



Committee on Transportation and Infrastructure
U.S. House of Representatives

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Chairman

Washington, DC 20515

Peter A. DeFazio
Ranking Member

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**CRS: ATC PRIVATIZATION
TRIGGERS BUDGET SEQUESTRATION
AND ACROSS-THE-BOARD CUTS**
*Slashing Medicare, Military Retirement Fund
Payments, FEMA Flood Insurance, Agriculture,
and Other Critical Programs*

Oppose H.R. 2997, the 21st Century AIRR Act

Dear Colleague:

H.R. 2997, the 21st Century AIRR Act, privatizes the Nation's air traffic control (ATC) system. The bill creates an enormous cloud of uncertainty over the future and safety of the U.S. aviation system and increases the deficit by almost \$100 billion.¹

According to the non-partisan Congressional Research Service (CRS), H.R. 2997 triggers budget sequestration and across-the-board cuts in fiscal year (FY) 2018 and each subsequent year for the next 10 years (through FY 2027). In a written memorandum, CRS states:

If H.R. 2997 were enacted in the version that appears on the House Rules Committee website ... then **under the law a sequester would be triggered which would require across-the-board cuts to non-exempt mandatory spending programs to make up the amount of the debit**.² [emphasis added].

¹ Congressional Budget Office, Cost Estimate of H.R. 2997, 21st Century Aviation Innovation, Reform, and Reauthorization Act (as posted on the website of the House Committee on Rules on July 11, 2017), September 25, 2017, available at <https://www.cbo.gov/publication/53130>.

² Memorandum from Cong. Research Serv. to Hon. Peter A. DeFazio, Ranking Member, U.S. House Comm. on Transp. and Infrastructure, "H.R. 2997 and Statutory PAYGO" (October 13, 2017) at 3 (on file with Committee staff) [hereinafter "CRS H.R. 2997 Statutory PAYGO Memorandum"].

Moreover, CRS specifically determines that, pursuant to the Statutory Pay-As-You-Go Act of 2010 (Statutory PAYGO) (P.L. 111-139), **H.R. 2997 triggers across-the-board cuts of \$49 billion over the next 10 years, increasing from \$1.1 billion in FY 2018, to more than \$5 billion in FY 2021, and more than \$10 billion in FY 2026 and FY 2027.**³ Within days of the end of the First Session of the 115th Congress (December 2017), President Trump will be forced to submit a sequestration order automatically implementing across-the-board cuts to all nonexempt mandatory programs.⁴ Pursuant to Statutory PAYGO, President Trump will be required to make these cuts each year through FY 2027 to offset the costs of ATC privatization.

The AIRR Act will cause billions of dollars of cuts to Medicare over the next decade.⁵ It will also cut billions of dollars from other critical programs, including accrual payments to the Military Retirement Fund, Federal Emergency Management Agency National Flood Insurance Fund expenses, and agriculture funding. Enclosed is a list⁶ of all programs that will suffer cuts with enactment of H.R. 2997.

As time passes, the pitfalls and dangers of ATC privatization continue to grow. **We urge you to oppose H.R. 2997 if it comes to the House Floor.**

For more information, please contact us or Ward McCarragher, Democratic Chief Counsel of the Committee on Transportation and Infrastructure, at ward.mccarragher@mail.house.gov or ext. 5-4472.

Sincerely,



PETER DeFAZIO
Ranking Member



RICK LARSEN
Ranking Member
Subcommittee on Aviation

³ *Id.* at 4.

⁴ *Id.* at 1-2. *See* P.L. 111-139, § 5, 124 Stat. 15, 2 U.S.C. § 934.

⁵ The AIRR Act will cause significant cuts to Medicare because it is a significant share of all nonexempt mandatory funding. In FY 2018, the sequestrable amount of Medicare and Medicaid Services is \$647.9 billion.

⁶ Appendix 1 is derived from the OMB Report to the Congress on the Joint Committee Reductions for Fiscal Year 2018, May 23, 2017, available at

https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/sequestration_reports/2018_jc_sequestration_report_may2017_potus.pdf