

**At a Glance**

**H.R. 1108, the Aviation Funding Stability Act of 2019**

As ordered reported by the House Committee on Transportation and Infrastructure on March 27, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	74,804	164,744
Revenues	0	0	0
Deficit Effect	0	74,804	164,744
Spending Subject to Appropriation (Outlays)	0	0	n.e.

Pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	> \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

n.e. = not estimated

**The bill would**

- Provide mandatory funding for the Federal Aviation Administration (FAA) to continue to operate in the event of a lapse in discretionary appropriations
- Increase contract authority for the Grants-in-Aid for Airports program

**Estimated budgetary effects would primarily stem from**

- Providing the FAA with authority to incur obligations without further legislation

**Areas of significant uncertainty include**

- Whether the authorities in H.R. 1102—which would result in new direct spending—would be triggered
- The difficulty in predicting the timing and frequency of future lapses in discretionary appropriations

**Detailed estimate begins on the next page.**



## Bill Summary

Under current law, most of the Federal Aviation Administration’s spending is subject to appropriation or otherwise controlled by annual appropriation acts. H.R. 1108 would provide funding and other authorities necessary for the FAA to continue to operate in the event of a lapse of discretionary appropriations for its activities. In addition, the bill would provide contract authority for the FAA to provide grants to airports.

## Estimated Federal Cost

The estimated budgetary effect of H.R. 1108 is shown in Table 1. The costs of the legislation fall within budget function 400 (transportation).

**Table 1.**  
**Estimated Budgetary Effects of H.R. 1108**

	By Fiscal Year, Billions of Dollars											2019-2024	2019-2029
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
<b>Increases in Direct Spending</b>													
<b>FAA Accounts That Historically Receive Discretionary Appropriations</b>													
FAA Operations													
Estimated Budget Authority	0	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	52.1	104.1
Estimated Outlays	0	9.3	10.1	10.3	10.4	10.4	10.4	10.4	10.4	10.4	10.4	50.5	102.5
Facilities and Equipment													
Estimated Budget Authority	0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	15.0	30.0
Estimated Outlays	0	0.8	1.6	2.2	2.6	2.8	2.9	2.9	2.9	2.9	2.9	9.9	24.5
Research, Engineering, and Development													
Estimated Budget Authority	0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.0	1.9
Estimated Outlays	0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.8	1.7
<b>Grants-in-Aid for Airports</b>													
Contract Authority	0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	3.2	6.5
Estimated Outlays	0	0.4	1.9	2.8	3.3	3.7	3.9	4.0	4.0	4.0	4.0	12.1	32.0
Estimated Budget Authority	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2.5	5.0
Estimated Outlays	0	*	0.2	0.3	0.4	0.5	0.5	0.5	0.5	0.5	0.5	1.6	4.1
<b>Total</b>													
Estimated Budget Authority	0	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	73.8	147.5
Estimated Outlays	0	10.5	13.0	15.8	16.9	17.6	17.9	18.0	18.0	18.0	18.0	74.8	164.7

Components may not sum to totals because of rounding; \* = between zero and \$50 million; FAA = Federal Aviation Administration.



## Basis of Estimate

In the event of a lapse in discretionary funding for the FAA, H.R. 1108 would provide mandatory funding for the agency's major activities related to overseeing and regulating civil aviation in amounts equal to those that were in place before the lapse.

Because the bill would make amounts automatically available without further legislation, enacting it would increase direct spending. The cost estimates prepared by CBO do not take into account any possible future legislation. CBO estimates that enacting this provision would increase direct spending outlays by \$165 billion over the 2020-2029 period.

## Direct Spending

CBO estimates that H.R. 1108 would increase mandatory funding (budget authority) for FAA accounts by \$148 billion over the 2020-2029 period—including \$136 billion for FAA accounts that historically receive discretionary appropriations, and nearly \$12 billion for the Grants-in-Aid for Airports account, which currently receives a mix of mandatory and discretionary funding. All told, CBO also estimates that enacting the bill would increase mandatory outlays by \$165 billion over the 2020-2029 period. (Estimated increases in outlays exceed those for budget authority because of the unique budgetary treatment of the Grants-in-Aid for Airports account, as described below.)

**FAA Accounts that Historically Receive Discretionary Appropriations.** CBO estimates that H.R. 1108 would provide mandatory budget authority of \$13.6 billion annually (or \$136 billion over the 2020-2029 period) for three FAA accounts that typically receive discretionary appropriations. That estimate incorporates the assumption that mandatory funding for those accounts would equal the amount enacted for 2019 and consists of:

- \$104 billion for FAA operations, primarily for salaries and expenses related to operating the air traffic control system and carrying out regulatory and safety-related activities;
- \$30 billion for air navigation facilities and equipment, particularly for programs to maintain and modernize infrastructure and systems for communication, navigation, and surveillance related to air travel; and
- Nearly \$2 billion for research activities aimed at developing technologies to enhance the safety, economic competitiveness, and environmental performance of aviation-related infrastructure and systems that comprise the U.S. national airspace.

In 2019, appropriations for operations, facilities and equipment, and research activities totaled \$10.4 billion, \$3 billion, and \$191 million, respectively. If the authority provided under H.R. 1108 were triggered by a lapse in future discretionary appropriations, CBO projects that mandatory funding for those activities in each year over the 2020-2029 would



remain equal to those appropriated amounts. Based on historical spending patterns, CBO estimates that resulting outlays would total \$129 billion over the next 10 years.

