



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 27, 2008

S. 3474 **FISMA Act of 2008**

*As reported by the Senate Committee on Homeland Security
and Governmental Affairs on October 1, 2008*

SUMMARY

S. 3474 would amend the Federal Information Security Act of 2002 (FISMA) to improve information security throughout the federal government. CBO estimates that implementing the bill would cost \$40 million in 2009 and about \$570 million over the 2009-2013 period, assuming appropriation of the necessary amounts. Enacting the bill could also affect direct spending by agencies not funded through annual appropriations (such as the Tennessee Valley Authority or the U.S. Postal Service). CBO estimates, however, that any increase in spending by those agencies would not be significant or would be offset by corresponding increases in rates charged by those entities.

S. 3474 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 3474 is shown in the following table. The cost of this legislation falls within all budget functions that include salaries and expenses for information technology and inspectors general.

	By Fiscal Year, in Millions of Dollars					2009- 2013
	2009	2010	2011	2012	2013	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	75	100	120	150	155	600
Estimated Outlays	40	107	122	146	153	568

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted early in fiscal year 2009, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar activities.

S. 3474 would create a Chief Information Security Officer Council to establish best practices and guidelines for securely maintaining information. The bill also would strengthen the role of each agency’s chief information security officer by providing them with additional authorities. In addition, the Department of Homeland Security would be required to test the security of its information systems. Finally, the bill would require standardized information security audits and impose a variety of new reporting requirements.

Federal agencies spent nearly \$6 billion on activities related to FISMA in fiscal year 2007. Most of the provisions of the bill would codify or expand current practices of the federal government. FISMA sets forth a comprehensive framework for ensuring the effectiveness of security controls over information resources that support federal operations and assets. Specifically, FISMA requires the head of each agency to provide information security protections commensurate with the risk and magnitude of harm that would result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems used or operated by each agency. The Office of Management and Budget (OMB) develops policies, principles, standards, and guidelines for those purposes. Inspectors general perform independent evaluations of the information security programs and practices of individual agencies.

CBO expects that implementing the new legislation would require agencies to perform additional audits and evaluations of the federal government’s information systems. Based on information from OMB and other selected agencies, CBO estimates that the new activities under the legislation would add 2 percent to 3 percent to current FISMA expenses—about \$150 million annually when fully implemented. CBO expects that it would take about four

years to reach that level of effort for about 10,000 federal computer systems currently operating. We estimate that implementing those new requirements and authorities would increase costs by \$40 million in 2009 and about \$570 million over the 2009-2013 period, assuming appropriation of the necessary amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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