CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 14, 2003

H.R. 2144
Aviation Security Technical Corrections and Improvements Act of 2003

As ordered reported by the House Committee on Transportation and Infrastructure on June 25, 2003

SUMMARY

CBO estimates that H.R. 2144 would authorize the appropriation of $7.7 billion over the 2004-2008 period for programs related to aviation security. Those programs would be administered by the Under Secretary for Border and Transportation Security, primarily through the Transportation Security Administration (TSA). CBO estimates that implementing the bill would cost $6.9 billion over the next five years, assuming appropriation of the necessary amounts. We also estimate that H.R. 2144 would increase offsetting receipts and direct spending, but by less than $500,000 annually. Enacting the bill would not affect revenues.

H.R. 2144 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). However, CBO estimates that any costs imposed on state, local, or tribal governments would not be significant and would not exceed the threshold for intergovernmental mandates established by that act ($59 million in 2003, adjusted annually for inflation). The bill would benefit public airports by authorizing funds to reimburse them for costs they incur to assist the TSA.

H.R. 2144 would impose a private-sector mandate as defined in UMRA on owners of domestic and foreign aircraft repair stations. The cost of this mandate would be determined by the standards to be set by the U.S. Department of Homeland Security. CBO cannot estimate the direct cost of the mandate as the new standards have not been established. Thus, CBO cannot determine whether the costs to the private sector would exceed the annual threshold established by UMRA for private-sector mandates ($117 million in 2003, adjusted annually for inflation). The bill may also impose a mandate on certain companies that are involved in shipping air cargo.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2144 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION[a]					
Estimated Authorization Level[b]	2,484	1,473	1,403	1,398	898
Estimated Outlays	1,322	1,481	1,435	1,360	1,293

a. H.R. 2144 also would increase offsetting receipts and direct spending by less than $500,000 annually.

b. For fiscal year 2003, CBO estimates that funding for aviation security and screening activities totaled about $5 billion.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2144 will be enacted before the start of fiscal year 2004 and that necessary funds will be provided near the start of each fiscal year. Estimates of outlays are based on historical spending patterns for affected programs and on information provided by TSA.

Spending Subject to Appropriation

For fiscal year 2003, CBO estimates that the Under Secretary for Border Transportation received about $5 billion for aviation security and screening activities carried out by TSA. We estimate that H.R. 2144 would authorize the appropriation of about $7.7 billion over the 2004-2008 period to expand the scope of those activities. Specifically, funds authorized under H.R. 2144 would support payments to reimburse airports and air carriers for security-related costs, grants to airports and air carriers to improve security measures, and various other security-related activities.

Reimbursement of Airports and Air Carriers. H.R. 2144 would authorize the Under Secretary to reimburse airports and air carriers for the costs of certain security activities. Such activities include the security screening of catering supplies, checking documents, screening persons with access to aircraft, and providing space in airports for security

personnel that was previously used for revenue-producing purposes. Based on information from the American Association of Airport Executives, CBO estimates that airports already have spent $500 million for such activities and would need to spend about $200 million annually to continue them in future years. Based on information from the Air Transport Association, we also estimate that air carriers spend about $600 million a year for security activities that could be reimbursed under H.R. 2144. Based on historical spending patterns for other reimbursement programs, CBO estimates that payments to airports and air carriers would total $780 million in 2004 and $4.1 billion over the next five years.

Grants to Airports to Improve Security Measures. H.R. 2144 would authorize the appropriation of $500 million for each of fiscal years 2004 through 2007 for the Under Secretary to make grants to airport sponsors for projects to improve airport security, such as replacing baggage conveyor systems and reconfiguring baggage areas to accommodate explosive-detection systems. Based on the spending patterns of similar programs, we estimate that grants for such projects would cost $85 million in 2004 and about $1.6 billion over the 2004-2008 period, with additional spending occurring in later years.

Grants to Air Carriers to Improve Security Measures. The bill also would authorize the appropriation of $500 million for grants to air carriers to support security improvements. Air carriers could use such grants to fortify cockpit doors and install other technologies to enhance the security of airplanes. Based on spending patterns for similar programs, CBO estimates that these grants would cost $300 million in 2004 and $500 million over the next three years.

