



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 6, 2007

## **S. 4**

### **Improving America's Security Act of 2007**

*As reported by the Senate Committee on Homeland Security and Governmental Affairs  
on February 22, 2007*

#### **SUMMARY**

S. 4 would authorize the appropriation of \$15.8 billion over the 2008-2012 period for a homeland security grant program and \$3.3 billion over the same period for an emergency communications and interoperability grant program. This legislation would authorize the appropriation of \$170 million over the five-year period for programs to improve information sharing, combat human smuggling, and protect civil liberties. The bill also would establish the International Cooperative Programs Office within the Department of Homeland Security (DHS).

Title VIII would amend the personnel management system that applies to the Transportation Security Administration (TSA). Based on information from TSA and the Office of Personnel Management (OPM), and subject to appropriation of the necessary amounts, CBO estimates that the agency would spend \$175 million over the 2008-2012 period to hire new staff and train existing staff to prepare the agency to operate with a workforce that includes collective bargaining units. Finally, S. 4 contains many other provisions that aim to protect the United States from terrorist attacks and other threats.

CBO estimates that implementing S. 4 would cost \$11.4 billion over the 2008-2012 period, assuming appropriation of the authorized and estimated amounts. Enacting the bill could affect direct spending, but CBO estimates that there would be no significant net effect on direct spending in any year. Enacting S. 4 would not affect revenues.

S. 4 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO expects the cost to state, local, and tribal governments of complying with that mandate would be small and well below the annual threshold established in that act (\$66 million in 2007, adjusted annually for inflation).

S. 4 also contains private-sector mandates as defined in UMRA. The bill would impose a mandate on private-sector entities by requiring them, if subpoenaed, to provide testimony, documents, or other evidence. CBO estimates that the direct cost of complying with the mandate would be small and fall well below the annual threshold for private-sector mandates established by UMRA (\$131 million in 2007, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 4 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs), 400 (transportation) 450 (community and regional development), and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Homeland Security Grants					
Estimated Authorization Level	3,105	3,105	3,105	3,198	3,294
Estimated Outlays	186	963	2,111	2,893	3,140
Emergency Communications and Interoperability Grants					
Authorization Level	400	500	600	800	1,000
Estimated Outlays	24	130	309	483	635
Other Programs with Specified Funding Levels					
Authorization Level	65	47	18	20	20
Estimated Outlays	56	50	21	20	20
International Cooperative Programs Office					
Estimated Authorization Level	25	26	27	27	28
Estimated Outlays	8	16	22	24	26
Changes to TSA Personnel Management System <sup>a</sup>					
Estimated Authorization Level	20	30	40	50	50
Estimated Outlays	15	26	37	47	50
Other Activities					
Estimated Authorization Level	16	13	5	5	5
Estimated Outlays	12	15	7	5	5

Continued

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION (Continued)</b>					
Total Changes					
Estimated Authorization Level	3,631	3,721	3,795	4,100	4,397
Estimated Outlays	301	1,200	2,507	3,472	3,876

- a. These estimates reflect TSA’s costs to move to a personnel management system based on collective bargaining, particularly to hire specialists in labor management and contract negotiations. These amounts do not include changes in amounts paid to TSA staff that could result under S. 4, either as a result of eliminating TSA’s current pay system or under future labor negotiations.

## **BASIS OF ESTIMATE**

CBO estimates that implementing S. 4 would cost \$11.4 billion over the 2008-2012 period, assuming appropriation of the amounts authorized and estimated to be necessary. In addition, enacting the bill could affect direct spending, but CBO estimates that there would be no significant net effect on direct spending in any year. For this estimate, we assume that the legislation will be enacted in 2007 and that the necessary amounts will be appropriated each year. Estimated outlays are based on historical spending patterns for existing or similar programs.

### **Spending Subject to Appropriation**

CBO estimates that implementing S. 4 would cost \$11.4 billion over the 2008-2012 period, assuming appropriation of the necessary amounts.

**Homeland Security Grant Program.** Title II would establish the Homeland Security Grant Program which would combine three existing grant programs—the Urban Area Security Initiative, the State Homeland Security Grants, and the Emergency Management Performance Grants. Together, those programs received appropriations of \$1.5 billion in 2007.

DHS derives its primary authority to distribute grants to states and localities to prepare and respond to terrorism from the USA Patriot Act (Public Law 107-56). That law authorizes the appropriation of such sums as necessary for first-responder grants through fiscal year 2007. S. 4 would replace this authorization of appropriations with a specific authorization level of just over \$3.1 billion annually in 2008, 2009, and 2010. The bill also would extend the authority for such grants after 2010 at whatever level is necessary. For this estimate, CBO

assumes that the authorized amount will be appropriated over the 2008-2010 period and that the program will continue at that level with adjustments for anticipated inflation.

For this estimate, CBO expects that spending under the bill would follow historical spending patterns for existing state and local grant programs for emergency management activities. CBO estimates that implementing the Homeland Security Grant Program would cost \$9.3 billion over the 2008-2012 period.

**Emergency Communications and Interoperability Grants.** Title III would establish a new Emergency Communications and Interoperability Grant Program for states and regions to improve the emergency communications systems used by police, firefighters, and other first responders. The bill would authorize the DHS to provide grants to states to plan and design communications systems, purchase equipment, and provide training to users. Under current law, grants for similar activities are provided through the State Homeland Security Grant Program. Through 2006, the existing grant program has awarded nearly \$3 billion for interoperable communications activities. This bill would authorize the appropriation of \$3.3 billion over the 2008-2012 period, and such sums as are necessary after that period. Based on historical spending patterns for similar grant programs, CBO estimates that implementing this title would cost \$1.6 billion over the 2008-2012 period.

