



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

August 16, 2001

**H.R. 2481  
Omnibus Maritime Improvements Act of 2001**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on July 18, 2001*

**SUMMARY**

H.R. 2481 would make several changes to programs and activities carried out by the U.S. Coast Guard (USCG). CBO estimates that the Coast Guard would need additional appropriations of between \$13 million and \$28 million a year through fiscal year 2006 and of \$20 million annually thereafter to implement this legislation. Additional discretionary spending under H.R. 2481 would total about \$90 million over the 2002-2006 period.

The bill also contains provisions that could increase governmental receipts (from civil penalties) and decrease offsetting receipts (from sales of surplus property). As a result, pay-as-you-go procedures would apply, but CBO estimates that any such effects would be less than \$500,000 a year.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated impact of H.R. 2481 on the Coast Guard budget is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
USCG Search and Rescue					
Estimated Authorization Level	5	10	15	20	20
Estimated Outlays	4	9	14	19	20
USCG Housing					
Estimated Authorization Level	8	8	8	8	8
Estimated Outlays	2	4	6	7	8
Other USCG Expenses					
Estimated Authorization Level	*	*	*	*	*
Estimated Outlays	*	*	*	*	*
Total Changes					
Estimated Authorization Level	13	18	23	28	28
Estimated Outlays	6	12	19	25	27

\* = Between -\$500,000 and \$500,000.

## **BASIS OF ESTIMATE**

CBO estimates that this bill would authorize the net appropriation of \$110 million over the 2002-2006 period. Enacting H.R. 2481 also would affect direct spending and revenues, but CBO estimates that these effects would not be significant.

## **Spending Subject to Appropriation**

For purposes of this estimate, CBO assumes that the amounts estimated to be necessary to implement the bill will be appropriated as needed or, where applicable, that annual appropriations are reduced to reflect anticipated savings. The estimated authorization levels for the five-year period include a total of \$40 million specifically authorized by the bill for innovative housing projects and \$987,400 authorized for payments to the Lower Columbia River Maritime Fire and Safety Association. The remaining authorizations are estimated on the basis of information provided by the Coast Guard. Outlays are based on historical experience with similar programs.

Two provisions of H.R. 2481 would result in significant costs to the government, assuming appropriation of the necessary or authorized amounts. The first of these would require the Coast Guard to implement and maintain standards for the safe operation of all search and rescue facilities. CBO estimates that this provision would cost the Coast Guard between \$5 million and \$15 million a year through fiscal year 2004, and about \$20 million annually thereafter. Outlays are estimated to total \$65 million over the 2002-2006 period. The agency would use this money to upgrade its facilities and increase staffing at search and rescue centers in order to meet existing standards.

The second provision would reauthorize an innovative financing program for Coast Guard housing projects. Under current law, the agency may use loan guarantees, long-term leases, and other financing mechanisms (subject to an appropriation ceiling of \$20 million) to construct military housing through the end of fiscal year 2001. H.R. 2481 would extend the existing program through 2006 and increase the authorization ceiling to \$40 million. Because no funds have ever been appropriated for the financing mechanisms authorized under existing law, CBO estimates that this bill would authorize new discretionary funding of \$40 million. For this estimate, CBO assumes that these funds would be appropriated over the next five years, resulting in outlays of about \$25 million over the 2002-2006 period and the remaining \$15 million over the 2007-2010 period.

Several provisions of H.R. 2481 would result in discretionary costs or savings of less than \$1 million a year, assuming that annual appropriations are increased or reduced accordingly. These provisions would:

- Authorize the appropriation of \$987,400 for payments to the Lower Columbia River Maritime Fire and Safety Association. CBO estimates that this provision would increase federal outlays by about \$200,000 annually over the next five years.
- Authorize the Coast Guard to provide new benefits to certain members of the Coast Guard Reserve and Coast Guard Auxiliary. Specifically, section 13 would allow the agency to provide financial assistance to enlisted Reserve members for educational expenses, at a cost of between \$500,000 and \$650,000 a year (once the program has been phased in). Section 15 would allow the agency to provide a payment to the survivors of a member of the Coast Guard Auxiliary who dies during active duty, at a cost of about \$20,000 annually.
- Require the Coast Guard to ensure that all agency personnel are equipped with appropriate safety equipment such as survival suits, which CBO estimates would cost about \$800,000 over the next year or two.

- Reduce severance payments for certain Coast Guard officers, resulting in savings of about \$900,000 annually.

In addition to provisions affecting the Coast Guard budget, section 3 of the bill would require that federal agencies employ only U.S. flag vessels to lay or maintain submarine cable in U.S. waters. CBO estimates that this provision would probably increase the cost of obtaining cable-laying services for the Departments of Defense and State, but we cannot estimate such costs because they depend on future contract negotiations as well as on the level of service to be required, which is information held confidential by the agencies.

Other bill provisions, most of which would make changes to Coast Guard personnel and regulatory practices, would have no significant effect on discretionary spending.

### **Direct Spending**

Section 24 would require the Coast Guard to convey, without consideration, about two acres of land on the Saginaw River in Michigan. Because this property could have been sold under existing law, enacting this provision could reduce future offsetting receipts from the sale of surplus property. CBO estimates that any such reduction would be less than \$500,000.

### **Revenues**

Section 4 would prohibit foreign-flag vessels from providing towing or escort services in U.S. waters and would establish civil penalties for persons who violate the law. Based on information provided by the Coast Guard, CBO estimates that imposing such penalties could increase governmental receipts, but by less than \$500,000 annually.

### **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 the provisions in H.R. 2481 regarding the conveyance of land in Michigan would increase direct spending by less than \$500,000. Implementing the bill also could increase receipts from civil penalties, but CBO estimates any additional receipts would not be significant.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2481 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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