Other Provisions. H.R. 2144 would authorize several other new programs related to aviation security. Based on information from TSA about the number of new personnel and other resources required, CBO estimates that implementing those programs would cost $656 million over the next five years. That amount includes:

- $200 million to deploy additional law enforcement officers at 145 airports;

- $140 million to establish a program to train employees of and screen cargo and passengers on charter flights in and out of Ronald Reagan Washington National Airport;

- $120 million for a two-year program to research means to protect commercial aircraft from small, shoulder-launched missles;

- $95 million to audit security procedures at foreign aircraft repair stations;

- $50 million for a federal program to certify the competence of teams of bomb-sniffing dogs;

- $25 million to provide self-defense training to flight and cabin crews;

- $20 million for a security program that would allow general aviation operators to fly in and out of Ronald Reagan Washington National Airport;

- $5 million to expedite a program to identify frequent air travelers who pose a low security risk, and;

- $1 million for various studies and reports to the Congress on security issues.

Direct Spending

H.R. 2144 would authorize the Under Secretary for Border and Transportation Security to charge fees for the lease of real or personal property to others. The Under Secretary could spend any amounts collected for property management and related activities. Based on information from TSA, the agency does not currently lease any property and is unlikely to offer leases to nonfederal parties in the future. Hence, CBO assumes that any receipts from such leases would be small. Further, because those receipts would be fully offset by subsequent spending, we expect that any net change in direct spending under this provision would be negligible.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2144 would require airport sponsors, which could include public agencies, to provide space without costs to TSA for explosives detection equipment. Such a requirement is an intergovernmental mandate as defined by UMRA. Based on information from airport authorities, however, CBO estimates that the costs to airports would be minimal.

The bill would allow cargo pilots participating in the federal flight deck program to carry firearms into any state, regardless of state firearm laws. This preemption of state firearm law also is an intergovernmental mandate as defined in UMRA. CBO estimates that this preemption would not affect state budgets because, while it would limit the application of state law towards the participating pilots, it would impose no duty on states that would result in additional spending.

In total, these mandates would not impose significant costs and, therefore, would not exceed the threshold for intergovernmental mandates ($59 million in 2003, adjusted annually for inflation).

The bill would benefit public airports by authorizing funds to reimburse them for costs they incur to assist TSA.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 2144 would impose a private-sector mandate as defined in UMRA on owners of domestic and foreign aircraft repair stations. CBO cannot estimate the direct cost of the mandate as the new standards have not been established. The bill also may impose a mandate on certain companies involved in shipping air cargo (freight forwarders).

H.R. 2144 would require the Under Secretary for Border and Transportation Security, in consultation with the Administrator of the Federal Aviation Administration, to issue regulations to ensure the security of foreign and domestic aircraft repair stations. Since those regulations have not yet been drafted, CBO cannot determine the direct costs of compliance with this mandate.

H.R. 2144 would also require the Under Secretary for Border and Transportation Security to conduct a pilot program to assess the security of facilities of freight forwarders. A freight forwarder consolidates packages from many shippers into containers. They then use a truck to deliver the bulk freight to an air carrier for transport. Because the details of the pilot program have not yet been formulated by TSA, including whether it would be a mandatory or voluntary program, CBO cannot determine if this program would impose an enforceable duty on freight forwarders. However, if the Under Secretary determines that pilot program is mandatory, CBO estimates that the cost to comply would likely be small.

PREVIOUS CBO ESTIMATE

On June 5, 2003, CBO transmitted a cost estimate for H.R. 2115, the Flight 100—Century of Aviation Reauthorization Act, as ordered reported by the House Committee on Transportation and Infrastructure on May 21, 2003, and including amendments specified in a letter to CBO on June 4, 2003. One provision in that bill that would authorize payments to reimburse airports and air carriers for certain security activities is similar to a provision in H.R. 2144, and our estimate of the cost of such payments is the same.

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