

At a Glance

S. 4503, Intelligence Authorization Act for Fiscal Year 2023

As reported by the Senate Select Committee on Intelligence on July 12, 2022

By Fiscal Year, Millions of Dollars	2023	2023-2027	2023-2032
Direct Spending (Outlays)	*	*	1
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	1
Spending Subject to Appropriation (Outlays)	447	741	not estimated

Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2033?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

* = between zero and \$500,000.

The bill would

- Authorize the appropriation of \$650 million for fiscal year 2023 for the Intelligence Community Management Account (ICMA)
- Establish an Office of Global Competition Analysis to analyze technology and innovation sectors critical to national security
- Establish a secure system to collect information about unidentified aerospace-undersea phenomena (UAP)
- Enhance whistleblower protections
- Allow people to sue the United States government for compensatory and punitive damages
- Void some provisions of nondisclosure agreements that would prevent reports from being filed with the Unidentified Aerospace-Undersea Phenomena Joint Program Office and prohibit private-sector entities from seeking damages in federal court from individuals who file reports

Estimated budgetary effects would mainly stem from

- Authorizing appropriations for the ICMA
- Establishing an Office of Global Competition Analysis
- Establishing a secure system to collect information on UAP
- Enhancing whistleblower protections
- Allowing people to sue the United States government for compensatory and punitive damages

Areas of significant uncertainty include

- Predicting the number of people who would obtain monetary awards through the judicial system and the amounts of such awards

Detailed estimate begins on the next page.

Bill Summary

S. 4503 would authorize appropriations for fiscal year 2023 for intelligence activities of the U.S. government, including the Intelligence Community Management Account and the Central Intelligence Agency Retirement and Disability System. The bill also would establish a program to analyze the United States’ leadership in the technology sector, establish a system to collect information on unidentified aerospace-undersea phenomena (UAP), allow people to seek punitive and compensatory damages in federal court, and create or modify other programs affecting 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 in the bill would cost \$741 million over the 2023-2027 period; that spending would be subject to appropriation of the specified and estimated amounts.

CBO estimates that over the 2023-2032 period, enacting S. 4503 would increase direct spending by \$1 million, increase revenues by an insignificant amount, and increase the net deficit by about \$1 million.

Estimated Federal Cost

The estimated budgetary effect of S. 4503 is shown in Table 1. The costs of the legislation fall within budget functions 050 (national defense), 750 (administration of justice), and 800 (general government).

Table 1. Estimated Budgetary Effects of S. 4503						
	By Fiscal Year, Millions of Dollars					2023-2027
	2023	2024	2025	2026	2027	
	Increases in Spending Subject to Appropriation					
Estimated Authorization	701	23	24	25	26	799
Estimated Outlays	447	181	48	34	31	741

In addition to amounts shown here, CBO estimates that over the 2023-2032 period, enacting S. 4503 would increase direct spending by \$1 million and increase revenues by an insignificant amount over the 2023-2032 period.

Basis of Estimate

For this estimate, CBO assumes that S. 4503 will be enacted by the end of 2022. Outlays are based on historical spending patterns for existing or similar programs.

Spending Subject to Appropriation

CBO estimates that implementing the unclassified provisions in the bill would cost \$741 million over the 2023-2027 period. Such spending would be subject to appropriation of the specified and estimated amounts (see Table 2).

Table 2.
Estimated Increases in Spending Subject to Appropriation Under S. 4503

	By Fiscal Year, Millions of Dollars					2023-2027
	2023	2024	2025	2026	2027	
Intelligence Community Management Account						
Authorization Level	650	0	0	0	0	650
Estimated Outlays	423	150	23	10	7	613
Office of Global Competition Analysis						
Estimated Authorization	20	21	22	23	24	110
Estimated Outlays	9	17	20	21	22	89
Secure Reporting System						
Estimated Authorization	30	0	0	0	0	30
Estimated Outlays	14	12	3	1	0	30
Advisory Bodies and Reports						
Estimated Authorization	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Security Officers						
Estimated Authorization	*	1	1	1	1	4
Estimated Outlays	*	1	1	1	1	4
Total Changes						
Estimated Authorization	701	23	24	25	26	799
Estimated Outlays	447	181	48	34	31	741

* = between zero and \$500,000.

Intelligence Community Management Account. Section 103 would authorize the appropriation of \$650 million for fiscal year 2023 for the Intelligence Community Management Account (ICMA). That amount is 11 percent more than the \$587 million appropriated for that account for fiscal year 2022. The ICMA is the principal source of funding for the Office of the Director of National Intelligence and for coordinating the intelligence activities of the federal government. CBO estimates that implementing section 103 would cost \$613 million over the 2023-2027 period.

Office of Global Competition Analysis. Section 706 would require the Administration to establish a program to analyze the United States' leadership in various technology and innovation sectors (biotechnology, artificial intelligence, and other emerging technologies, for example) to ensure the United States remains competitive in sectors critical to national security. It also would require the Administration to enter into an agreement with a public-

private or federally funded research and development center, a university affiliated research center, or a consortium of such centers to analyze the United States' competitiveness in those areas. Lastly, the section would authorize the appropriation of \$20 million in fiscal year 2023 for that effort.

