



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 11, 2016

H.R. 5077 **Intelligence Authorization Act for Fiscal Year 2017**

*As ordered reported by the House Permanent Select Committee on Intelligence
on April 29, 2016*

SUMMARY

H.R. 5077 would authorize appropriations for fiscal year 2017 for intelligence activities of the U.S. government, the Intelligence Community Management Account (ICMA), the Central Intelligence Agency Retirement and Disability System (CIARDS), and the Privacy and Civil Liberties Oversight Board (PCLOB).

CBO does not provide estimates for classified programs; therefore, this estimate addresses only the unclassified aspects of the bill. On that limited basis, CBO estimates that implementing the unclassified provisions of the bill would cost \$521 million over the 2017-2021 period, subject to appropriation of the specified amounts.

In addition, enacting the bill also would affect direct spending and revenues by allowing the Inspector General of the Central Intelligence Agency (CIA) to designate certain employees as law enforcement officers; therefore, pay-as-you procedures apply. However, CBO estimates that those effects would not be significant over the 2017-2026 period.

CBO estimates that enacting H.R. 5077 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5077 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COSTS TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of H.R. 5077 are shown in the following table. The costs of this legislation fall within budget function 050 (national defense).

	By Fiscal Year, in Millions of Dollars					2017-2021
	2017	2018	2019	2020	2021	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Intelligence Community Management Account						
Authorization Level	519	0	0	0	0	519
Estimated Outlays	337	145	18	8	3	511
Privacy and Civil Liberties Oversight Board						
Authorization Level	10	0	0	0	0	10
Estimated Outlays	7	3	0	0	0	10
Total Increases						
Estimated Authorization Level	529	0	0	0	0	529
Estimated Outlays	344	148	18	8	3	521

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5077 will be enacted near the beginning of fiscal year 2017, that the specified amounts will be appropriated, and that outlays will follow historical spending patterns for existing or similar programs.

Spending Subject to Appropriation

Intelligence Community Management Account. Section 104 would authorize the appropriation of nearly \$519 million for fiscal year 2017 for the ICMA. That amount is about 3 percent higher (or \$13 million more) than the amount appropriated for that account for fiscal year 2016. The ICMA is the principal source of funding for the Office of the Director of National Intelligence and for managing the intelligence agencies. CBO estimates that implementing section 104 would cost \$511 million over the 2017-2021 period.

Privacy and Civil Liberties Oversight Board. Section 303 would authorize an appropriation of about \$10 million for fiscal year 2017 for the PCLOB to perform its statutory functions. The PCLOB is an independent agency within the executive branch responsible for ensuring that measures taken by the federal government to combat terrorism are balanced against the need to protect privacy and civil liberties. The specified amount authorized for 2017 is less than the \$21 million provided in 2016; however, that amount included two-year funding to cover relocation costs the Board will experience as it vacates its current facility in 2016, occupies an interim space, and moves

into new offices in 2017. CBO estimates that implementing section 303 would cost \$10 million over the 2017-2021 period.

Living Quarters Allowance (LQA). Section 414 would prohibit the Defense Intelligence Agency (DIA) from paying LQA to any of its employees assigned to a directorate of a combatant command that has its headquarters located outside of the United States. Two combatant commands meet that condition—U.S. European Command and U.S. Africa Command—and both are headquartered in Stuttgart, Germany.

LQA is used as an incentive to recruit eligible individuals for assignments overseas. Annual rates are determined by the Department of State and are based on location, employee grade, and family size. For 2016, annual LQA rates published for Stuttgart, Germany, range from \$32,700 to \$41,800 for employees without families and from \$39,200 to \$42,300 for employees with families. The “with family” rates may also be increased by between 10 percent and 30 percent for employees with larger families.

Eliminating LQA payments to those DIA employees would decrease the amount the agency pays for LQA. However, on the basis of information from DIA, CBO expects that, in the absence of such payments, the affected employees would be more likely to request and receive permission to cut short their tours of duty by several years and return to the United States earlier than they otherwise would. The resulting increase in relocation costs—the average cost to move an employee’s household to or from an overseas location is about \$75,000—would, in CBO’s estimation, largely offset any savings that would result from eliminating LQA payments. Thus, CBO estimates that implementing this provision would have an insignificant net effect on personnel costs.

Direct Spending and Revenues

Law Enforcement Officials. Section 412 would allow the CIA Inspector General to designate individuals performing certain investigative functions as law enforcement officers (LEOs) for purposes of pay and retirement benefits. The average difference between a LEO and a non-LEO retirement annuity is about \$25,000 per year. LEOs are also required to contribute 0.5 percent more of their salaries toward their future retirement annuities than non-LEOs (such employee contributions are recorded in the budget as revenues). Based on information from the CIA and the Office of Management and Budget, CBO estimates that the increase in revenues and direct spending under this provision would not be significant over the 2017-2026 period.

Central Intelligence Agency Retirement and Disability System. Section 201 would authorize the appropriation of \$514 million for CIARDS for fiscal year 2017 to maintain the proper funding level for operating that retirement and disability system. Appropriations to CIARDS are treated as direct spending in the budget and are projected

to continue in CBO's baseline. Therefore, CBO does not ascribe any additional cost to this provision.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5077 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 5077 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

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