



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 13, 2009

H.R. 1387 **Electronic Message Preservation Act**

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

SUMMARY

H.R. 1387 would amend federal law regarding the preservation and storage of electronic communications. The legislation would direct the National Archives and Records Administration (NARA) to issue regulations governing the preservation of e-mail and other electronic records in electronic format and establish procedures to prevent the unauthorized removal of classified records from NARA facilities. The bill also would require federal agencies to manage and preserve their e-mail records electronically. Finally, H.R. 1387 would amend the Presidential Records Act to give NARA additional authority to oversee management of electronic records of the President, including the authority to restrict access to those records.

CBO estimates that implementing H.R. 1387 would cost \$156 million over the 2010-2014 period, assuming appropriation of the necessary amounts. The legislation could also affect direct spending by agencies not funded through annual appropriations (such as the Tennessee Valley Authority) or by agencies considered to be off-budget (such as the U.S. Postal Service). CBO estimates, however, that any net increase in spending by those agencies would not be significant.

H.R. 1387 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1387 is shown in the following table. The costs of this legislation fall within most budget functions that contain salaries and expenses.

	By Fiscal Year, in Millions of Dollars					2010-
	2010	2011	2012	2013	2014	2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	15	25	35	45	40	160
Estimated Outlays	14	24	34	44	41	156

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the end of fiscal year 2009 and that spending will follow historical patterns for similar activities.

Most of the provisions of H.R. 1387 would expand current practices of the federal government. Under the Federal Records Act, each federal agency is required to make and preserve records of its activities. To accomplish this, agencies are required to develop programs to ensure that they have appropriate systems to manage and preserve their records. The act also gives NARA the responsibility to oversee and issue guidance on managing federal records, including e-mail messages. Although current NARA regulations specifically require that e-mails be stored electronically, NARA allows agencies to print and file paper copies of e-mail records. H.R. 1387 would require agencies, over the next four years, to implement systems that would manage all e-mail records electronically.

CBO is unaware of any comprehensive information on the current capabilities of the federal government to manage records electronically or the costs to create an e-mail records system. Information from the Office of Management and Budget (OMB), the Government Accountability Office (GAO), some federal agencies, and NARA suggests that very few federal agencies currently archive all e-mail messages electronically as the bill would require. Most agencies currently maintain a print and file system for e-mail records.

While most government documents are created in a computer format, GAO has reported that financial constraints and technical challenges associated with electronic record-keeping have hampered the development of electronic systems to archive records. GAO also reports that federal agencies generally have little experience with acquiring and operating an electronic filing system for e-mail records. The cost to create such a system would depend upon the specifications of each agency's system, the size of the agency, and the volume of work it performs.

Currently the federal government spends about \$24 billion a year on information technology, including mission support, infrastructure, enterprise architecture, and planning. Using information from selected federal agencies and private-sector vendors about the current status of government e-mail systems and the cost to enhance those systems to archive e-mail, CBO estimates that implementing H.R. 1387 would cost \$14 million in 2010 and about \$156 million over the 2010-2014 period, assuming appropriation of the necessary amounts. Those amounts would cover the initial costs of training and purchasing software products for archiving and disk-storage. Those initial expenses would total \$60 million and would be incurred over four years, beginning in 2010. Ongoing costs would total about \$100 million over the 2011-2014 period, mostly for renewal of software licenses and additional data storage.

Electronically archiving e-mail could reduce the administrative costs agencies incur to print and file paper copies and to perform other retrieval-based tasks, such as Freedom of Information Act requests. CBO expects that any such savings over the next five years would be small.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1387 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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