



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 11, 2018

H.R. 6237
Matthew Young Pollard Intelligence Authorization Act for
Fiscal Years 2018 and 2019

*As reported by the House Permanent Select Committee on Intelligence
on July 3, 2017*

SUMMARY

H.R. 6237 would authorize appropriations for fiscal years 2018 and 2019 for intelligence activities of the U.S. government, the Intelligence Management Account (ICMA), and the Central Intelligence Agency Retirement and Disability System (CIARDS). The bill also would create or modify other programs across the intelligence community.

CBO does not provide estimates for classified programs; therefore, this estimate addresses only the unclassified aspects of the bill. In addition, CBO cannot provide estimates for certain provisions in the unclassified portion of the bill because they concern classified programs. On that limited basis, CBO estimates that implementing the unclassified provisions of the bill would cost \$1.1 billion over the 2019-2023 period, subject to appropriation of the specified and estimated amounts.

In addition, enacting the bill also would affect direct spending by making changes to CIARDS that would enhance the benefits offered to certain annuitants; therefore, pay-as-you-go procedures apply. However, CBO estimates that those effects would be less than \$500,000 over the 2019-2028 period.

CBO estimates that enacting H.R. 6237 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 6237 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 6237 is shown in the following table. The costs of the legislation fall within budget function 050 (national defense).

	By Fiscal Year, in Millions of Dollars					2019- 2023
	2019	2020	2021	2022	2023	
SPENDING SUBJECT TO APPROPRIATION^a						
National Security Agency Construction Project						
Authorization Level	775	0	0	0	0	775
Estimated Outlays	16	116	194	155	116	597
Intelligence Community Management Account						
Authorization Level	515	0	0	0	0	515
Estimated Outlays	334	144	18	8	3	507
Special Rates of Pay						
Estimated Authorization Level	*	1	2	2	2	7
Estimated Outlays	*	1	2	2	2	7
Total						
Total Authorization Level	1,290	1	2	2	2	1,297
Estimated Outlays	350	261	214	165	121	1,111

a. In addition to the budgetary effects shown here, H.R. 6237 would have an insignificant effect on direct spending over the 2019-2028 period.

* = between zero and \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 6237 will be enacted near the beginning of fiscal year 2019. Outlays are based on historical spending patterns for existing or similar programs.

Spending Subject to Appropriation

Assuming appropriation of the specified and estimated amounts, CBO estimates that implementing the bill would cost about \$1.1 billion over the 2019-2023 period.

National Security Agency Construction Project. Section 2434 would authorize the appropriation of \$775 million for the Director of the National Security Agency (NSA) to carry out a construction project at the NSA East Campus, Fort Meade, Maryland. The section also authorizes NSA to fund that project in increments instead of having to fully fund the project up front as long as the sum of those increments does not exceed \$775 million. Based on historical spending patterns, CBO estimates that implementing section 2434 would cost about \$600 million over the 2019-2023 period and that most of the remaining amount would be spent in subsequent years.

Intelligence Community Management Account. Sections 1104 and 2103 would authorize the appropriation of \$547 million and \$515 million for fiscal years 2018 and 2019, respectively, for the ICMA. The ICMA is the principal source of funding for the Office of the Director of National Intelligence and for managing the intelligence agencies. Because CBO anticipates that the bill would be enacted near the start of fiscal year 2019, we estimate that implementing section 1104 would not affect spending in 2018. However, assuming appropriation of the amount authorized for fiscal year 2019, CBO estimates that that implementing section 2103 would cost about \$510 million over the 2019-2023 period.

Special Rates of Pay. Section 2303 would authorize NSA to establish higher pay rates for employees who carry out the cyber mission of the agency. In general, the rates of pay established under that authority could not exceed the rate of basic pay for level II of the Executive Schedule (\$189,600, in 2018); however, in certain circumstances, up to 100 NSA employees at any given time could receive up to the rate of basic pay for the Vice President of the United States (\$243,500, in 2018).

Based on an analysis of information made available by the Department of Defense, CBO estimates that about two to three dozen employees would receive an average of \$15,500 more in compensation in fiscal year 2019 under this provision. That amount reflects our expectation that the new pay rates would go into effect six months following enactment (halfway into the fiscal year) which would allow NSA time to develop and apply those higher rates of pay. After taking into consideration yearly pay increases and the expectation that NSA would expand its use of this authority over time, CBO estimates that by 2023 the average increase in annual compensation would be about \$34,400 and the number of NSA employees receiving such increases would double. Thus, CBO estimates that implementing higher pay rates for those NSA employees would cost \$7 million over the 2019-2023 period.

Direct Spending

H.R. 6237 would make changes to CIARDS that would enhance the benefits offered to certain annuitants and authorize appropriations for 2018 and 2019.

CIARDS Benefits Adjustments. Section 1202 would make a number of changes to CIARDS to align the benefits offered to employees, retirees, or survivors under CIARDS with the benefits currently offered to employees, retirees, or survivors under the Civil Service Retirement System. For example, the bill would alter the way retirement benefits are calculated for employees who worked for the CIA before April, 7, 1986, and, at some point during their career, worked on a part-time basis. The bill also would allow married employees retiring under CIARDS after enactment to provide a survivor annuity to someone with an insurable interest. (An insurable interest exists when an individual derives financial benefit from the retiring employee continuing to be alive.) On the basis of information from the CIA, CBO estimates that only a small number of individuals would benefit from the changes in section 1202 and that the net increase in direct spending from enacting the section would be less than \$500,000 over the 2019-2028 period.

CIARDS Fund Payment. Sections 1201 and 2201 would each authorize the appropriation of \$514 million for CIARDS for fiscal years 2018 and 2019, respectively, 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 at the authorized levels in CBO's baseline pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985. Therefore, CBO does not ascribe any additional costs to those provisions.

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. Pay-as-you-go procedures apply to this legislation because enacting it would affect direct spending; however, CBO estimates that those effects would be insignificant.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 6237 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 6237 contains no intergovernmental or private-sector mandates as defined in UMRA.

PREVIOUS ESTIMATES

On June 29, 2018, CBO transmitted a preliminary cost estimate of the direct spending effects for this bill. The estimated direct spending costs are the same.

On September 21, 2017, CBO transmitted a cost estimate for S. 1761, the Intelligence Authorization Act for Fiscal Year 2018, as reported by the Senate Select Committee on Intelligence on August 18, 2017. The differences in the estimated costs reflect the differences in the underlying bills.

On July 18, 2017, CBO transmitted a cost estimate for H.R. 3180, the Intelligence Authorization Act for Fiscal Year 2018, as ordered reported by the House Permanent Select Committee on Intelligence on July 13, 2017. The differences in the estimated costs reflect the differences in the underlying bills.

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