



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 11, 2006

S. 3237 **Intelligence Authorization Act for Fiscal Year 2007**

*As reported by the Senate Committee on Armed Services
on June 21, 2006*

SUMMARY

S. 3237 would authorize appropriations for fiscal year 2007 for intelligence activities of the U.S. government, the Intelligence Community Management Account, and 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 \$364 million in 2007 and \$659 million over the 2007-2011 period, assuming appropriation of the necessary funds. Enacting S. 3237 would affect direct spending, but CBO cannot estimate those effects because the data required to prepare such an estimate are classified.

S. 3237 contains an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO expects that the cost of complying with that mandate would be small and well below the annual thresholds established in that act (\$64 million for intergovernmental mandates and \$128 million for private-sector mandates in 2006, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 3237 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				
	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a					
Intelligence Community Management Account					
Authorization Level	649	0	0	0	0
Estimated Outlays	357	227	45	13	0
CIARDS ^b					
Estimated Authorization Level	5	0	0	0	0
Estimated Outlays	5	0	0	0	0
FBI Foreign Language Incentive Award					
Estimated Authorization Level	2	2	2	3	3
Estimated Outlays	2	2	2	3	3
Total Changes					
Estimated Authorization Level	656	2	2	3	3
Estimated Outlays	364	229	47	16	3

NOTE: CIARDS = Central Intelligence Agency Retirement and Disability System; FBI = Federal Bureau of Investigation.

- a. In addition to effects on spending subject to appropriation, S. 3237 would affect direct spending. However, CBO cannot estimate those effects because the data needed to prepare an estimate are classified.
- b. CBO's March 2006 baseline assumes a mandatory appropriation of \$251 million in 2007 for CIARDS. S. 3237 would provide an authorization of \$256 million for that year. Thus, the table shows the incremental change of \$5 million.

BASIS OF ESTIMATE

Section 105 would authorize the appropriation of \$649 million for the Intelligence Community Management Account, which provides the principal source of funding for the Office of the Director of National Intelligence and provides resources for coordination of programs, budget oversight, and management of the intelligence agencies. CBO estimates that implementing this provision would cost \$357 million in 2007 and \$642 million over the 2007-2011 period, assuming appropriation of the specified amount.

Section 201 would authorize a mandatory appropriation of \$256 million to CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. This authorization is above CBO's March 2006 baseline and would increase outlays by \$5 million in 2007 over that baseline, assuming appropriation of the authorized amount.

Section 309 would authorize elements of the Intelligence Community to accept and spend reimbursements from private parties and employees of the Intelligence Community who damage equipment purchased through appropriated funds or default on the terms of any form of educational assistance provided by such elements. Since these reimbursements would otherwise be returned to the Treasury, this section would increase direct spending. However, CBO cannot provide an estimate as the data necessary to estimate the impact of this provision are classified.

Section 441 would authorize the Director of the Federal Bureau of Investigation (FBI) to pay cash awards of up to 5 percent of an employee's salary to employees who use foreign language skills in support of FBI analyses, investigations, or operations to protect against international terrorism or clandestine intelligence activities. Based upon information from the Bureau, CBO estimates that approximately 700 individuals each year could qualify for these awards and that this provision would cost \$2 million in 2007 and \$12 million over the 2007-2011 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

This bill would impose both an intergovernmental and private-sector mandate because it would establish an Inspector General of the Intelligence Community with the authority to subpoena information. State, local, and tribal governments, and entities in the private sector, if subpoenaed by the Inspector General, would be required to provide testimony, documents, or other evidence. CBO expects that the Inspector General would likely exercise this authority sparingly and that the costs to comply with a subpoena would not be significant. Thus, CBO estimates that the costs to public and private entities would be small and well below the annual thresholds established in UMRA (\$64 million for intergovernmental mandates and \$128 million for private-sector mandates in 2006, adjusted annually for inflation).

PREVIOUS CBO ESTIMATES

On August 3, 2006, CBO transmitted a cost estimate for the unclassified portion of S. 3237, the Intelligence Authorization Act for Fiscal Year 2007, as reported by the Senate Select Committee on Intelligence on May 25, 2006. The two versions of the unclassified portion of the bill are identical, as are CBO's estimates.

On April, 6 2006, CBO transmitted a cost estimate for the unclassified portion of H.R. 5020, the Intelligence Authorization Act for Fiscal Year 2007, as ordered reported by the House Permanent Select Committee on Intelligence on March 30, 2006. The differences in the

estimated costs reflect differences in the bills. In particular, S. 3237 would authorize the appropriation of \$649 million for the Intelligence Community Management Account, while H.R. 5020 would authorize \$990 million. In addition, H.R. 5020 does not contain the authorization in section 441 of S. 3237, which would authorize the Director of the FBI to pay foreign language incentive awards to FBI employees.

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