



LEGISLATIVE UPDATE

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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H.R. 2115: FLIGHT 100 – CENTURY OF AVIATION REAUTHORIZATION ACT

Summary: H.R. 2115 reauthorizes programs for the Federal Aviation Administration [FAA], provides airline service improvements, and promotes airport development. Most of the bill's authorizations extend for the 4-year period of 2004-07, but some extend beyond that time frame (including certain new programs identified below). The bill complies with the budget resolution currently in force, and with the Congressional Budget Act.

The bill reauthorizes funding for the following: FAA operations; air navigation facilities and equipment; the airport improvement program; the small community air service; the essential air service; and the military airport program. The bill also would extend, through 31 December 2007, the FAA's aviation risk insurance policies, and expand coverage to include companies that manufacture aircraft and aircraft engines. This provision is estimated to cost about \$1.3 billion in new direct spending for 2004-08, and \$2.7 billion over 10 years. (Direct spending is spending not subject to annual appropriations.)

H.R. 2115 authorizes several new programs, including: reimbursing airports and air carriers up to \$4.1 billion over 5 years for certain security activities; reimbursing general aviation entities up to \$100 million over 5 years for security costs and lost revenue; and increasing retirement benefits by \$88 million over 5 years for certain air traffic controller supervisors. The bill establishes a new direct spending program for capital projects at Midway Island airport, to be administered by the Secretary of the Interior. Other provisions include a prohibition on air traffic control privatization, and a study by the Secretary of Transportation on the United States hosting an international air show.

Cost of the Legislation: The Congressional Budget Office [CBO] estimates that H.R. 2115 would cost about \$48.4

billion in discretionary budget authority [BA] over the next 5 years, and \$68.6 billion in outlays.

H.R. 2115 also would increase direct spending by \$1.4 billion over the 2004-08 period, and by \$2.7 billion over 10 years. Revenue is estimated to be increased by \$3 million over the 2004-08 period, and by \$11 million over 10 years.

Legislation Compared With the Budget Resolution: The budget resolution for fiscal year 2004 (H.Con.Res. 95) allocated \$57.5 billion in BA and \$13.4 billion in outlays for 2004, and \$305.3 billion in BA and \$71.5 billion in outlays for 2004-08, to the Committee on Transportation and Infrastructure. The resolution generally assumed aviation spending would follow the President's budget.

H.R. 2115, however, increases direct spending by \$3.3 billion in BA and \$1.4 billion in outlays over 5 years above the President's recommended level and that assumed in the budget resolution. The bill is not inconsistent with the budget resolution, though, because the resolution also assumed an increase for highway and transit spending.

If enacted in this fashion, however, the bill will cause a reduction in the amount of budget authority that may be used to increase spending on highway-related projects.

Compliance With the Budget Act: As noted above, though the bill exceeds the spending level recommended by the President – which was assumed in the conference report on the budget resolution – the Committee on Transportation and Infrastructure also was given additional new budget authority for an increase in highway spending. The committee's total amount for new spending on programs in its jurisdiction was \$9.3 billion in fiscal year 2004 and \$41.1 billion over 5 years.

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The bill provides for an expanded benefit for the FAA retirement system, which will become effective 2 months after the date of enactment. The Committee on the Budget views this provision as new entitlement authority that will become effective in the same fiscal year in which the bill

creating it is considered (fiscal year 2003). Technically, this is prohibited under section 401 of the Budget Act. But although the entitlement is expanded in the current fiscal year, new direct spending associated with it will not occur until fiscal year 2004.

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