



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 18, 2009

**H.R. 2200
Transportation Security Administration Authorization Act**

*As ordered reported by the House Committee on Homeland Security
on May 14, 2009*

SUMMARY

H.R. 2200 would authorize gross appropriations totalling \$15.7 billion over the 2010-2011 period for activities of the Transportation Security Administration (TSA), which is responsible for security of all modes of public transportation in the United States. Assuming appropriation of the authorized amounts, CBO estimates that implementing H.R. 2200 would increase net discretionary spending by \$3.0 billion in 2010 and \$11.4 billion over the 2010-2014 period. Enacting the bill would not affect direct spending. H.R. 2200 could increase revenues from civil monetary penalties for violations of federal regulations related to the transportation of certain hazardous materials, but CBO estimates that any such increases would be negligible.

H.R. 2200 contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would impose new planning requirements on both public and private airports. The bill also would impose private-sector mandates on U.S. air carriers and motor vehicle operators that transport certain materials. Based on information from industry sources, CBO estimates that the aggregate cost of complying with the mandates would fall below the annual thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in 2009, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2200 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					2010- 2014
	2010	2011	2012	2013	2014	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Gross TSA Spending						
Authorization Level	7,605	8,061	0	0	0	15,666
Estimated Outlays	5,113	7,051	2,336	863	268	15,631
Aviation Security Fees						
Estimated Authorization Level	-2,100	-2,140	0	0	0	-4,240
Estimated Outlays	-2,100	-2,140	0	0	0	-4,240
Studies and Reports						
Estimated Authorization Level	2	2	0	0	0	4
Estimated Outlays	2	2	0	0	0	4
Total Changes						
Estimated Authorization Level	5,507	5,923	0	0	0	11,430
Estimated Outlays	3,015	4,913	2,336	863	268	11,395

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 2200 would increase net discretionary spending by \$3.0 billion in 2010 and \$11.4 billion over the 2010-2014 period. Nearly all of that spending would be for TSA's activities, with additional spending by other agencies that would be required to complete various studies and reports concerning transportation security.

Gross TSA Spending

Excluding \$1 billion provided for TSA's aviation security activities by the American Recovery and Reinvestment Act (ARRA), TSA received gross appropriations totalling \$6.7 billion in 2009 for federal air marshals and programs to enhance the security of all modes of transportation. Most of that amount—\$4.7 billion—was provided for activities related to aviation security, particularly for salaries of screeners of passengers and baggage and related expenses. Under current law, CBO estimates that roughly \$2.0 billion of amounts appropriated for aviation security activities will be offset by fees that TSA is authorized to collect. Most of those collections will result from fees charged on tickets sold by commercial airlines. Additional collections will result from security fees paid directly to TSA by air carriers. (Under existing law, TSA can collect and spend, without further Congressional action, \$250 million a year in such fees; the agency's authority to collect and spend additional fees is subject to appropriation.)

H.R. 2200 would authorize gross appropriations of \$7.6 billion in 2010 and \$8.1 billion in 2011 for TSA to continue its major programs. Those amounts also would support new initiatives and requirements under H.R. 2200 that would:

- Authorize new programs to demonstrate the use of biometric technologies in verifying the identities of flight crews, certain airport workers, and law enforcement officers;
- Authorize grants to airports used primarily by air carriers that provide non-scheduled service to support projects to enhance the security of airport perimeters, airfields, and terminals;
- Establish an ombudsman for federal air marshals;
- Establish committees to advise TSA on issues related to security of aviation and other modes of transportation;
- Authorize TSA to reimburse airports for certain security-related expenses;
- Direct TSA to hire additional security inspectors for surface transportation;
- Modify certain credentialing programs, particularly those aimed at individuals who transport certain hazardous materials.
- Specify various new training requirements for federal flight deck officers, crew members of passenger and cargo aircraft, certain staff of air carriers, and surface transportation inspectors; and
- Require TSA to complete demonstration projects for technologies involved in air and surface transportation security.

In total, CBO estimates that implementing H.R. 2200 would increase TSA's gross discretionary spending by \$5.1 billion in 2010 and \$15.6 billion over the 2010-2014 period. Estimates of outlays are based on information from TSA and on historical spending patterns for TSA programs. For this estimate, CBO assumes that H.R. 2200 will be enacted near the start of fiscal year 2010 and that authorized amounts will be provided near the start of each year.

Aviation Security Fees

For this estimate, CBO assumes a portion of the amounts authorized for TSA programs would come from aviation security fees. Based on information from TSA about anticipated numbers of future airline passengers and travel patterns, CBO estimates that

such fees would offset about \$2.1 billion of the amounts authorized for TSA programs in each of fiscal years 2010 and 2011, thus reducing the net appropriations that would be necessary to implement the legislation. Accordingly, we estimate that fully funding TSA's activities under H.R. 2200 would require net appropriations totaling about \$5.5 billion in 2010 and \$5.9 billion in 2011. (By comparison, excluding ARRA funding, CBO estimates that net appropriations for TSA will total \$4.7 billion for 2009.) CBO estimates that net outlays resulting from that level of funding would total \$3.0 billion in 2010 and \$11.4 billion over the 2010-2014 period.

Studies and Reports

H.R. 2200 would require other agencies, particularly the Government Accountability Office, to complete various studies and reports for the Congress related to transportation security. CBO estimates that fully funding those activities would require appropriations totaling \$2 million in each of fiscal years 2010 and 2011 and increase discretionary spending by \$4 million over the next two years, assuming appropriation of the necessary amounts.

Revenues

H.R. 2200 would modify credentialing requirements for individuals that transport certain types of hazardous waste and would establish new civil penalties for violations of those requirements. Thus, the federal government might collect additional fines if the bill is enacted. Collections of civil fines are recorded as revenues and deposited in the Treasury; however, CBO expects that any increase in revenues related to those penalties would not be significant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2200 contains intergovernmental and private-sector mandates as defined in UMRA because it would impose new planning requirements on both public and private airports. The bill also would impose private-sector mandates on U.S. air carriers and motor vehicle operators that transport certain materials. Based on information from industry sources, CBO estimates that the aggregate cost of complying with the mandates would fall below the annual thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in 2009, adjusted annually for inflation).

Mandates that Apply to Both Public and Private Entities

Sections 208 and 221 would require airports to update their security plans. Specifically, section 208 would require airport security plans to include procedures to notify federal officials whenever law enforcement personnel are responding to a security matter

involving an aircraft. Section 221 would require airports to incorporate certain TSA recommendations on the security of airport perimeters into their security plans. Those mandates would affect both public and private airports. Information from industry sources indicate that airports generally have perimeter security plans in place, and additional requirements would most likely be incremental in nature. Therefore, CBO estimates that the costs to airports in both sectors would be small.

Mandates that Apply to Public Entities Only

Section 432 would preempt state and local laws governing background checks on individuals seeking to transport hazardous materials. That preemption would be an intergovernmental mandate as defined in UMRA. While the preemption would limit the application of state and local laws, CBO estimates that it would not impose significant costs on state or local governments.

Mandates that Apply to Private Entities Only

Requirements on Air Carriers. Section 211 would require all cabin crew members of U.S. air carriers to take five hours of training in advanced self-defense methods bi-annually. TSA would establish the goals and standards for the training. According to industry sources, most U.S. air carriers currently require their cabin crews to attend self-defense and security training on a recurring basis. According to information from industry experts, only minor changes in current practice would be needed to comply with the new training requirements. Therefore, CBO expects that the costs to comply with the mandate would be small relative to the annual threshold established in UMRA.

Requirements on Certain Motor Vehicle Operators. Section 432 would require motor vehicle operators licensed in the United States, Mexico, or Canada that transport security sensitive materials (SSMAT) in the United States to obtain a transportation worker identification credential (TWIC) from TSA. Obtaining such a card would entail submitting to a security background check, which costs less than \$150. Under current law, most operators who transport hazardous materials (including explosives) must have a hazardous materials endorsement (HME). Operators that have an HME would not have to submit to a background check to receive a TWIC. According to industry sources, most motor vehicle operators who transport SSMAT currently have a hazardous materials endorsement. Because the number of entities likely to be affected is small, CBO expects that the cost of complying with the requirements in this section would be low.

ESTIMATE PREPARED BY:

Federal Costs: Megan Carroll—aviation security
Sarah Puro—surface transportation security

Impact on State, Local, and Tribal Governments: Ryan Miller

Impact on the Private Sector: Jacob Kuipers

ESTIMATE APPROVED BY:

Theresa Gullo
Deputy Assistant Director for Budget Analysis