



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 14, 1998

S. 2052

Intelligence Authorization Act for Fiscal Year 1999

As reported by the Senate Select Committee on Intelligence on May 7, 1998

SUMMARY

S. 2052 would authorize appropriations for fiscal year 1999 for intelligence activities of the United States government, the Community Management Account, 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 enacting S. 2052 would result in additional spending of \$174 million over the 1999-2003 period, assuming appropriation of the authorized amounts. The unclassified portion of the bill would affect direct spending; thus, pay-as-you-go procedures would apply. However, CBO cannot give a precise estimate of the direct spending effects because data to support a cost estimate are classified.

The Unfunded Mandates Reform Act of 1995 (UMRA) excludes from application of the act legislative provisions that are necessary for the national security. CBO has determined that all of the provisions of this bill either fit within that exclusion or do not contain intergovernmental or private-sector mandates as defined by UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the unclassified portions of S. 2052 is shown in the following table. CBO is unable to obtain the necessary information to estimate the costs for the entire bill because parts are classified at a level above clearances held by CBO employees. The costs of this legislation fall within budget function 050 (national defense).

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003

SPENDING SUBJECT TO APPROPRIATION

Spending Under Current Law
for the Community Management Account

Budget Authority ^a	94	0	0	0	0	0
Estimated Outlays	104	36	7	2	0	0

Proposed Changes

Authorization Level	0	174	0	0	0	0
Estimated Outlays	0	108	52	10	3	0

Spending Under S. 2052
for the Community Management Account

Authorization Level ^a	94	174	0	0	0	0
Estimated Outlays	104	144	59	12	3	0

CHANGES IN DIRECT SPENDING

Estimated Budget Authority	0	0	b	b	b	b
Estimated Outlays	0	0	b	b	b	b

a. The 1998 level is the amount appropriated for that year.

b. CBO cannot give a precise estimate of direct spending effects because data to support a cost estimate are classified.

The bill would authorize appropriations of \$174 million for the Community Management Account. In addition, the bill would authorize \$202 million for CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The payment to CIARDS is considered mandatory, and the authorization under this bill would be the same as assumed in the CBO baseline.

Section 401 of the bill would extend the CIA's authority to offer incentive payments to employees who voluntarily retire or resign. This authority, which is currently scheduled to expire at the end of fiscal year 1999, would be extended through fiscal year 2001. Section 401 would also require the CIA to make a deposit to the Civil Service Trust Fund equal to 15 percent of final pay for each employee who accepts an incentive payment. CBO estimates that these payments would amount to less than \$5 million. We believe that these deposits would be sufficient to cover the cost of any long-term increase in benefits that would result from induced retirements, although the timing of the agency payments and the additional benefit payments would not match on a yearly basis. CBO cannot provide a precise estimate of the direct spending effects because the data necessary for an estimate are classified.

Section 501 of the bill would require the President to inform certain federal employees and contract employees that they may disclose classified and unclassified information to Congressional oversight committees if they believe that information provides direct and specific evidence of wrongdoing. CBO estimates that the costs of implementing section 501 would not be significant because the number of employees covered by the bill would be small and the cost associated with each notice would be minimal.

For purposes of this estimate, CBO assumes that S. 2052 will be enacted by October 1, 1998, and that the full amounts authorized will be appropriated for fiscal year 1999. Outlays are estimated according to historical spending patterns for intelligence programs.

PAY-AS-YOU-GO CONSIDERATIONS:

Section 401 of the bill would affect direct spending, and therefore the bill would be subject to pay-as-you-go procedures. CBO cannot estimate the precise direct spending effects because the necessary data are classified.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The Unfunded Mandates Reform Act of 1995 (UMRA) excludes from application of the act legislative provisions that are necessary for the national security. CBO has determined that all of the provisions of this bill either fit within that exclusion or do not contain intergovernmental or private-sector mandates as defined by UMRA.

PREVIOUS CBO ESTIMATE

On May 5, 1998, CBO issued an estimate for H.R. 3694, the Intelligence Authorization Act for Fiscal Year 1999, as ordered reported by the House Permanent Select Committee on Intelligence. CBO estimated that section 401 of that bill would increase direct spending by \$1 million or more in at least one year during the 2000-2003 period. Like section 401 in S. 2052, the provisions in H.R. 3694 would extend the CIA's authority to offer incentive payments to employees who voluntarily retire or resign. However, H.R. 3694 would not require the CIA to make a deposit equal to 15 percent of final pay to the Civil Service Trust Fund for each employee who receives an incentive payment. The bills also authorize different amounts of appropriations for the Community Management Account.

CBO prepared a cost estimate on February 25, 1998, for S. 1668, as reported by the Senate Select Committee on Intelligence on February 23, 1998. Section 501 of S. 2052 duplicates the provisions of S. 1668, a bill to encourage the disclosure to Congress of certain classified and related information. CBO's estimates for these provisions are identical.

ESTIMATE PREPARED BY:

Federal Costs:

Estimate for Voluntary Separation Pay: Eric Rollins

Estimate for Remaining Provisions: Dawn Sauter

Impact on State, Local, and Tribal Governments: Teri Gullo

Impact on the Private Sector: Bill Thomas

ESTIMATE APPROVED BY:

Robert A. Sunshine

Deputy Assistant Director for Budget Analysis