



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 19, 2007

**H.R. 1684
Department of Homeland Security Authorization Act
for Fiscal Year 2008**

As passed by the House of Representatives on May 9, 2007

SUMMARY

H.R. 1684 would authorize the appropriation of \$39.9 billion for fiscal year 2008 to fund operations of the Department of Homeland Security (DHS). The legislation also specifies authorizations of \$456 million over the 2009-2012 period for certain DHS programs. In addition, CBO estimates that the act would authorize the appropriation of \$160 million over the 2009-2012 period for several other programs within DHS. CBO estimates that implementing H.R. 1684 would cost \$39.6 billion over the 2008-2012 period, assuming appropriation of the necessary amounts.

We estimate that enacting the legislation would increase revenues by \$19 million over the 2008-2012 period and \$46 million over the 2008-2017 period by allowing Customs and Border Protection officers to increase contributions to their retirement funds. Enacting the legislation would not affect direct spending.

H.R. 1684 imposes both an intergovernmental and private-sector mandate, as defined in the Unfunded Mandates Reform Act (UMRA), by prohibiting employers from terminating the employment of volunteer firefighters and volunteer emergency medical personnel providing services in certain emergencies or major disasters. CBO estimates that the cost of the mandate would be well below the annual thresholds established by UMRA (\$66 million for intergovernmental mandates and \$131 million for private-sector mandates in 2007, adjusted annually for inflation). The act also would create new grant programs that would benefit state, local, and tribal governments and would alter some existing programs.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1684 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense), 300 (natural resources and environment), 400 (transportation), 450 (community and regional development), 550 (health), 600 (income security), 750 (administration of justice), and 800 (general government).

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 1684 would cost \$39.6 billion over the 2008-2012 period, assuming appropriation of the amounts authorized and estimated to be necessary. For this estimate, we assume that such amounts will be appropriated for each year. Estimated outlays are based on historical spending patterns for existing or similar programs.

We estimate that enacting H.R. 1684 would increase revenues by \$46 million over the 2008-2017 period. The act would have no effect on direct spending.

Spending Subject to Appropriation

H.R. 1684 would authorize appropriations for DHS operations in 2008, including funding for document fraud grants, medical-response programs, and other activities. It also would authorize appropriations in 2009 and later years for these programs.

DHS Operations for Fiscal Year 2008. Section 101 would authorize the appropriation of \$39.9 billion for fiscal year 2008 to fund the operations of DHS. Of that amount, the legislation would authorize specific funding levels for certain programs, covering a little more than \$200 million of the \$39.9 billion total. Those specified amounts are detailed below, along with authorizations for the 2009-2012 period.

DHS Programs with Specified Funding Levels. The legislation also would authorize the appropriation of \$456 million over the 2009-2012 period to fund certain DHS programs.

Grants to Prevent Document Fraud. H.R. 1684 would authorize the appropriation of \$100 million for 2009 and \$80 million for 2010 for grants to states to prevent fraudulent use of identification cards and other documents. CBO estimates that this program would cost \$176 million over the 2009-2012 period. (Of the 2008 authorization total, the act would authorize the appropriation of \$120 million for such grants in that year.)

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
SPENDING SUBJECT TO APPROPRIATION						
DHS Spending Under Current Law						
Estimated Budget Authority ^a	33,962	0	2,175	0	0	0
Estimated Outlays	41,192	17,111	10,072	5,192	3,235	885
Proposed Changes:						
DHS Operations ^b						
Authorization Level	0	39,570	0	0	0	0
Estimated Outlays	0	22,938	8,310	5,547	1,981	15
Programs with Specified Funding:						
Grants to Prevent Document Fraud						
Authorization Level	0	120	100	80	0	0
Estimated Outlays	0	26	68	98	71	33
Metropolitan Medical Response System						
Authorization Level	0	63	63	63	63	0
Estimated Outlays	0	4	20	43	59	59
Other Programs with Specified Funding						
Authorization Level	0	28	28	28	28	3
Estimated Outlays	0	22	28	28	28	8
Other DHS Programs						
Estimated Authorization Level	0	83	83	65	8	2
Estimated Outlays	0	69	83	67	19	3
Total Changes						
Estimated Authorization Level ^b	0	39,863	274	236	99	5
Estimated Outlays	0	23,060	8,509	5,783	2,158	48
Spending Under H.R. 1684						
Estimated Authorization Level	33,962	39,863	2,449	236	99	5
Estimated Outlays	41,192	40,171	18,581	10,975	5,393	1,003

