



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 6, 2009

## **S. 1494** **Intelligence Authorization Act for Fiscal Year 2010**

*As reported by the Senate Select Committee on Intelligence  
on July 22, 2009*

### **SUMMARY**

S. 1494 would authorize appropriations for fiscal year 2010 for intelligence activities of the U.S. government, for the Intelligence Community Management Account, and for the Central Intelligence Agency Retirement and Disability System (CIARDS).

Since CBO does not provide estimates for classified programs, this estimate addresses only the unclassified portions of the bill. In addition, CBO cannot provide estimates of provisions that affect both classified and unclassified programs. On that limited basis, CBO estimates that the appropriation of the specified amount would result in outlays of \$275 million in 2010 and \$780 million over the 2010-2014 period. Enacting S. 1494 also would increase direct spending by \$4 million over both the 2010-2014 and the 2010-2019 periods. Enacting the bill would not affect revenues.

S. 1494 includes new subpoena authority that would impose an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO expects the cost of complying with the mandate would be small and well below the thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in 2009, adjusted annually for inflation).

### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1494 is shown in the following table. The costs of this legislation fall within budget function 050 (national defense).

	By Fiscal Year, in Millions of Dollars					2010-2014
	2010	2011	2012	2013	2014	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Intelligence Community Management Account						
Authorization Level	787	0	0	0	0	787
Estimated Outlays	275	331	142	24	8	780
<b>CHANGES IN DIRECT SPENDING</b>						
Foreign Intelligence and Information Commission						
Budget Authority	4	0	0	0	0	4
Estimated Outlays	2	2	0	0	0	4

## **BASIS OF ESTIMATE**

For the purpose of this estimate, CBO assumes that S. 1494 will be enacted near the beginning of fiscal year 2010.

### **Spending Subject to Appropriation**

Section 104 would authorize the appropriation of \$787 million for the Intelligence Community Management Account, which is the principal source of funding for the Office of the Director of National Intelligence; the account provides resources for coordinating programs, overseeing budgets, and managing the intelligence agencies. Based on recent spending patterns for this program, CBO estimates that implementing this provision would cost \$780 million over the 2010-2014 period, assuming appropriation of the specified amount.

### **Direct Spending**

**Foreign Intelligence and Information Commission.** Title VI would establish the Foreign Intelligence and Information Commission within the legislative branch of the U.S. government. The commission would be required to assess the foreign intelligence and information needs of the U.S. government and provide recommendations to improve the collection, analysis, and reporting of such information. Title VI also would authorize the transfer of \$4 million to the Commission from amounts available for the National Intelligence Program for fiscal year 2009. Since this provision would extend the period

of availability of transferred funds beyond 2009, it would result in a reappropriation of those funds. Based upon the reporting deadlines specified by the bill, CBO estimates that implementing this provision would result in direct spending of \$2 million in both 2010 and 2011.

**Central Intelligence Agency Retirement and Disability System.** Section 201 would authorize the appropriation of \$291 million to CIARDS to cover retirement costs attributable to various unfunded liabilities. The appropriation to CIARDS is considered mandatory, and the amount authorized under this bill is the same as amounts in the CBO baseline. Thus, this estimate does not attribute any additional cost to that provision.

**Federal Bureau of Investigation (FBI) Authority to Waive Mandatory Retirement Age Provisions.** Federal agencies have authority to exempt law enforcement officers from mandatory retirement—generally applicable at age 57—until the age of 60. Under a provision of law that is set to expire at the end of 2009, the Director of the FBI is also provided the authority to exempt FBI officers from retirement until the age of 65. Section 444 would extend this additional authority until the end of 2011. According to the FBI, exemptions granted to officers over the age of 60 are extremely rare. Based upon this information, CBO estimates that implementing this provision would have an insignificant effect on direct spending related to the delayed payment of retirement annuities to such officers.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

Section 606 of S. 1494 contains an intergovernmental and private-sector mandate as defined in UMRA because it would grant subpoena power to a commission created by the bill. Entities in the public and private sectors, if subpoenaed, would be required to provide testimony, documents or other evidence. CBO expects that the commission would likely issue subpoenas sparingly. We estimate that total costs of complying with that mandate would be small and well below the annual thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in fiscal year 2009, adjusted annually for inflation).

The bill also would create a competitive grant program for institutions of higher education to equip students with skills that are critical to the intelligence community. The program would benefit colleges and universities, and any costs they might incur, including matching funds, would result from complying with conditions of aid.

## **PREVIOUS CBO ESTIMATE**

On June 25, 2009, CBO transmitted a cost estimate for H.R. 2701, the Intelligence Authorization Act for 2010, as ordered reported by the House Permanent Select Committee on Intelligence on June 18, 2009. The differences in the estimated costs for the two bills reflect differences in the legislative language. In particular, the amount that would be authorized to be appropriated for the Intelligence Community Management Account is less in H.R. 2701 than in S. 1494—\$673 million versus \$787 million, respectively. In addition, H.R. 2701 includes a provision that would authorize the appropriation of \$2 million to establish a pilot program to provide scholarships for training in African languages which is not included in this version of the bill. Lastly, the House bill does not contain the authorizations in title VI of this bill establishing the Commission on Foreign Intelligence and Information.

## **ESTIMATE PREPARED BY:**

Federal Costs: Jason Wheelock

Impact on State, Local, and Tribal Governments: Burke Doherty

Impact on the Private Sector: Elizabeth Bass

## **ESTIMATE APPROVED BY:**

Theresa Gullo

Deputy Assistant Director for Budget Analysis