



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

September 17, 2009

**H.R. 1881
Transportation Security Workforce Enhancement Act of 2009**

*As ordered reported by the House Committee on Oversight and Government Reform
On September 10, 2009*

SUMMARY

H.R. 1881 would repeal the authority of the Transportation Security Administration (TSA) to establish or modify a personnel management system for its employees. Instead, those employees would become subject to the provisions of title 5, United States Code, and other civil service laws, including the right to collective bargaining, that apply to employees and positions within most other executive branch agencies. Under the bill, the Secretary of Homeland Security would have to announce, within 14 days after enactment, plans for carrying out the conversion. Further, the bill would require the Secretary to permit a qualified labor organization to comment on those plans and to consider and respond to those comments. The conversion would have to be completed within 60 days of enactment.

Based on information from TSA and the Office of Personnel Management (OPM), and subject to the appropriation of the necessary amounts, CBO estimates that implementing H.R. 1881 would cost about \$690 million over the 2010-2014 period. That estimate includes the costs of higher salaries likely to be paid to some employees under the General Schedule (GS) and the costs of creating a labor relations program, which include the expenses to hire necessary employees and retrain current employees to operate with a workforce that includes collective bargaining units. Enacting H.R. 1881 would not affect direct spending or revenues.

H.R. 1881 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1881 is shown in the following table. The costs of this legislation would fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					2010- 2014
	2010	2011	2012	2013	2014	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Impact on Salaries of Moving to the General Schedule						
Estimated Authorization Level	104	129	131	133	134	631
Estimated Outlays	100	128	131	133	134	626
Impact of Implementing Collective Bargaining						
Estimated Authorization Level	12	12	13	13	13	63
Estimated Outlays	11	12	13	13	13	61
Total Changes						
Estimated Authorization Level	116	141	144	146	147	694
Estimated Outlays	111	140	144	145	147	687

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1881 will be enacted near the end of 2009, that the conversion will require the full 60 days allowed under the bill, and that the necessary amounts for implementing it will be appropriated each year.

The legislation would make several changes to current law related to the personnel system for TSA employees. The costs of converting from the TSA personnel system to the General Schedule depend in large part on how employees are classified under GS pay grades. Because TSA positions have never been part of the General Schedule, there is considerable uncertainty as to how the roughly 60,000 positions currently under that pay system would ultimately be assigned within the GS system and, hence, considerable uncertainty as to the cost of the conversion. For the purposes of this estimate, CBO estimates that the reclassification would result in many employees, particularly the approximately 50,000 employees in the lower four pay bands of the current system, receiving a salary increase under the bill. Based on discussions with OPM and TSA, CBO

has assumed that the 36,000 employees in the bottom two bands of TSA's current pay system would be classified at various steps within the GS-5 pay grade. Using data on salary and length of service (which employees are credited with for purposes of determining pay under the bill) provided by OPM, CBO estimates the conversion would result in an average salary increase of about \$1,700 for those employees. Employees in the next two pay bands with jobs requiring additional responsibilities and duties would be classified at higher pay grades and also would receive a salary increase as a result. As stated in H.R. 1881, no employee would suffer a reduction in pay. In total, CBO estimates that moving to the General Schedule would increase outlays by \$100 million in 2010 and \$626 million over the 2010-2014 period, assuming appropriation of the necessary amounts.

CBO expects that, under H.R. 1881, the agency also would incur costs starting in 2010 to move from its current personnel system to a system based on collective bargaining, particularly to hire specialists in labor relations. Based on information provided by other federal agencies on the costs to support personnel systems that allow collective bargaining, as well as information provided by TSA, CBO estimates that such costs would total \$11 million in 2010 and \$61 million over the five-year period, assuming appropriation of the necessary amounts.

CBO cannot estimate the impact of potential changes in TSA's spending that might result from future negotiations with labor groups. Although those costs could be significant, particularly in future years, CBO has not included any such changes in this estimate.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1881 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On August 31, 2009, CBO transmitted a cost estimate for H.R. 1881 as ordered reported by the House Committee on Homeland Security on July 9, 2009. The two versions of the legislation are identical, as are the estimated costs.

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