CHANGES IN REVENUES

Estimated Revenues ^c	0	5	3	3	4	4
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- a. The estimated 2007 level is the amount of appropriations less offsetting collections for that year for operations of DHS. The 2009 level reflects an advance appropriation for a biodefense countermeasures program.
- b. Section 101 of H.R. 1684 would authorize the appropriation of \$39,863 million for fiscal year 2008 for DHS. Of that amount, the act would authorize funding for certain programs in 2008; the remainder is shown as "DHS operations."
- c. CBO estimates that enacting H.R. 1684 would increase revenues by an additional \$27 million over the 2013-2017 period.

Metropolitan Medical Response System. H.R. 1684 would authorize the appropriation of \$63 million annually over the 2009-2011 period for DHS to assist local jurisdictions in responding to incidents involving mass casualties. CBO estimates that this program would cost about \$120 million over the 2009-2012 period. (Of the 2008 authorization, the act would authorize funding of \$63 million for that year.)

Other Programs. H.R. 1684 would authorize the appropriation of \$25 million annually over the 2009-2011 period for DHS to establish a program to foster international cooperation on scientific research. The act also would authorize the appropriation of \$3 million annually over the 2009-2012 period to provide training on civil liberties issues to employees of fusion centers (state, local, and regional organizations that aim to prevent terrorist activity). CBO estimates that implementing these programs would cost about \$85 million over the 2009-2012 period. (The act also specifies \$28 million in authorized funding for those activities from the 2008 total.)

Other DHS Programs. In addition, CBO estimates that the legislation would authorize the appropriation of \$160 million over the 2009-2012 period for several other programs within DHS.

H.R. 1684 would direct the Federal Emergency Management Agency (FEMA) to establish an Office of Long Term Recovery in the state of Florida for a period of at least three years. Such an office was created following the hurricanes of 2004 to work in tandem with state and local officials to administer FEMA assistance programs. As of June 2007, this office was still in operation with approximately 250 employees in four locations throughout the state. For this estimate, CBO assumes that the office would remain operational through 2010. Assuming the appropriation of the necessary funds, CBO estimates that implementing this provision would cost about \$120 million over the 2009-2012 period. (Of the 2008 total, CBO estimates that the act would authorize \$55 million for this activity.)

H.R. 1684 would authorize the appropriation of the necessary sums for fiscal years 2008 and 2009 for DHS to prepare assessments of terrorist threats using chemical, biological, nuclear, and other weapons or agents. Based on information from DHS about the funding provided for threat assessments for fiscal year 2007, CBO estimates that implementing this provision would cost \$20 million in 2009. (Of the 2008 authorization total, CBO estimates that the act would authorize \$20 million for this activity.)

H.R. 1684 would authorize appropriations for fiscal years 2009 and 2010 for the DHS Office of the Inspector General (IG) to increase oversight of the Secure Border Initiative program. The act would authorize the appropriation of at least 6 percent of the total IG budget for 2009 and at least 7 percent of the IG budget for 2010 for increased oversight activities. The fiscal year 2007 appropriation for the IG was \$85 million. Adjusting the 2007 level for anticipated

inflation, CBO estimates that this provision would require additional funding of \$5 million in 2009 and \$6 million in 2010. (Of the 2008 authorization total, the act would authorize the appropriation of \$6 million for increased oversight activities.)

Finally, H.R. 1684 would establish a program to improve systems to detect and combat biohazards. Based on information from DHS, CBO estimates that this program would require additional funding of about \$2 million annually. (Of the 2008 total, CBO estimates that the act would authorize \$2 million for this activity.)

Revenues

H.R. 1684 would allow certain Customs and Border Protection officers to elect law enforcement officer coverage under Title V of the United States Code within five years of enactment. CBO estimates that employee contributions would increase by \$19 million over the 2008-2012 period and by \$46 million over the 2008-2017 period.

