



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

February 5, 2014

**S. 1681
Intelligence Authorization Act for Fiscal Year 2014**

*As reported by the Senate Select Committee on Intelligence
on November 12, 2013*

SUMMARY

S. 1681 would authorize appropriations for fiscal year 2014 for intelligence activities of the U.S. government. Since CBO does not provide estimates for classified programs, this estimate addresses only the unclassified aspects of the bill. On that limited basis, and assuming appropriation of the authorized amounts, CBO estimates that implementing the unclassified provisions of S. 1681 would cost \$564 million over the 2014-2019 period.

In addition, enacting the bill would increase direct spending by \$20 million over the 2014-2024 period by modifying the retirement benefits of certain employees of the Central Intelligence Agency (CIA). CBO also estimates that enacting the bill would have an insignificant effect on revenues in any particular year but would increase revenues by about \$1 million over 2014-2024 period. Because enacting the legislation would affect direct spending and revenues, pay-as-you-go procedures apply.

S. 1681 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S.1681 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense) and 600 (income security).

	By Fiscal Year, in Millions of Dollars											2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024
CHANGES IN SPENDING SUBJECT TO APPROPRIATION													
Authorization Level	569	0	0	0	0	0	0	0	0	0	0	569	569
Estimated Outlays	370	131	46	11	6	0	0	0	0	0	0	564	564
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	*	1	1	1	2	2	2	2	3	3	3	6	20
Estimated Outlays	*	1	1	1	2	2	2	2	3	3	3	6	20
CHANGES IN REVENUES													
Estimated Revenues	*	*	*	*	*	*	*	*	*	*	*	*	1
NET INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND RECEIPTS													
Impact on Deficit	*	*	1	1	2	2	2	2	3	3	3	6	20

Notes: Numbers may not sum to totals because of rounding.

* = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes the legislation will be enacted early in calendar year 2014, that the authorized amounts will be appropriated, and that outlays will follow historical patterns for similar and existing programs.

Spending Subject to Appropriation

Section 104 would authorize the appropriation of \$569 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 resources for coordinating programs, overseeing budgets, and managing the intelligence agencies. CBO estimates that implementing this section would cost \$370 million in 2014 and \$564 million over the 2014-2019 period, assuming appropriation of the authorized amount.

Section 603 would extend through December 31, 2018, the authorization for the Public Interest Declassification Board (PIDB), which is set to expire on December 31, 2014. The PIDB advises the President on the government's standards and procedures for releasing

and declassifying information. Based on information from the Information Security Oversight Office of the National Archives, CBO estimates that implementing this provision would cost less than \$500,000 over the 2015-2019 period.

Direct Spending and Revenues: Retirement Credit for CIA employees on Detail to Another Agency

Section 202 would authorize the Director of the Central Intelligence Agency to treat CIA employees on detail to other federal agencies in the same manner as employees serving in the agency for the purposes of retirement eligibility. Under current law, CIA employees who complete five years of qualifying service are eligible to receive special retirement credit under the Federal Employees Retirement System (FERS Special). Qualifying service consists of serving in support of the agency overseas or performing specialized work with unique security requirements. FERS Special employees are eligible to retire earlier and receive a higher percentage of their salary towards their retirement annuity for each year of government service than they would under the regular version of FERS. Under current law, service overseas by CIA employees on detail to other agencies does not count as qualifying service. According to the CIA, granting credit for such service would affect approximately 100 current or former employees who would not otherwise be eligible to participate in FERS Special. Based on information from the CIA, CBO estimates that enacting this provision would result in qualifying individuals retiring sooner and receiving slightly higher annuities than they otherwise would. On that basis, we estimate the provision would result in direct spending of \$20 million over the 2014-2024 period.

In addition, the provision would result in greater revenues because employees' contributions to FERS Special are higher than those required for regular FERS. Based on information from the CIA, CBO estimates the increase in revenues would be insignificant in any particular year, but would total approximately \$1 million over the 2014-2024 period.

This provision would also apply to CIA employees who participate in the Civil Service Retirement System. Under the conditions described above, those employees would be allowed to participate in the Central Intelligence Agency Retirement and Disability System (CIARDS). However, both plans closed to new entrants several decades ago, and based on information from the CIA, we expect that section 202 would not affect spending for those programs.

Central Intelligence Agency Retirement and Disability System Authorization

Section 201 would authorize the appropriation of \$514 million for CIARDS, which is a retirement and disability plan for certain employees of the Central Intelligence Agency. The appropriation would cover various unfunded liabilities of the system and would be considered mandatory. However, because the authorization is the same as the amount

assumed in the CBO baseline, CBO does not ascribe any additional cost to that provision relative to the baseline.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. S. 1681 would increase direct spending by modifying the criteria for retirement credit for CIA employees who work overseas as detailees for other federal agencies. The net changes in revenues and outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 1681 as ordered reported by the Senate Select Committee on Intelligence on November 12, 2013

	By Fiscal Year, in Millions of Dollars												2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
NET INCREASE IN THE DEFICIT^a														
Statutory Pay-As-You-Go Impact	0	0	1	1	2	2	2	2	3	3	3	6	20	
Memorandum:														
Direct Spending	0	1	1	1	2	2	2	2	3	3	3	6	20	
Revenues	0	0	0	0	0	0	0	0	0	0	0	0	1	

a. Numbers do not sum to totals because of rounding.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1681 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On November 25, 2013, CBO transmitted a cost estimate for H.R. 3381, the Intelligence Authorization Act for 2014, as ordered reported by the House Permanent Select Committee on Intelligence on November 21, 2013. Although the bills are similar, two differences between them account for the differences in CBO's estimate of costs. First, H.R. 3381 would authorize \$601 million for the ICMA, as compared to S. 1681, which would authorize \$569 million. In addition, S. 1681 contains a provision that would provide special retirement credit for CIA employees working as detailees overseas for other federal agencies that is not included in H.R. 3381.

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