



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 22, 2015

S. 1705 **Intelligence Authorization Act for Fiscal Year 2016**

*As reported without written report by the Senate Select Committee
on Intelligence on July 7, 2015*

SUMMARY

S. 1705 would authorize appropriations for fiscal year 2016 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).

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 \$513 million over the 2016-2020 period, subject to appropriation of the specified amount. Other sections of the bill would increase costs beyond that, but CBO does not have sufficient information to provide specific estimates of those additional costs.

Enacting S. 1705 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 1705 would impose a mandate on public and private entities, as defined in the Unfunded Mandates Reform Act (UMRA), by requiring anyone providing an electronic communication service or a remote computing service to the public who obtains actual knowledge of any terrorist activity to provide the relevant facts and circumstances to authorities designated by the Attorney General. The cost of informing the authorities would be minimal. Therefore, CBO estimates that the aggregate cost of the mandate would fall well below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$77 million and \$154 million in 2015 respectively, adjusted annually for inflation).

ESTIMATED COSTS TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 1705 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense) and 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					2016-2020
	2016	2017	2018	2019	2020	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	520	0	0	0	0	520
Estimated Outlays	338	146	18	8	3	513

Note: The totals in the table do not include the amounts necessary to implement sections 512 and 513, which deal with U.S. diplomatic facilities in Cuba. Those costs are expected to be significant and are discussed in the “Spending Subject to Appropriation” section of this estimate. The totals also do not include costs of classified programs.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1705 will be enacted late in fiscal year 2015, that the specified amount will be appropriated by early in fiscal year 2016, and that outlays will follow historical spending patterns for the affected programs.

Spending Subject to Appropriation

S. 1705 would authorize appropriations for fiscal year 2016 for intelligence activities of the U.S. government and for the ICMA and would require federal agencies to conduct more frequent reviews of background information for individuals with security clearances. CBO estimates that implementing those provisions would cost \$513 million over the 2016-2020 period, assuming appropriation of the specified amount.

The bill also would impose certain requirements on constructing and staffing U.S. diplomatic facilities in Cuba. At this time, CBO does not have sufficient information to estimate the cost of implementing those provisions.

Intelligence Community Management Account. Section 104 would authorize an appropriation of just over \$520 million for fiscal year 2016 for ICMA. That amount is about 2.5 percent more than the amount appropriated for that account for fiscal year 2015. The ICMA is the principal source of funding for the Office of the Director of National Intelligence and for managing the intelligence agencies. Assuming appropriation of that amount, CBO estimates that implementing section 104 would cost \$513 million over the 2016-2020 period.

Enhanced Personnel Security Program. Section 607 would require federal agencies to develop and implement an enhanced personnel security program. Under that program, agencies would have to conduct interim reviews, at least twice every five years, of certain

types of information for individuals who have security clearances or who hold sensitive positions that might affect national security. Conducting those interim reviews would increase costs for certain federal agencies, subject to appropriation of the necessary funds. However, the bill would not require the program to be implemented until the earlier of five years after enactment of the bill or such time as the current backlog in periodic security reinvestigations is eliminated. Because there has been a significant backlog in such investigations for many years, and given the recent disruption in the Office of Personnel Management's ability to process security clearances, CBO anticipates that the new program would not be implemented until after 2020; therefore, the costs of implementing the bill would be negligible over the 2016-2020 period.

Although CBO does not have enough information to provide a precise estimate of the costs of implementing section 607 beyond 2020, the cost of conducting the kinds of record checks that would be required by the bill and the large number of employees who would probably be affected indicates that those costs would be significant. About 4.5 million people hold security clearances. CBO expects that the record checks would require a level of effort roughly equivalent to that of a basic National Agency Check, which is a check of certain government records, including federal investigative records. Currently, such checks cost about \$130 each. On that basis, the costs of implementing section 607 would probably be in the low hundreds of millions of dollars a year after 2020.

U.S. Diplomatic Facilities in Cuba. Section 512 would require that every supervisory position at U.S. diplomatic facilities in Cuba be filled by a U.S. citizen who has passed a background check and would require the State Department to submit a plan to the Congress to lessen its reliance on locally employed staff. Section 513 would require that diplomatic facilities in Cuba that are either constructed or upgraded after the date of enactment of the bill contain a secure area where classified information may be stored, used, discussed, or processed. Implementing those provisions would increase costs at those facilities, potentially by millions of dollars over the 2016-2020 period; however, CBO does not have sufficient information—such as the number of personnel that would be affected or the department's plans to build or upgrade facilities—to provide a specific estimate of those additional costs. Furthermore, the bill would allow the department to waive or delay those requirements, and CBO does not know to what extent the department would use that flexibility.

Direct Spending

Section 201 would authorize the appropriation of \$514 million for CIARDS for fiscal year 2016 to maintain the proper funding level for operating that retirement and disability system. Appropriations to CIARDS are treated as direct spending in the budget. Because the amounts authorized to be appropriated are the same as the amounts projected in CBO's baseline, CBO does not ascribe any additional cost to this provision.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1705 would impose a mandate on public and private entities, as defined in UMRA, by requiring entities providing an electronic communication service or remote computing service to the public to report to appropriate authorities, as determined by the Attorney General, when they have actual knowledge that their technology is being used in any terrorist activity. Providers of such services include telecommunications companies, internet service providers, universities, and state and local governments. Based on information from the Department of Justice, CBO estimates that the cost of complying with the mandate would be minimal and would fall well below the annual thresholds for intergovernmental and private-sector mandates (\$77 million and \$154 million in 2015, respectively, adjusted annually for inflation).

PREVIOUS CBO ESTIMATE

On June 8, 2015, CBO transmitted a cost estimate for H.R. 2596, the Intelligence Authorization Act for Fiscal Year 2016, as ordered reported by the House Permanent Select Committee on Intelligence on June 4, 2015. The differences in the estimated costs reflect the differences in the underlying bills.

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