Based on data provided by the Office of Customs and Border Protection and the Office of Personnel Management, CBO estimates that, in 2008, roughly 9,000 border patrol agents would be subject to treatment as federal law enforcement officers (LEOs) under the Federal Employees Retirement System (FERS). (This number would grow over time because newly hired border patrol agents would all come under the LEO classification.) As such, they would be required to pay an additional 0.5 percent of salary as retirement contributions, and earn higher accrual rates for their retirement benefits. Because of the more attractive retirement benefits offered LEOs, CBO assumes that 90 percent of officers under age 40 would opt for LEO status. (Because one needs 20 years of LEO status to receive the benefits accorded LEOs and there is a mandatory retirement age of 57, few agents over age 40 would switch status.)

CBO estimates that the additional FERS contributions would total \$3 million in 2008 (based on an average salary of \$60,000) and grow to \$6 million annually by 2016. In addition, current agents who opt for LEO status could elect to have the status retroactively applied to service beginning in January 2003. Those agents could either make a lump-sum payment of 0.5 percent of salary for those years of service or accept an actuarial reduction in benefits equal to those contributions. In either case, service beginning in 2003 would be treated as LEO service for calculating retirement benefits. CBO assumes that 20 percent of agents would make lump-sum payments, and those payment would total \$2 million in 2008. The 20 percent assumption is consistent with the experience in the late 1980s when federal retirees were allowed to withdraw their own retirement contributions in exchange for an actuarially reduced benefit. In total, H.R. 1684 would increase revenues by \$5 million in 2008, \$19 million over the 2008-2012 period, and \$46 million over the 2008-2017 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1684 imposes both an intergovernmental and private-sector mandate, as defined in UMRA, on certain employers. CBO estimates that the cost of the mandate would be well below the annual thresholds established by UMRA (\$66 million for intergovernmental mandates and \$131 million for private-sector mandates in 2007, adjusted annually for inflation). The act also would create new grant programs that would benefit state, local, and tribal governments and would alter some existing programs.

H.R. 1684 would prohibit an employer from terminating, demoting, or discriminating against an employee because such employee is absent or late to their job due to serving as a volunteer firefighter or providing volunteer emergency medical services. The prohibition would apply if such employee is absent for 14 days or less per calendar year and is specifically deployed to respond to certain emergencies or major disasters and provides written verification. Under the legislation, employers may reduce an employee's regular pay for any time that such employee is absent due to deployment to respond to those emergencies or major disasters. Based on information from industry sources, CBO expects that the direct cost to comply with the mandate would fall well below both annual thresholds.

Other Impacts on State, Local, and Tribal Governments

H.R. 1684 would create two new grant programs that would benefit state, local, and tribal governments. Section 1108 would create the Metropolitan Medical Response System to help local governments prepare for incidents that result in mass casualties. Section 1109 would create a grant program to increase the security of identity documents issued by state governments and to decrease the potential for those documents to be used fraudulently. Assuming the appropriation of authorized amounts, CBO estimates that those governments would receive about \$480 million over the 2008-2012 period. In addition to creating new grant programs, the act also would add new requirements to several existing grant programs. Any costs to state, local, and tribal governments for participating in the new or existing grants would be incurred voluntarily as a condition of receiving federal assistance.

PREVIOUS CBO ESTIMATE

On May 2, 2007, CBO transmitted an estimate for H.R. 1684, as ordered reported by the House Committee on Homeland Security on March 28, 2007. That version of the legislation would not establish the FEMA Office of Long Term Recovery in Florida, so we estimated that implementing the legislation would cost \$39.5 billion over the 2008-2012 period. In addition, the committee approved version would establish a new federal crime relating to

alien smuggling, so we estimated that enacting it could have a small effect on direct spending.

As ordered reported, H.R. 1684 contained an intergovernmental and private-sector mandate on public and private colleges and universities, and sponsors of exchange visitors to require schools and sponsors to observe visitors and certain students. The legislation also included a private-sector mandate that would prohibit individuals and entities from using certain words, symbols, or titles related to DHS without written permission. Neither of those mandates are included in H.R. 1684 as passed by the House of Representatives.

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