



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 12, 2013

## **H.R. 1163** **Federal Information Security Amendments Act of 2013**

*As ordered reported by the House Committee on Oversight and Government Reform  
on March 20, 2013*

### **SUMMARY**

H.R. 1163 would amend the Federal Information Security Management Act of 2002 (FISMA) to improve the security of federal information technology systems. The legislation would require continuous monitoring of computer systems and would provide the Office of Management and Budget (OMB) and other federal agencies with specific new responsibilities to secure federal information systems. The bill states that no additional funds are authorized to implement the legislation beyond those already authorized or appropriated.

Based on information from the Department of Homeland Security (DHS), OMB, and other major agencies working to ensure the security of federal information systems, CBO estimates that implementing H.R. 1163 would cost \$620 million over the 2014-2018 period, assuming that the necessary amounts are made available from appropriated funds. Most of those funds would be spent on salaries, expenses, and computer hardware and software. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1163 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 H.R. 1163 is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and all other budget functions that include spending for computer information systems.

	By Fiscal Year, in Millions of Dollars					2014-2018
	2014	2015	2016	2017	2018	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	70	120	135	150	170	645
Estimated Outlays	60	115	130	150	165	620

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted in late fiscal year 2013, that the necessary amounts will be made available each year, and that spending will follow historical patterns for salaries and expenses related to securing federal information systems.

FISMA sets forth a comprehensive framework for ensuring that security controls for information resources that support federal operations and assets are effective. Specifically, FISMA requires the head of each federal agency to provide protections commensurate with the risk and magnitude of harm that would result from the unauthorized access, use, disclosure, disruption, modification, or destruction of the information and systems used or operated by that agency.

OMB reports that in 2012, 24 federal agencies (all those that have appointed Chief Financial Officers) spent more than \$15 billion on security for information technology. That security spending accounts for about 20 percent of all federal spending on information technology and includes spending for testing, training, equipment, and personnel costs. Inspectors General reviews of federal agencies' compliance with information security requirements note that compliance has increased over the 2011-2012 period. However, almost 30 percent of agencies do not have continuous monitoring programs in place.

H.R. 1163 would expand the requirements in FISMA to strengthen and coordinate security controls for computer systems across federal agencies. Some of those new requirements include establishing uniform standards; implementing automated, continuous monitoring of systems to secure information; conducting threat assessments; and maintaining secure facilities. Based on information from OMB, DHS, and other agencies, CBO estimates that when fully implemented, the new activities specified in H.R. 1163 would add about 1 percent—roughly \$150 million a year—to the annual cost of implementing FISMA. CBO expects that it would take about four years to reach that level of effort for the thousands of federal computer systems currently operating. Over

the 2014-2018 period, we estimate that implementing those additional requirements and authorities would cost about \$620 million, assuming appropriation of the necessary amounts.

When a bill would impose a new requirement on an agency (such as acquiring equipment, preparing a plan, or completing a study), complying with that new requirement generally would entail the use of resources, and the cost of carrying out that requirement would be the amount of resources used. Even though H.R. 1163 specifies that additional funds are not authorized for the purposes of implementing the bill, CBO expects that agencies would need to spend appropriated resources to implement those new activities, and in the absence of additional appropriations, would spend funds that would otherwise have been spent to carry out other agency responsibilities.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

#### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 1163 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

#### **ESTIMATE PREPARED BY:**

Federal Costs: Matthew Pickford  
Impact on State, Local, and Tribal Governments: Elizabeth Cove Delisle  
Impact on the Private Sector: Paige Piper/Bach

#### **ESTIMATE APPROVED BY:**

Theresa Gullo  
Deputy Assistant Director for Budget Analysis