

### At a Glance

## S. 3997, Safeguarding American Innovation Act

As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on July 22, 2020

By Fiscal Year, Millions of Dollars	2021	2021-2025	2021-2030
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	<b>9</b>	<b>25</b>	not estimated
Statutory pay-as-you-go procedures apply?	<b>Yes</b>	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	<b>No</b>	Contains intergovernmental mandate?	<b>No</b>
		Contains private-sector mandate?	<b>No</b>

\* = between -\$500,000 and \$500,000.

#### The bill would

- Require the Department of State to modernize its visa application system and to share visa application information with law enforcement agencies
- Expand the Department of State's authority to deny visas to foreign nationals who are deemed a threat to national security
- Require the Office of Management and Budget to establish the Federal Research Security Council to standardize the process for making federal research and development grants
- Impose penalties on grant applicants that intentionally fail to disclose sources of foreign compensation
- Require certain federal grant recipients to disclose financial relationships with foreign entities

#### Estimated budgetary effects would primarily stem from

- Implementing new federal grant-making processes
- Operating the Federal Research Security Council

#### Areas of significant uncertainty include

- Estimating the amount that the government would collect in fines and other penalties under the bill

**Detailed estimate begins on the next page.**

## Bill Summary

S. 3997 would require the Department of State to modernize its visa application process and expand the list of reasons for denying visas to foreign researchers.

The bill also would establish the Federal Research Security Council within the Office of Management and Budget. The Council would be responsible for standardizing the federal process for grant applications and approvals for U.S. universities. In addition, the bill would prohibit applicants for federal grants from submitting applications that do not disclose known foreign sources of financial compensation, and it would lower the dollar value of foreign gifts that postsecondary institutions must report to the government.

S. 3997 would provide new oversight and enforcement powers for federal agencies involved in securing U.S. intellectual property from foreign adversaries. Federal agencies would be required to collect information on sensitive technology or data that foreign grantees might access.

## Estimated Federal Cost

The estimated budgetary effects of S. 3997 are shown in Table 1. The costs of the legislation fall within budget functions 150 (international affairs), 500 (education, training, employment, and social services), and 800 (general government).

**Table 1.**  
**Estimated Budgetary Effects of S. 3997**

	By Fiscal Year, Millions of Dollars					2021-2025
	2021	2022	2023	2024	2025	
<b>Increases in Spending Subject to Appropriation</b>						
Department of State Implementation Costs						
Estimated Authorization	15	0	0	0	0	15
Estimated Outlays	8	7	0	0	0	15
Federal Research Security Council						
Estimated Authorization	1	2	2	2	3	10
Estimated Outlays	1	2	2	2	3	10
Total Changes						
Estimated Authorization	16	2	2	2	3	25
Estimated Outlays	9	9	2	2	3	25

In addition to the budgetary effects shown above, CBO estimates that enacting S. 3997 would have insignificant effects on direct spending and revenues over the 2021-2030 period.

## **Basis of Estimate**

For this estimate, CBO assumes that the legislation will be enacted early in fiscal year 2021 and that the estimated amounts will be appropriated each fiscal year.

### **Spending Subject to Appropriation**

CBO estimates that implementing S. 3997 would cost \$25 million over the 2021-2025 period; such spending would be subject to the availability of appropriations.

**Department of State Implementation Costs.** Section 5 would require the Department of State to modernize its visa application system and to electronically share application forms and supporting documents with law enforcement agencies. Using information from the department, CBO estimates that it would cost \$15 million to implement a visa application system that produces and uses machine-readable documents.

**Federal Research Security Council.** Section 3 would standardize federal grant-making policy by establishing a new interagency council in the Office of Management and Budget (OMB). That council would develop uniform policies and procedures for federal agencies that make research and development grants, and it would share information with U.S. research institutions regarding foreign threats to sensitive technology and data. Using information from OMB about costs for similar activities, CBO estimates that staff salaries, travel costs, and other expenses would total \$2 million annually, or \$10 million over the 2021-2025 period.

**Department of Education Implementation Costs.** Section 7 would require the Department of Education to issue regulations and reports on foreign gifts provided to U.S. research institutions. Using information about similar activities, CBO estimates that provision would cost less than \$500,000 over the 2021-2025 period.

### **Direct Spending and Revenues**

CBO estimates that implementing S. 3997 would have insignificant effects on direct spending and revenues over the 2021-2030 period.

**Grant Application Fraud.** Section 4 would allow the federal government to bring charges against federal grant applicants for nondisclosure of compensation from foreign entities. Those prosecuted and convicted under S. 3997 could be subject to civil and criminal fines. Civil fines are recorded in the budget as revenues. Criminal fines are recorded as revenues, deposited into the Crime Victims Fund, and can be spent without further appropriation. CBO expects that the direct spending and revenues associated with those penalties would be insignificant in any year and over the 2021-2030 period because of the relatively small number of cases likely to be affected.

**Denial of Visas.** Section 5 would authorize the Department of State to deny visas to the United States to people suspected of threatening U.S. national security by illicitly acquiring sensitive goods, technologies, or data. CBO estimates that enacting the bill would increase the number of people who are denied visas. Most visa fees are retained by the department and spent without further appropriation, but some amounts are deposited into the Treasury as revenues. Denying foreign nationals entry into the United States also would reduce direct spending on certain federal benefits for which they are eligible, such as emergency Medicaid or federal subsidies for health insurance.

Using information from the department, CBO estimates that few people would be affected; thus, enacting the bill would have insignificant effects on direct spending and revenues and would, on net, reduce the deficit by insignificant amounts.

**Fines for Nondisclosure.** Section 7 would lower the dollar amount in foreign gifts that postsecondary institutions must report to the government. The bill would authorize the Department of Education to fine U.S. research institutions that do not file the appropriate disclosure reports. CBO estimates that imposing new fines would have an insignificant effect on revenues over the 2021-2030 period.

### **Uncertainty**

The budgetary effects of the bill would depend to some extent on the number and amount of fines imposed under the bill's provisions. If more was collected in fines than CBO expects, revenues would be higher than estimated.

### **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. CBO estimates that enacting S. 3997 would have insignificant effects on direct spending and revenues and would, on net, reduce the deficit by insignificant amounts.

**Increase in Long-Term Deficits:** None.

**Mandates:** None.

## **Estimate Prepared By**

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