**Grants-in-Aid for Airports.** In addition, CBO estimates that enacting H.R. 1108 would increase mandatory funding for the Grants-in-Aid for Airports account, through which the FAA administers the Airport Improvement Program (AIP). By longstanding convention, that account has a unique budgetary treatment; authorizing laws provide the FAA with contract authority (a mandatory form of budget authority) but outlays of that contract authority are generally considered discretionary because they are controlled by obligation limitations set in annual appropriation acts.<sup>1</sup> In addition, in recent years, the Congress has provided discretionary appropriations for additional AIP grants.

Over the 2020-2029 period, CBO estimates that enacting H.R. 1108 would increase mandatory funding for AIP grants by \$11.5 billion—including \$6.5 billion in additional contract authority and \$5 billion in additional mandatory appropriations. CBO also estimates that mandatory outlays for AIP grants under H.R. 1108 (including outlays of contract authority that, in the absence of this legislation, would be controlled by future annual appropriation acts) would total about \$36 billion over the next 10 years.

*Increases to Contract Authority.* Public Law 115-254 provided contract authority for the AIP totaling \$3.35 billion for each of fiscal years 2020 through 2023. Pursuant to provisions of law that govern CBO's baseline projections, funding for certain expiring programs—such as contract authority for AIP grants—is assumed to continue beyond the scheduled expiration date for purposes of budget projections. Consistent with that practice, CBO's baseline incorporates the assumption that AIP contract authority in 2024 and later years will remain at \$3.35 billion.

H.R. 1108 would increase—by \$650 million annually—the amount of contract authority available in fiscal years 2020 through 2023, bringing the total amount of contract authority for those years to \$4 billion. Consistent with CBO's methodology for projecting contract authority under proposed legislation, we assume that contract authority for AIP would continue to be provided after 2023 and would remain at \$4 billion annually. Under that assumption, CBO estimates that contract authority under H.R. 1108 would exceed the amounts of contract authority already projected in the CBO baseline by \$6.5 billion over the 2020-2029 period—including \$2.6 billion in new contract authority that would be provided by the bill through fiscal year 2023 and \$3.9 billion in additional amounts projected over the 2024-2029 period.

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1. Those obligation limitations constrain outlays of underlying mandatory budget authority only during periods when they are in effect.



Under H.R. 1108, the FAA would be authorized to obligate and spend the full amount of contract authority available for the program through 2023 if provisions of future appropriation laws were to expire. H.R. 1108 would not alter FAA's underlying authority to spend contract authority in the absence of future appropriation acts, but it would effectively reclassify AIP outlays from discretionary to mandatory. Under H.R. 1108, CBO estimates that mandatory outlays of AIP contract authority would total nearly \$32 billion over the 2020-2029 period. That estimate is based on historical spending patterns for AIP grants. About half of those estimated outlays stem from contract authority that would be available under H.R. 1108 through fiscal year 2023; the remainder would result from contract authority CBO projects for the 2024-2029 period.

*New Mandatory Budget Authority.* For 2019, the Congress provided additional discretionary appropriations for the Grants-in-Aid for Airports account totaling \$500 million. Because H.R. 1108 would provide mandatory funding for that account in the event of a future lapse in discretionary appropriations for the FAA, CBO projects that additional mandatory funding for AIP grants would total \$5 billion over the 2020-2029 period. Based on historical spending patterns, CBO estimates resulting outlays would total \$4 billion over that period (and \$1 billion after 2029).

### **Spending Subject to Appropriation**

Under current law, the Congress has authorized the appropriation of billions of dollars over the 2020-2023 period for the FAA's major activities. If the authority of H.R. 1108 were triggered by a lapse in discretionary appropriations, resulting increases in mandatory funding under the bill would reduce the need for future appropriations to the FAA for affected activities. However, because H.R. 1108 would not affect the existing authorization levels in place for FAA activities under current law, this estimate does not reflect any potential reductions in authorized spending for the agency.

### **Uncertainty**

Whether the authority provided under H.R. 1108 were triggered in the future, and the timing and magnitude of resulting direct spending, would depend on future legislative decisions of the Congress. As a result, CBO's estimate of additional direct spending under H.R. 1108 is highly uncertain.

For example, if the Congress were to continue to provide discretionary appropriations for the FAA in future years, direct spending under H.R. 1108 would be far less than indicated in this estimate. Historically, lapses in discretionary appropriations have been relatively infrequent and short-lived. CBO has no basis, however, for predicting the timing or duration of future lapses in discretionary funding.



Similarly, because the amount of mandatory budget authority provided under H.R. 1108 would be directly tied to the most recently enacted appropriations, the potential magnitude of direct spending under the legislation would depend on future funding levels, which CBO cannot predict.

### Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 2.

**Table 2.**  
**CBO's Estimate of Pay-As-You-Go Effects of H.R. 1108**

	By Fiscal Year, Millions of Dollars											2019-2024	2019-2029
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
	<b>Net Increase in the Deficit</b>												
Statutory Pay-As-You-Go Effect	0	10,507	13,948	15,784	16,933	17,632	17,892	18,012	18,012	18,012	18,012	74,804	164,744

### Increase in Long-Term Deficits

CBO estimates that enacting H.R. 1108 would increase on-budget deficits by more than \$5 billion in each of the four consecutive 10-year periods beginning in 2030.

**Mandates:** None

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