



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 26, 2010

H.R. 5498 **WMD Prevention and Preparedness Act of 2010**

As ordered reported by the House Committee on Homeland Security on June 23, 2010

SUMMARY

CBO estimates that H.R. 5498 would authorize the appropriation of \$565 million over the 2011-2015 period for programs in the Department of Homeland Security (DHS), the Department of Health and Human Services (HHS), and other agencies to address the threat of weapons of mass destruction.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 5498 would cost \$455 million over the 2011-2015 period. We also estimate that enacting the bill would reduce direct spending by \$58 million over the 2011-2015 period and by \$23 million over the 2011-2020 period. In addition, enacting the bill could have an insignificant effect on revenues. Because H.R. 5498 would affect direct spending and revenues, pay-as-you-go procedures apply.

H.R. 5498 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would require public and private laboratories to comply with new security standards. Because the number of laboratories that would be affected and the types of security measures would depend on future regulations, CBO cannot estimate the costs of the mandates. Consequently, CBO cannot determine whether those costs would exceed the annual thresholds for intergovernmental or private-sector mandates (\$70 million and \$141 million in 2010, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5498 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs), 300 (natural resources and environment), 350 (agriculture), 450 (community and regional development), 550 (health), and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars					2011-2015
	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
DHS Programs						
Estimated Authorization Level	79	75	75	25	25	279
Estimated Outlays	25	35	47	55	57	219
HHS Programs						
Estimated Authorization Level	46	54	55	56	57	268
Estimated Outlays	17	42	51	53	56	219
Other Programs						
Estimated Authorization Level	10	2	2	2	2	18
Estimated Outlays	9	2	2	2	2	17
Total Changes						
Estimated Authorization Level	135	131	132	83	84	565
Estimated Outlays	51	79	100	110	115	455
CHANGES IN DIRECT SPENDING ^a						
Estimated Budget Authority	-22	-71	0	30	5	-58
Estimated Outlays	-22	-71	0	30	5	-58

Note: DHS = Department of Homeland Security; HHS = Department of Health and Human Services.

a. Over the 2011-2020 period, CBO estimates that enacting the bill would reduce direct spending by \$23 million.

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 5498 would cost \$455 million over the 2011-2015 period, assuming appropriation of the necessary funds. We estimate that enacting the bill also would reduce direct spending by \$58 million over the 2011-2015 period and by \$23 million over the 2011-2020 period. In addition, enacting the bill could have an insignificant effect on revenues.

Spending Subject to Appropriation

For this estimate, CBO assumes that the necessary amounts will be appropriated near the start of each fiscal year and that spending will follow historical patterns for similar activities.

DHS Programs. CBO estimates that H.R. 5498 would authorize the appropriation of \$279 million over the 2011-2015 period for several DHS programs and activities.

H.R. 5498 would authorize the appropriation of \$50 million annually over the 2011-2013 period for the Federal Emergency Management Agency to make grants to state, local, and tribal governments and nonprofit organizations to improve security at laboratories that contain toxins that present a threat to national security. CBO estimates that implementing this grant program would cost \$98 million over the 2011-2015 period, and an additional \$52 million after 2015.

The bill would authorize DHS to reimburse state and local laboratories for their costs to participate in the BioWatch program, which includes a system of monitors placed near urban areas to detect biological attacks. About 30 labs participate in BioWatch, and each spends, on average, about \$400,000 annually on this activity. We estimate that it would cost \$57 million over the 2011-2015 period to cover the labs' expenses.

The legislation also would direct DHS to establish a program to evaluate the effectiveness of tests to detect certain pathogens. Based on information from DHS about the cost of similar programs, we estimate that it would cost a \$47 million over the five-year period to carry out this activity.

H.R. 5498 would require DHS to establish regulations for security measures at laboratories that contain certain toxins. Based on the costs of similar activities, CBO estimates that it would cost DHS about \$9 million to carry out this provision and to assist the Departments of Agriculture and HHS in enforcing the new regulations over the next five years.

Finally, H.R. 5498 also would require DHS to develop strategies, share information, and prepare reports relating to threats from weapons of mass destruction. CBO estimates that it would cost \$8 million over the 2011-2015 period to carry out those activities.

HHS Programs. CBO estimates that H.R. 5498 would authorize the appropriation of \$268 million over the 2011-2015 period for activities to be conducted by HHS.

H.R. 5498 would require HHS to establish and implement a strategy for dispensing antidotes or other countermeasures to mitigate the effects of a terrorist attack with chemical, biological, radiological, or nuclear materials. Those activities would overlap to a considerable degree with activities under Executive Order 13527, issued on December 30, 2009; that order requires the Secretaries of Homeland Security and HHS to establish mechanisms for providing medical countermeasures following a biological attack. Based on information from the Centers for Disease Control and Prevention (CDC) and accounting for activities already required by that executive order, CBO estimates that implementing the bill's requirements would cost \$185 million over the 2011-2015 period.