**Other Programs with Specified Funding Levels.** S. 4 would authorize the appropriation of \$170 million over the 2008-2012 period for programs to improve information sharing, combat human smuggling, and protect civil liberties. The bill would authorize the appropriation of:

- \$30 million for each of fiscal years 2008 and 2009 for DHS to improve the sharing of information among federal agencies concerning terrorist threats;
- \$10 million annually over the 2008-2012 period for DHS to improve partnerships with state, local, and regional fusion centers (organizations that aim to prevent terrorist activity);
- \$20 million for fiscal year 2008 for the Human Smuggling and Trafficking Center; and
- \$30 million over the 2008-2011 period and sums as necessary for each year thereafter for the Privacy and Civil Liberties Oversight Board.

CBO estimates that implementing these provisions would cost \$167 million over the 2008-2012 period. We estimated the 2012 funding level for the Privacy and Civil Liberties Oversight Board by adjusting the 2011 level for inflation.

**International Cooperative Programs Office.** Section 1201 would establish the International Cooperative Programs Office within the Science and Technology Directorate of DHS. The office would be directed to facilitate and support cooperation on homeland security research between the United States and its allies, and would be charged with appropriately matching U.S. and foreign entities engaged in such research. Based on information from DHS, CBO estimates that the activities authorized by this provision would cost about \$25 million a year and that implementing this provision would cost \$8 million in 2008 and \$96 million over the 2008-2012 period, assuming the appropriation of the necessary funds.

**Changes to TSA Personnel Management System.** Title VIII would make several changes to current law related to the management of certain TSA employees, particularly aviation security screeners. According to TSA and the Office of Personnel Management (OPM), by repealing certain existing authorities related to personnel management, the legislation could result in changes in salaries paid to existing TSA employees. Additional changes under the bill could include the establishment of collective bargaining units within TSA's workforce.

At this time, CBO does not have sufficient information to estimate changes in federal spending for screeners' salaries because it is not clear what system would be used to pay such employees under the bill. Nor can CBO estimate potential changes in TSA's costs that might result from future negotiations with labor groups. Although we expect that those potential costs could be significant, particularly in future years, we have not included any such changes in this estimate.

CBO expects that, under S. 4, the agency would incur costs starting in 2008 to move from its current personnel system to a system based on collective bargaining, particularly to hire specialists in labor management and contract negotiations. Based on information from TSA, OPM, and labor groups, as well as information about other federal agencies' costs to support personnel systems that allow collective bargaining, CBO estimates that such costs would total \$15 million in 2008 and \$175 million over the next five years, assuming appropriation of the necessary amounts.

**Other Activities.** S. 4 contains several other provisions that would increase costs to the federal government, subject to appropriation of the necessary amounts. Those include a program to provide intelligence training for state and local personnel, a demonstration project to improve communications for border communities, and a program to improve systems to detect and combat biohazards. The bill would require DHS and other federal agencies to prepare several reports to the Congress on a variety of security issues. CBO estimates that it would cost no more than \$50 million over the 2008-2012 period to implement these provisions.

Section 401 would require DHS, within one year of enactment, to establish a system to record the departure from U.S. airports of persons who entered the United States under the visa waiver program. The Visa Waiver Permanent Program Act (Public Law 106-396), the Terrorism Prevention Act of 2004 (Public Law 108-458), and other recent laws also require implementation of a similar system. DHS is currently implementing similar exit procedures at 12 airports through the US-VISIT program. As a result, CBO does not expect section 401 to significantly increase spending relative to current law and existing DHS plans for US-VISIT.

### **Direct Spending**

S. 4 would authorize DHS to improve the security of the visa waiver program, which enables persons from designated countries to visit the United States for up to 90 days without having to obtain a visa. The bill would permit DHS to charge fees to cover any costs it incurs to carry out this provision. CBO expects that DHS would spend any additional fees it would collect under S. 4, so we estimate that the net cost to DHS for this provision would not be significant in any year.

### **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

S. 4 contains an intergovernmental mandate as defined in UMRA. Section 503 would authorize the privacy officer of the Department of Homeland Security to subpoena information. State, local, and tribal governments, if subpoenaed by that official, would be required to provide testimony, documents, or other evidence. CBO expects that the privacy officer would use that subpoena power sparingly and that the cost to comply with such subpoenas would be small and well below the threshold established in UMRA (\$66 million in 2007, adjusted annually for inflation).

### **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

S. 4 would impose a private-sector mandate by providing a federal entity with the power to subpoena information. Private-sector entities, if subpoenaed by the privacy officer of DHS, would be required to provide testimony, documents, or other evidence. Such a requirement would be a mandate as defined in UMRA. Because CBO expects that the privacy officer would likely use the subpoena power sparingly and that the costs to comply with a subpoena would not be significant, we estimate that the costs to comply with the mandate would be small and fall well below the annual threshold for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

## **PREVIOUS CBO ESTIMATE**

On February 2, 2007, CBO transmitted a cost estimate for H.R. 1, the Implementing the 9/11 Commission Recommendations Act of 2007, as passed by the House of Representatives on January 9, 2007. Both H.R. 1 and S. 4 contain similar provisions that would make changes to TSA's personnel system. Differences in our estimates of costs under those provisions reflect new information from TSA about how the proposed changes would be implemented. Specifically, our estimate of H.R. 1 did not include costs that TSA might incur to move to a personnel system based on collective bargaining because, based on information provided at the time by TSA, whether such a system would be implemented under H.R. 1 was highly uncertain. The agency now believes that those provisions would necessitate changes to its human resources system, particularly to hire additional specialists in labor relations and contract negotiations. As a result, CBO now estimates that implementing those provisions of S. 4 and H.R. 1 would increase the agency's costs by \$15 million in 2008 and \$175 million over the next five years.

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