



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

April 30, 2014

**H.R. 3696  
National Cybersecurity and Critical Infrastructure Protection Act of 2014**

*As ordered reported by the House Committee on Homeland Security  
on February 5, 2014*

**SUMMARY**

H.R. 3696 would amend the Homeland Security Act of 2002 to require the Secretary of the Department of Homeland Security (DHS) to conduct cybersecurity activities on behalf of the federal government and would codify the role of DHS in preventing and responding to cybersecurity incidents involving the Information Technology (IT) systems of federal civilian agencies and critical infrastructure in the United States.

Although DHS currently conducts many of the activities covered by H.R. 3696 and has received approximately \$800 million so far in fiscal year 2014 for its cybersecurity activities, some provisions in the bill would expand existing programs, provide additional authorities, or add new requirements beyond the agency's current efforts. Assuming the appropriation of the necessary amounts, CBO estimates that implementing the bill would cost an additional \$160 million over the 2015-2019 period.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

H.R. 3696 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3696 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					2015- 2019
	2015	2016	2017	2018	2019	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Funding for Information Sharing and Analysis Centers						
Estimated Authorization Level	25	25	0	0	0	50
Estimated Outlays	9	18	16	7	0	50
DHS Cybersecurity Personnel and Authorities						
Estimated Authorization Level	0	26	25	26	30	106
Estimated Outlays	0	23	25	26	30	104
Information Technology Scholarships						
Estimated Authorization Level	*	1	1	1	1	4
Estimated Outlays	*	1	1	1	1	4
Homeland Security Cybersecurity Boots on the Ground Act						
Estimated Authorization Level	*	*	*	*	*	2
Estimated Outlays	*	*	*	*	*	2
Total Changes						
Estimated Authorization Level	25	50	26	27	31	162
Estimated Outlays	9	42	42	34	31	160

Note: Numbers may not sum to totals because of rounding; DHS = Department of Homeland Security; \* = less than \$500,000.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted near the beginning of fiscal year 2015 and that spending will follow historical patterns for similar activities.

### **Funding for Information Sharing and Analysis Centers**

Section 103 would require that at least \$25 million of the funds provided to DHS's Office of Cybersecurity and Communications in fiscal years 2014 to 2016 be used to support the presence of Information Sharing Analysis Centers (ISAC) at DHS's National Cybersecurity and Communications Integration Center (NCCIC). ISACs are private centers that serve as conduits for passing cybersecurity and other information between DHS and private organizations. They are also responsible for coordinating the response of the private sector and the federal government to cybersecurity incidents and other events

affecting the nation's critical infrastructure. At present, there is no dedicated funding provided to support the operations of such centers at the NCCIC and amounts spent for such purposes are insignificant.

H.R. 3696 also would require that DHS recognize at least one ISAC for each of the 16 critical infrastructure sectors listed in the bill. Because we assume that H.R. 3696 will be enacted near the beginning of fiscal year 2015, CBO estimates that implementing this provision would have no cost in 2014, but would cost \$50 million over the 2015-2018 period, assuming that appropriations of \$25 million are provided for such purposes in 2015 and 2016.

### **DHS Cybersecurity Personnel Authorities**

Section 302 would provide DHS with enhanced authorities for hiring and compensating DHS employees who perform cybersecurity functions in support of federal civilian agencies and critical infrastructure. Under those authorities, DHS could convert eligible positions to the excepted service and would have expanded flexibility in determining pay and bonuses for employees in those positions. (Excepted service authorities allow for expediting the hiring of individuals into federal service by allowing agencies to fill positions without following the procedures, rules, and classifications required for hiring employees into the competitive service.)

The Transportation Security Administration (TSA) has hiring and pay authorities similar to those that would be provided under section 302. CBO analysed data from the Office of Personnel Management for TSA employees in the field of information technology management and found that, after accounting for years of service and education, employees in that category earned about 15 percent more at TSA than elsewhere at DHS. On that basis, CBO anticipates that pay for positions established in the excepted service under this proposal would increase by about 15 percent above current levels.

According to DHS, approximately 1,500 employees, mostly in grades GS-13, GS-14, and GS-15, would be transitioned into a new pay plan for cybersecurity specialists under this provision. However, CBO estimates that 100 of those individuals are in TSA, and would not see a pay increase under the plan. For the remaining 1,400 employees, based on the difference in pay and the number and grades of the employees to be transitioned, CBO estimates that implementing this provision would cost \$104 million over the 2016-2019 period, assuming the appropriation of the necessary amounts.

### **Information Technology Scholarships**

Section 302 also would authorize DHS to establish a scholarship program similar to the Information Assurance Scholarship Program (IASP) of the Department of Defense (DoD).

The IASP is designed to assist DoD in recruiting and retaining IT personnel in the field of information assurance. The program currently has about 100 participants, and awards scholarships and stipends to both undergraduate and graduate students. Based on information about the size and cost of the DoD program, CBO estimates that DHS would provide scholarships and stipends to about 20 people a year at a cost of \$4 million over the 2015-2019 period, assuming appropriation of the necessary amounts.

### **Homeland Security Cybersecurity Boots on the Ground Act**

Section 301 would require DHS to maintain documentation verifying that contractors who serve in cybersecurity roles at DHS have received the training necessary to perform their assigned responsibilities. CBO anticipates that effort would require additional staffing and resources. Based on the cost of similar personnel, CBO estimates that implementing that requirement would cost approximately \$2 million over the 2015-2019 period, subject to the availability of appropriated funds.

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

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

H.R. 3696 contains no intergovernmental or private-sector mandates as defined in UMRA.

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