A subsequent executive order, issued on July 2, 2010 (Executive Order 13546), requires the Secretaries of HHS and Agriculture to establish a tiered list of select materials considered threats to the United States. H.R. 5498 would modify and expand those requirements, and it would require those agencies to provide DHS with a list of laboratories and other locations where the most dangerous materials are stored. It also would require HHS to conduct a review of its vaccination and antimicrobial dispensing policy and to issue a report with recommendations to improve that policy. Based on information from CDC and accounting for overlapping activities specified within the executive order, CBO estimates that this provision would cost \$34 million over the 2011-2015 period.

Other Programs. CBO estimates that H.R. 5498 would authorize the appropriation of \$18 million over the 2011-2015 period for other programs and activities.

The bill would require the Department of Agriculture (along with HHS) to enforce security regulations for laboratories that contain certain agents. Based on information from the Department of Agriculture, CBO estimates that it would cost the department \$10 million to carry out this responsibility over the next five years.

H.R. 5498 would direct the Environmental Protection Agency (EPA) to assess the capability of federal, state, tribal, and local governments to recover from attacks involving chemical, biological, radiological, or nuclear materials. The bill would require the agency to develop exercises and provide guidance for state, local, and tribal governments to improve environmental decontamination and cleanup methods. Based on information from EPA, CBO estimates it would cost the agency about \$5 million in 2011 to carry out those activities.

Section 403 would require the Secretary of State to establish an interagency task force to examine the current state of—and methods for improving—global preparedness for a major biological attack. The task force would include representatives from several federal departments, including DHS, HHS, and the Department of Defense, and would be required to submit a report detailing its findings to the Congress within 18 months of the bill's enactment. Based on the cost of similar efforts, CBO estimates that operating the task force would cost approximately \$1 million in 2011 and less than \$500,000 in 2012, assuming the availability of appropriated funds.

H.R. 5498 would authorize the appropriation of \$1 million for fiscal year 2011 for the National Academy of Sciences to prepare a report for the Congress on the use of forensic science to improve homeland security. We estimate that most of those funds would be spent in 2011.

Direct Spending and Revenues

The Project Bioshield Act, enacted in 2004, provides funding for purchasing vaccines and pharmaceutical products that could be used in the event of a chemical, biological, radiological, or nuclear threat. Under that act, HHS, with the concurrence of DHS and approval of the Office of Management and Budget, can enter into contractual agreements to purchase those products up to eight years before they would otherwise be approved for sale to the public. Provisions in H.R. 5498 would alter the criteria for procurement of those vaccines and pharmaceutical products.

CBO anticipates that the new criteria would slow the procurement process for a subset of vaccines and pharmaceutical products by about one year. The delay in procurement is not expected to change total spending under Project Bioshield; however, it would delay some Bioshield spending until after 2020. CBO estimates that enacting those provisions would reduce direct spending by \$58 million over the 2011-2015 period and \$23 million over the 2011-2020 period.

H.R. 5498 could increase revenues because the legislation would establish civil penalties for violations of the security regulations established by DHS. Civil fines are recorded as revenues and deposited in the Treasury. CBO estimates that any additional revenues would not be significant because of the small number of cases likely to be affected.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

	By Fiscal Year, in Millions of Dollars											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2015	2011-2020
NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	-22	-71	0	30	5	5	0	9	21	0	-58	-23

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Under current law, laboratories must register with the National Select Agent Registry if they possess, use, or transfer select materials or toxins. They must also comply with security standards for conducting risk assessments. H.R. 5498 would impose additional duties on laboratories if they possess, use, or transfer select materials or toxins that are designated as tier I threats. Those laboratories would be required to comply with new security standards in addition to new standards for conducting background checks, training personnel, and performing vulnerability assessments.

The duty to comply with the new federal regulations would impose intergovernmental and private-sector mandates as defined in UMRA. The Secretary of HHS in coordination with the Secretary of DHS would have broad authority to add to or remove materials from the list of tier I threats at any time. Because the number of laboratories that would be affected and the types of security measures required would depend on those future regulatory actions and would therefore be difficult to predict, CBO cannot estimate the cost of the mandates. Consequently, CBO cannot determine whether resulting costs would exceed the annual thresholds for intergovernmental or private-sector mandates (\$70 million and \$141 million in 2010, respectively, adjusted annually for inflation).

Grant funds authorized in the bill for enhancing security at laboratories would benefit certain state, local, and tribal governments, including public institutions of higher education.

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