



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 29, 2008

S. 2996 **Intelligence Authorization Act for Fiscal Year 2009**

*As reported by the Senate Select Committee on Intelligence
on May 8, 2008*

SUMMARY

S. 2996 would authorize appropriations for fiscal year 2009 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).

This estimate addresses only the unclassified portion of the bill. On that limited basis, CBO estimates that implementing certain provisions of the bill would cost \$351 million in 2009 and \$696 million over the 2009-2013 period, assuming appropriation of the authorized funds. Enacting S. 2996 would have an insignificant effect on direct spending and would not affect revenues.

The bill includes new subpoena authority that would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO expects that the cost of complying with those mandates would be small and well below the annual thresholds established in that act (\$68 million for intergovernmental mandates and \$136 million for private-sector mandates in 2008, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2996 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					2009- 2013
	2009	2010	2011	2012	2013	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Intelligence Community Management Account						
Authorization Level	697	0	0	0	0	697
Estimated Outlays	349	314	21	7	0	691
Foreign Intelligence and Information Commission						
Authorization Level	5	0	0	0	0	5
Estimated Outlays	2	2	1	0	0	5
Total Changes						
Authorization Level	702	0	0	0	0	702
Estimated Outlays	351	316	22	7	0	696

BASIS OF ESTIMATE

Spending Subject to Appropriation

Section 104 would authorize the appropriation of \$697 million for the Intelligence Community Management Account, which provides the principal source of funding for the Office of the Director of National Intelligence (ODNI) and provides resources for coordination of programs, budget oversight, and management of the intelligence agencies. CBO estimates that implementing this provision would cost \$349 million in 2009 and approximately \$690 million over the 2009-2013 period, assuming appropriation of the specified amount.

Title V would establish the Foreign Intelligence and Information Commission within the legislative branch of the U.S. government, and would direct the transfer of \$5 million to the commission from the National Intelligence Program. The commission would be required to assess the foreign intelligence and information needs of the U.S. government and provide recommendations to improve collection, analysis, and reporting of such information. CBO anticipates that members of the commission would be appointed near the beginning of fiscal year 2009 and that the commission would complete its final report at or near the end of fiscal year 2010. Thus, CBO estimates that implementing title V would result in outlays of \$5 million over the 2009-2013 period.

Direct Spending

Section 201 would authorize the appropriation of \$279 million to CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The appropriation to CIARDS is considered mandatory, and the authorization under this bill would be the same as the amount assumed in the CBO baseline. Thus, this estimate does not ascribe any additional cost to that provision.

Section 349 would expand and permanently authorize a National Security Agency program, which provides financial assistance to college students who commit to working as entry-level language and intelligence analysts in the intelligence community after completion of their studies. The current program, which was created by the National Defense Authorization Act for Fiscal Year 2005 (Public Law 108-375), is set to expire in fiscal year 2011. Section 349 would permanently authorize this program and would transfer the administration of the program to the ODNI. Since selected students who fail to complete their obligated service requirement may be required to reimburse the government for financial assistance they receive, this provision could increase offsetting receipts. However, CBO anticipates that such reimbursements would be rare and that this provision would have an insignificant affect on direct spending.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains intergovernmental and private-sector mandates as defined in UMRA. Sections 407 and 506 would establish an Inspector General of the Intelligence Community and a Foreign Intelligence and Information Commission, respectively, and each would be given subpoena authority. In addition, section 351 would extend the authority of an existing commission. Entities in the public and private sectors, if subpoenaed, would be required to provide testimony, documents, or other evidence. CBO expects that the inspector general and the commissions would likely issue subpoenas sparingly and that the costs to comply with a new subpoena would not be significant. Thus, CBO estimates that the total costs of the mandates would be small and well below the annual thresholds established in UMRA (\$68 million for intergovernmental mandates and \$136 million for private-sector mandates in 2008, adjusted annually for inflation).

The remaining unclassified provisions of the bill contain no mandates as defined in UMRA. The bill also would create a grant program to promote language and intelligence training and would benefit participating public universities. Any costs they might incur, including matching funds, would result from complying with conditions of aid.

PREVIOUS CBO ESTIMATE

On May 19, 2008, CBO transmitted a cost estimate for H.R. 5959, the Intelligence Authorization Act for 2009, as ordered reported by the House Permanent Select Committee on Intelligence on May 8, 2008. The differences in the estimated costs for the two bills reflect differences in the legislative language. In particular, H.R. 5959 would authorize the appropriation of \$649 million for the Intelligence Community Management Account in 2009, whereas S. 2996 would authorize \$697 million for that account. In addition, the House bill doesn't contain the provision in title V of this bill which would establish the Foreign Intelligence and Information Commission.

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