



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 12, 2007

**S. 1538
Intelligence Authorization Act for Fiscal Year 2008**

*As reported by the Senate Select Committee on Intelligence
on May 31, 2007*

SUMMARY

S. 1538 would authorize appropriations for fiscal year 2008 for intelligence activities of the U.S. government, for the Intelligence Community Management Account (ICMA), and for the Central Intelligence Agency Retirement and Disability System (CIARDS).

This estimate addresses only the unclassified portion of the bill. On that limited basis, CBO estimates that implementing certain provision of the bill would incur discretionary costs of approximately \$390 million in 2008 and approximately \$711 million over the 2008-2012 period. In addition, enacting S. 1538 would increase direct spending by \$94 million over the 2008-2012 period and \$98 million over the 2008-2017 period.

The bill contains an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO expects the cost of complying with that mandate would be small and well below the annual thresholds established in that act (\$66 million for intergovernmental mandates and \$131 million for private-sector mandates in 2007, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1538 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 | | | | | |
|---|--|------|------|------|------|------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Intelligence Community Management Account | | | | | | |
| Authorization Level | 715 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 393 | 250 | 50 | 14 | 0 | 0 |
| Public Interest Declassification Board | | | | | | |
| Estimated Authorization Level | 0 | 1 | 1 | 1 | 1 | 0 |
| Estimated Outlays | 0 | 1 | 1 | 1 | 1 | 0 |
| Total Changes | | | | | | |
| Estimated Authorization Level | 715 | 1 | 1 | 1 | 1 | 0 |
| Estimated Outlays | 393 | 251 | 51 | 15 | 1 | 0 |
| CHANGES IN DIRECT SPENDING | | | | | | |
| Development and Acquisition Program | | | | | | |
| Estimated Budget Authority | 0 | 75 | 25 | 0 | 0 | 0 |
| Estimated Outlays | 0 | 32 | 38 | 18 | 6 | 2 |

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1538 will be enacted near the start of fiscal year 2008 and that the specified and estimated authorization amounts will be appropriated near the start of each fiscal year.

Spending Subject to Appropriation

Section 104 would authorize the appropriation of \$715 million for the Intelligence Community Management Account (ICMA), which provides the principal source of funding for the Office of the Director of National Intelligence and provides resources for coordination of programs, budget oversight, and management of the intelligence agencies. CBO estimates that implementing this provision would cost \$393 million in 2008 and \$707 million over the 2008-2012 period, assuming appropriation of the specified amount.

Section 308 would extend the authorization for the Public Interest Declassification Board beyond its current expiration date of December 27, 2008, until December 31, 2012. The

board, which was established by the Intelligence Authorization Act for Fiscal Year 2001 (Public Law 106-567), advises the President on a number of matters related to the declassification of national security information including Congressional requests for the declassification of such records. According to the National Archives, annual expenses for the board are currently about \$1 million. Based upon this information, CBO estimates extending the authorization by four years would cost \$4 million over the 2009-2012 period, assuming the appropriation of the necessary amounts.

Direct Spending

Section 106 would require the Director of National Intelligence to transfer not less than an amount specified in the classified appendix from appropriations for National Intelligence Program for fiscal year 2008 and prior years for a development and acquisition program. The details of this program are also specified in the classified appendix. Such funds would remain available for expenditure indefinitely. Since section 106 would result in an extension of the period of availability of some of the funds appropriated to the National Intelligence Program, this provision would effectively reappropriate those funds.

CBO does not have access to either the classified appendix or to data on the amount of funds from the National Intelligence Program that are due to expire in the coming fiscal years. In absence of such information, CBO used data released in 1997 and 1998 regarding federal Intelligence spending and increased that by the rate of inflation and real growth in national defense spending. Based on this information, and using historical spending patterns of the ICMA, CBO estimates that section 106 would result in a reappropriation of \$75 million in 2009 and \$25 million in 2010, and would increase direct spending outlays by approximately \$94 million over the 2009-2012 period and \$98 million over the 2009-2017 period.

Section 201 would authorize the appropriation of \$263 million to 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 bill would be the same as assumed in the CBO baseline. Thus, this estimate does not ascribe any additional cost to that provision.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

This bill would impose an intergovernmental mandate because it would establish an Inspector General of the Intelligence Community with the authority to subpoena information. State, local, and tribal governments, if subpoenaed by the Inspector General, would be

required to provide testimony, documents, or other evidence. CBO expects that the Inspector General would likely exercise this authority sparingly and that the costs to comply with a subpoena would not be significant. Thus, CBO estimates that the costs to those governments would be small and well below the annual thresholds established in UMRA (\$66 million for intergovernmental mandates in 2007, adjusted annually for inflation).

The remaining unclassified provisions of the bill contain no mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

Section 410 of this bill would establish an Inspector General of the Intelligence Community. The Inspector General of the Intelligence Community would be "authorized to require by subpoena the production of all information, documents, reports, answers, records accounts, papers, and other data and documentary evidence" necessary in the performance of the Inspector General's duties. Such a requirement would be a federal mandate under UMRA. CBO expects that the Inspector General of the Intelligence Community would likely exercise this subpoena power sparingly and that the costs to comply with a subpoena would not be significant. Thus, CBO estimates that the private-sector costs of the mandate would be small and well below the relevant thresholds established by UMRA (\$131 million for private-sector mandates in 2007, adjusted for inflation.)

PREVIOUS CBO ESTIMATE

On May 7, 2007, CBO transmitted a cost estimate for the unclassified portion of H.R. 2082, the Intelligence Authorization Act for Fiscal year 2008, as ordered reported by the House Permanent Select Committee on Intelligence on May 2, 2007. The differences in the estimates reflect differences in the bills. In particular, S. 1538 would authorize the appropriation of \$715 million for the ICMA whereas H.R. 2082 would authorize \$738 million. In addition, H.R. 2082 does not contain the provision in section 106 regarding the transfer of funds for an unspecified program; nor does it contain the provision in section 308 extending the authorization for the Public Interest Declassification Board.

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