



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 23, 2004

### **H.R. 4548** **Intelligence Authorization Act for Fiscal Year 2005**

*As cleared by the Congress on December 8, 2004*

H.R. 4548 would authorize appropriations for fiscal year 2005 for intelligence activities of the U.S. government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System (CIARDS). The act also would make changes to other laws related to intelligence programs

CBO cannot estimate the impact of this act on direct spending and revenues because certain parts of the act are classified and because the data needed to prepare an estimate for other parts of the legislation are also classified.

The act would authorize the appropriation of \$239 million for 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 act would be the same as assumed in the CBO baseline. Thus, this estimate does not ascribe any additional cost to that provision.

Section 401 would extend indefinitely the authority of the Central Intelligence Agency (CIA) to offer incentive payments to employees who voluntarily retire or resign. Under current law, this authority would expire on September 30, 2005. This section also would eliminate the requirement that the CIA make a deposit to the Civil Service Retirement and Disability Fund equal to 15 percent of final pay for each employee who accepts an incentive payment. Extending authority to offer incentive payments to those employees could increase outlays from the civil service retirement system in the near-term, although those amounts would be offset by reduced retirement payments in later years. CBO cannot provide an estimate of the direct spending effects because the data needed for such an estimate are classified.

Section 402 would allow certain undercover CIA employees to claim and receive the same tax treatment and Social Security benefits available to some individuals in the private sector. This provision could effect the amount of federal tax exemptions and deductions claimed by these employees, as well as their payments and benefits under the Social Security system. CBO cannot provide an estimate of the direct spending and revenue effects because the data needed for such an estimate are classified.

CBO transmitted cost estimates for three previous versions of the Intelligence Authorization Act for Fiscal Year 2005. On June 21, 2004 CBO transmitted a cost estimate for the unclassified portions of H.R. 4548, as ordered reported by the House Permanent Select Committee on Intelligence on June 16, 2004. CBO also transmitted cost estimates for two versions of S. 2386 (an identically titled bill): the first on May 21, 2004, as reported by the Senate Select Committee on Intelligence on May 5, 2004; and the second on August 19, 2004, as ordered reported by the Senate Committee on Armed Services on July 8, 2004. All three versions of the legislation would affect direct spending, but CBO could not estimate those effects because the data needed to prepare such estimates are classified.

The CBO staff contact is Jason Wheelock. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.