



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 16, 2007

S. 372 **Intelligence Authorization Act for Fiscal Year 2007**

*As reported by the Senate Committee on Armed Services
on February 8, 2007*

SUMMARY

S. 372 would authorize appropriations for fiscal year 2007 for intelligence activities of the U.S. government, the Intelligence Community Management Account (ICMA), and 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 provisions of the bill would cost \$10 million in 2007 and \$64 million over the 2007-2012 period, assuming appropriation of the necessary funds. Enacting S. 372 would also affect direct spending, but CBO cannot estimate those effects because the data required to prepare such an estimate are classified.

S. 372 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. 372 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

	2007	2008	2009	2010	2011	2012
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CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Intelligence Community Management Account						
Authorization Level ^a	50	0	0	0	0	0
Estimated Outlays	9	24	13	3	1	0
FBI Foreign Language Incentive Award						
Estimated Authorization Level	1	2	2	3	3	3
Estimated Outlays	1	2	2	3	3	3
Total Changes						
Estimated Authorization Level	50	2	2	3	3	3
Estimated Outlays	10	26	15	6	4	3

NOTE: FBI = Federal Bureau of Investigation.

- a. Although S. 372 authorizes appropriations of \$649 million for the Intelligence Community Management Account, CBO only includes \$50 million as an incremental cost since that account already received \$599 million in the 2007 Department of Defense Appropriations Act (Public Law 109-289).
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BASIS OF ESTIMATE

Section 105 would authorize the appropriation of \$649 million for the 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. Since the ICMA received \$599 million in appropriations in the 2007 Department of Defense Appropriations Act (Public Law 109-289), S. 372 would authorize an additional \$50 million above enacted appropriations. CBO estimates that implementing this provision would cost \$9 million in 2007 and \$50 million over the 2007-2012 period, assuming appropriation of an additional \$50 million.

Section 201 would authorize a mandatory appropriation of \$256 million to CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. This authorization matches the amount appropriated in the Fiscal Year 2007 Defense Appropriations Act and is equal to the amount in the CBO baseline. Thus, CBO does not estimate any additional cost for this provision.

Section 309 would authorize elements of the Intelligence Community to accept and spend reimbursements from employees and private parties who damage equipment purchased with appropriated funds or default on the terms of any form of educational assistance provided by those organizations. Since those reimbursements would otherwise be conveyed to the Treasury, this section would increase direct spending. However, CBO cannot estimate the cost of this provision as it does not have access to the classified information necessary for that purpose.

Section 441 would authorize the Director of the Federal Bureau of Investigation (FBI) to pay cash awards of up to 5 percent of an employee's salary to employees who use foreign language skills in support of FBI analyses, investigations, or operations to protect against international terrorism or clandestine intelligence activities. Based upon information from the Bureau, CBO estimates that approximately 700 individuals each year could qualify for these awards and that this provision would cost \$1 million in 2007 and \$14 million over the 2007-2012 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

This bill would impose both an intergovernmental and private-sector mandate because it would establish an Inspector General of the Intelligence Community with the authority to subpoena information. State, local, and tribal governments, and entities in the private sector, 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 public and private entities would be small and well below the annual thresholds established in UMRA (\$66 million for intergovernmental mandates and \$131 million for private-sector mandates in 2007, adjusted annually for inflation).

PREVIOUS CBO ESTIMATES

On January 31, 2007, CBO transmitted a cost estimate for the unclassified portion of S. 372, the Intelligence Authorization Act for Fiscal Year 2007, as reported by the Select Committee on Intelligence on January 24, 2007. The two versions of the unclassified portion of the bill are identical, as are CBO's estimates.

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