example, similar investigations conducted by NIST and by the Federal Emergency Management Agency (FEMA) have cost less than \$500,000 a year. However, the total cost to the two agencies of investigating the collapse of the World Trade Center could cost as much as \$57 million over the next several years. Over the next three years, any additional costs for new investigations would be subject to the availability of appropriated funds from the \$75 million that would be authorized to be appropriated by this bill.

H.R. 4687 would allow NIST to accept and spend monetary gifts for the National Construction Safety Team program. Although NIST is not allowed under current law to receive any such gifts, the Department of Commerce does possess this authority. Any additional gifts accepted or spent under this bill would be classified in the federal budget as revenues and direct spending. However, CBO expects that these effects would be less than \$500,000 in each year.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Although H.R. 4687 could affect both direct spending and receipts, CBO estimates that any such effects would be less than \$500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 4687 would authorize the Director of the National Institute of Standards and Technology to establish National Construction Safety Teams and to issue subpoenas on their behalf. Such power would constitute an intergovernmental mandate as defined in UMRA.

CBO expects that the probability of an event resulting in substantial loss of life is low, and that state and local governments would likely comply voluntarily with federal investigators. Therefore, CBO estimates that the costs of complying with the mandate would be low and would not exceed the threshold established in UMRA (\$58 million in 2002, adjusted annually for inflation). The remaining provisions of the bill contain no intergovernmental mandates and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 4687 contains a private-sector mandate as defined by the UMRA. Section 6 would require private-sector entities, if subpoenaed, to provide testimony and evidence related to matters the National Construction Safety Team would be empowered to investigate. Such a requirement would be a private-sector mandate as defined by UMRA. CBO expects that the probability of an event that would trigger such an investigation is very low. Consequently, although the precise number of individuals likely to be subpoenaed under this provision is uncertain, CBO expects that the direct cost of the mandate to private-sector entities would be well below the annual threshold established by UMRA (\$115 million in 2002, adjusted annually for inflation).

ESTIMATE PREPARED BY:

Federal Costs: Ken Johnson

Impact on State, Local, and Tribal Governments: Elyse Goldman

Impact on the Private Sector: Cecil McPherson

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis