



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

September 4, 2001

**S. 633**

**Aviation Delay Prevention Act**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation  
on August 2, 2001*

**SUMMARY**

S. 633 would allow the Federal Aviation Administration (FAA) to provide some airport operators with grants to construct and equip certain types of control towers. The bill would authorize the FAA to accept fees from airport operators so it could hire more staff to expedite the planning and environmental review of runway construction projects. S. 633 would allow the Secretary of Transportation to exempt air carriers from antitrust laws through 2005, under certain conditions. In addition, the bill would expand the requirements for a study on air quality in passenger cabins on commercial aircraft that is required under current law. Finally, the bill would require the Department of Transportation to prepare a report on overscheduling, flight cancellations, and the status of runway construction.

Based on information from the FAA and historical spending patterns, CBO estimates that implementing S. 633 would cost \$47 million over the 2002-2006 period, subject to appropriation of the necessary amounts. By allowing FAA to receive and spend fees to hire additional staff, S. 633 would affect direct spending; therefore, pay-as-you-go procedures would apply, but CBO estimates that any such effects would be negligible.

S. 633 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would place a duty upon certain airport authorities (public entities) to study options for increasing their capacity. CBO estimates, however, that the costs of this mandate would not exceed the threshold established in that act (\$56 million in 2001, adjusted annually for inflation). Other provisions of the bill would benefit certain state and local governments by amending existing grant programs to broaden eligibility and reduce required matching funds. This bill contains no new private-sector mandates as defined in UMRA.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 633 is shown in the following table. For this estimate we assume that the bill will be enacted near the start of 2002 and that the estimated amounts will be provided each year. The costs of this legislation fall within budget function 400 (transportation).

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	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION<sup>a,b</sup></b>					
Estimated Authorization Level	1	5	6	7	7
Estimated Outlays	5	13	12	9	8

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a. Enactment of S. 633 also would have a negligible impact on direct spending.

b. A portion of the estimated outlays would come from contract authority already provided to FAA under current law. Use of that authority, however, is subject to approval in annual appropriations acts.

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## BASIS OF ESTIMATE

CBO estimates that implementing S. 633 would cost \$47 million over the 2002-2006 period, assuming appropriation of the necessary amounts. The bill also would have a negligible effect on direct spending.

### Spending Subject to Appropriation

CBO estimates that providing federal grants for control tower construction would cost about \$22 million over the 2002-2006 period. In addition, CBO estimates that federal assistance for operating these towers would cost an additional \$25 million over this period.

**Control Towers.** S. 633 would authorize the FAA to provide grants to airport operators to construct and equip control towers. Such grants could be no more than \$1.1 million per tower. Based on information from the FAA and the American Association of Airport Executives, CBO estimates that FAA would provide grants for about 20 control towers over the next five years. Under the bill, grants would be made from the Airport Improvement Program (AIP), which is funded with contract authority (a mandatory form of budget authority) through 2003. S. 633 would not change the total amount of contract authority

available to the Airport Improvement Program. Expenditures from AIP contract authority are governed by obligation limitations contained in annual appropriation acts, and are considered discretionary spending. Assuming appropriation acts increase the obligation limitation for this program by the necessary amounts, CBO estimates that implementing S. 633 would cost about \$22 million over the 2002-2006 period.

**Operation of Control Towers.** The additional towers constructed under the bill would be eligible to participate in the Contract Tower program. Under that program, the FAA shares the cost of operating towers with airport operators. FAA spends on average \$350,000 annually to support each contract tower. CBO estimates that supporting 20 additional towers would cost about \$7 million a year. Because such FAA would incur operating costs only after the towers are constructed and equipped, CBO estimates that FAA would spend about \$25 million over the 2002-2006 period to support additional towers, assuming appropriations of the necessary amounts.

**Study on Air Quality.** S. 633 would require the National Academy of Sciences to work with the Centers for Disease Control and Prevention to measure the air quality in passenger cabins on commercial aircraft. The bill would require the FAA to report the results of the study by January 31, 2002. Based on information from the National Academy of Sciences, CBO estimates that completing the study would cost about \$1 million in 2002, subject to the availability of appropriated funds.

**Antitrust Exemption.** Under the bill, air carriers could cooperate to limit flights at airports where scheduled flights exceed capacity if the Secretary of Transportation determines that such agreements are necessary to reduce travel delays due to congestion or bad weather. S. 633 would require that a representative of the Department of Transportation monitor discussions among airlines for this purpose, and that any discussions be open to the public. Based on information from the Department of Transportation, CBO estimates that the annual cost of monitoring discussions between air carriers would be negligible and subject to the availability of appropriated funds.

### **Direct Spending**

S. 633 would allow the FAA to accept fees from airport operators in order to hire more attorneys and environmental specialists to expedite the planning and environmental review of runway construction projects. Based on the number of airport operators that are likely to participate and the cost of qualified employees, CBO estimates FAA would collect about \$3 million a year over the 2002-2006 period. These payments could then be spent without further appropriation action to plan and conduct environmental reviews. Because the additional collections and spending would be approximately equal in each year, we estimate that the net impact on direct spending of this provision would be negligible.

## **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. CBO estimates that enacting S. 633 would have a negligible effect on direct spending.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

S. 633 would require certain airport authorities to establish a delay reduction task force or to conduct a capacity enhancement study to determine means of increasing airport capacity. This requirement would be a mandate under UMRA, but CBO estimates that the cost of complying with the mandate would not exceed the threshold established by that act (\$56 million in 2001, adjusted annually for inflation). Airport authorities would incur costs only to manage the task force or study and to produce a report. The costs of developing alternatives to enhance capacity would be paid by the Federal Aviation Administration through grants and technical assistance.

The bill would authorize grants to state and local governments that abut certain airports to develop land use compatibility plans with the goal of making land areas around airports compatible with aircraft operations. The bill also would amend an existing grant program that provides funds to install air traffic control towers by expanding eligibility for the grants and lowering matching fund requirements from 25 percent of the project cost to 10 percent.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

This bill contains no new private-sector mandates as defined in UMRA.

## **PREVIOUS CBO ESTIMATES**

On May 18, 2001, CBO transmitted a cost estimate for H.R. 1407, as ordered reported by the House Committee on Transportation and Infrastructure on May 16, 2001. That version of the bill would require representatives of the Department of Transportation to monitor certain discussions among airlines and would result in negligible costs.

On June 22, 2001, CBO transmitted a cost estimate for H.R. 1407, as ordered reported by the House Committee on the Judiciary on June 20, 2001. That version of the bill would require representatives of the Department of Justice to monitor certain discussions among airlines and also would result in negligible costs.

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