



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 21, 2008

S. 1492

Broadband Data Improvement Act

*As cleared by the Congress on September 30, 2008,
and signed by the President on October 10, 2008*

SUMMARY

S. 1492 (enacted as Public Law 110-204) establishes a federal grant program to support states' efforts to improve broadband communications and service. The act also authorizes several agencies to increase the amount of information available about the use of broadband communications by expanding surveys and producing reports. Finally, S. 1492 will increase efforts to create a safe environment on the Internet for children through a public awareness campaign and increased penalties for Internet service providers (ISPs) that fail to report child pornography.

Based on information from the affected agencies, CBO estimates that implementing S. 1492 will cost \$29 million in 2009 and \$217 million over the 2009-2018 period, assuming appropriation of the necessary amounts. CBO expects that the act will not have a significant effect on collections from penalties, which are recorded on the budget as revenues. S. 1492 will not affect direct spending.

S. 1492 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and will impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1492 is shown in the following table. The costs of this legislation fall within budget functions 370 (commerce and housing credit) and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars					2009- 2013
	2009	2010	2011	2012	2013	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Grants to States						
Estimated Authorization Level	40	40	40	40	40	200
Estimated Outlays	25	40	45	50	40	200
Studies and Surveys						
Estimated Authorization Level	4	2	2	2	2	12
Estimated Outlays	3	3	2	2	2	12
Internet Safety						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Total Changes						
Estimated Authorization Level	45	43	43	43	43	217
Estimated Outlays	29	44	48	53	43	217

BASIS OF ESTIMATE

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 programs.

Grants to States

The act establishes a grant program to support statewide initiatives to improve broadband service. The grants will be used by one eligible entity in each state to measure, monitor, and expand the availability and use of broadband services. Based on information from the Department of Commerce, CBO estimates that the proposed grants would cost \$25 million in 2009 and \$200 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

Studies and Surveys

The act requires several agencies, including the Federal Communications Commission (FCC), the Small Business Administration, and the Bureau of the Census, to increase the

amount of information available to the public about the availability and use of broadband communications in targeted populations. To do this, the act authorizes or expands surveys and reports on broadband use. Based on information from the affected agencies, CBO estimates that implementing those provisions will cost \$3 million in 2009 and \$12 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

Internet Safety

The act authorizes the Federal Trade Commission to develop a campaign to promote ways to protect children who use the Internet and establishes a working group within the National Telecommunications Information Agency to evaluate efforts by the telecommunications industry to create a safe atmosphere for children using the Internet. Based on information from the agencies, CBO estimates that those efforts will cost about \$5 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

S. 1492 also increases forfeiture penalties for ISPs that fail to report certain information about child pornographers or the existence of child pornography on their sites. Thus, the federal government may collect additional forfeiture penalties (collections of such fines are recorded in the budget as revenues). CBO estimates that any additional revenues will not be significant because of the relatively small number of cases likely to be affected.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1492 contains no intergovernmental or private-sector mandates as defined in UMRA and will impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

On August 27, 2007, CBO transmitted a cost estimate for S. 1492 as ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 19, 2007. That version of the legislation would have authorized the appropriation of \$40 million per year to establish a grant program for states to improve their broadband capacity, and also contained provisions that would require several agencies to study and report on the availability of broadband service in targeted populations. Differences in the two versions of S. 1492 are reflected in the cost estimates.

On November 9, 2007, CBO transmitted a cost estimate for H.R. 3919, the Broadband Census of America Act of 2007, as ordered reported by the House Committee on Energy and

Commerce on October 30, 2007. H.R. 3919 and S. 1492 contain similar provisions that would require the FCC to undertake a survey and prepare several reports on the use of broadband telecommunications systems. The cost estimates for these provisions are the same.

On October 18, 2007, CBO transmitted a cost estimate for S. 1965, the Protecting Children in the 21st Century Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on September 27, 2007. S. 1965 would authorize \$5 million per year to establish a public awareness campaign, and it would create a working group and increase certain penalties for Internet service providers with the goal of making the Internet a safer place for children. The cost estimates for these provisions reflect the differences in the legislation.

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