

**H.R. 1297, Air America Act of 2021**

As ordered reported by the House Committee on Oversight and Reform on May 25, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	8	9
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	8	9
Spending Subject to Appropriation (Outlays)	0	*	not estimated
Statutory pay-as-you-go procedures apply?	Yes	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 1297 would establish the service of certain former employees of Air America (or specified affiliated companies) between January 1, 1950, and December 31, 1976, as creditable toward a federal civil service retirement annuity under the Civil Service Retirement System (CSRS). CBO estimates that the additional retirement annuity payments authorized by the bill would increase direct spending by \$9 million over the 2021-2031 period.

That estimate is based on data collected in 2014 by the Air America Association (the most recent data available) and was adjusted for expected mortality. CBO estimates that there are about 80 former Air America employees still living who would be eligible under H.R. 1297 to begin receiving a federal retirement benefit based on their Air America (or related) service, provided that the period of service meets the eligibility requirements for a CSRS benefit. (There are several tiers of eligibility based on age and years of service that can confer eligibility for a CSRS annuity; five years of service is the minimum requirement.)

Using that data, CBO expects that the average person eligible to apply for a new CSRS benefit under H.R. 1297 is now about 87 years of age and performed about nine years of Air America service at a salary of just under \$30,000. CBO estimates that the average CSRS benefit would have been about \$3,800 per year at the time of first retirement eligibility—about 25 years ago, on average. However, a new CSRS annuity that would begin under



H.R. 1297 would incorporate the annual cost of living increases (which have averaged about 2 percent per year) that would have applied in the years since first eligibility. Including those annual adjustments, CBO estimates that the average new CSRS annuity under H.R. 1297 would be about \$6,800 per year.

In addition to a new monthly CSRS retirement benefit, the former Air America employees also would receive a retroactive lump-sum payment of the total benefits that have accrued since their first eligibility for retirement. CBO estimates that the average lump-sum payment would be about \$130,000 per person.

The total annual benefits paid to this group of people would decline over time because the number of eligible people cannot increase, they would have a limited time to apply for the new benefit (two years after enactment), and they are generally of advanced age. Over the 2021-2031 period, CBO projects that new monthly retirement benefit payments to former Air America employees would increase direct spending by \$2 million and the lump-sum payments would increase direct spending by \$7 million (primarily over the first few years).

The Air America Association has collected identities and work history data for many former Air America employees; as a result, CBO expects a moderately high participation rate if the bill is enacted. However, the administrative cost of successfully processing a retirement application for this group is likely to be significantly higher than for current federal employees. For Air America applicants, additional effort and time will be required for the Office of Personnel Management (OPM) to develop internal guidance and verification procedures based on information provided by individuals rather than employment records provided by an agency.

For 2021, OPM has announced that the average unit cost of processing one type of civil service retirement (those occurring under Voluntary Early Retirement Authority or with Voluntary Separation Incentive Payments) is \$676.70 per application. Given the additional administrative work involved, OPM expects the processing cost for Air America applications to be higher than that average but does not have an estimate of how much higher. CBO estimates that the additional administrative costs associated with processing Air America applications under H.R. 1297 will increase spending subject to appropriation by less than \$500,000 over the 2021-2026 period.

The CBO staff contact for this estimate is Amber Marcellino. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.