For this estimate, CBO expects that the office would require similar funding levels after 2023, adjusted for inflation. Thus, CBO estimates that implementing this section would cost \$89 million over the 2023-2027 period.

Secure Reporting System. Section 704 would require the Department of Defense (DoD) to establish a secure system to gather and share information related to unidentified aerospace-undersea phenomena (UAP). That system would be used to receive reports and to collect historical information on UAP. The system also would need to be capable of exchanging information with other secure information systems of the federal government.

Using information from DoD, CBO estimates that it would cost \$30 million over the 2023-2027 period to develop a secure system to collect and share information related to UAP while safeguarding classified information.

Enacting section 704 would also affect direct spending and revenues by allowing federal employees or employees of federal contractors to sue for damages in federal court if they suffer reprisals for using the system. Those effects are described below under the heading "Direct Spending and Revenues".

Advisory Bodies and Reports. S. 4503 would impose numerous requirements on agencies not covered by the specified, unclassified authorizations of appropriation in the bill. The bill would require:

- the Government Accountability Office to prepare one recurring report through 2025 and three one-time reports;
- the National Geospatial-Intelligence Agency to establish an advisory board;
- the Central Intelligence Agency to establish an advisory panel;
- agencies of the intelligence community designated by the Director of National Intelligence to participate in a working group to monitor the economic and technological capabilities of the People's Republic of China; and
- various agencies of the intelligence community to prepare and submit to the Congress reports on several different topics.

CBO estimates that satisfying those requirements would collectively cost \$5 million over the 2023-2027 period.



Security Officers. Section 601 would require inspectors general of the intelligence community to appoint security officers to provide guidance to employees and contractors on how to properly make lawful disclosures to the Congress while protecting classified information. On the basis of information from the Administration, CBO expects that most inspectors general would assign those duties to existing personnel, but some would need to hire additional staff. In total, CBO estimates agencies would need four additional people to satisfy the requirements of section 601. The annual compensation and operating expenses for each of those employees would be about \$200,000 and would cost \$4 million over the 2023-2027 period.

Direct Spending and Revenues

S. 4503 would grant people a right of action to seek punitive and compensatory damages in federal courts. Other provisions would have insignificant effects on direct spending and revenues. CBO estimates that enacting S. 4503 would increase direct spending by less than \$500,000 each year and by a total of \$1 million over the 2023-2032 period. It also would increase revenues by less than \$500,000 each year and in total over that same period.

Private Rights of Action. Section 603 would prohibit federal employees and contractors from publicly identifying a whistleblower employed by, or detailed to, an element of the intelligence community as an act of reprisal for a lawful disclosure of information. It also would allow those whistleblowers to sue in federal court for up to \$250,000 in compensatory and punitive damages after they have exhausted all administrative remedies.

As discussed under the heading “Spending Subject to Appropriation,” section 704 would prohibit federal employees or employees of contractors for the federal government from taking reprisal action against people who report information relating to unidentified aerospace-undersea phenomena through the reporting system required by the bill. People who have suffered prohibited reprisal may seek compensatory and punitive damages from the federal government or their employer in federal court.

Because awards would likely be paid from the Claims and Judgment Fund, which has a permanent, indefinite appropriation available to pay claims against the government, those payments would be classified as direct spending. CBO estimates that enacting sections 603 and 704 would increase direct spending by an insignificant amount each year and by \$1 million over the 2023-2032 period.

In addition to those payments, the federal judiciary charges fees to file suit in district courts. Those fees are recorded as increases in revenues. Because they are available without further appropriation, spending of those fees is classified as direct spending. Thus, the net deficit effect from changes in judiciary fees would be insignificant.

Other Provisions. Other provisions in the bill would have insignificant effects on direct spending and revenues, generally because very few people would be affected or because they would involve offsetting cash flows.

- Sec 303 would prohibit certain former officials of the intelligence community from working for the People’s Republic of China, the Russian Federation, or countries designated as state sponsors of terrorism. Former officials who knowingly and willfully violate that prohibition would be fined, imprisoned, or both. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and later spent without further appropriation.
- Section 509 would make it easier for people to prove they were subjected to unlawful reprisal for protected whistleblower actions. CBO estimates that enacting section 509 would increase the number of whistleblowers found to have suffered reprisal and that some would receive retroactive pay and benefits, which are classified as direct spending.
- Implementing any actions necessary to comply with the security clearance provisions of title V of the bill could increase administrative expenses for agencies not funded through annual appropriations. Such spending is considered direct spending. Those agencies are allowed to use fees, receipts from the sale of goods, and other collections to cover administrative and operating costs. CBO estimates that any net changes in direct spending by those agencies would be negligible because most of them can adjust amounts collected to account for changes in costs.

CIARDS Fund Payment. Section 201 would authorize the appropriation of \$514 million for the Central Intelligence Agency Retirement and Disability System (CIARDS) for fiscal year 2023 to maintain the necessary 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. Because the amount that would be authorized by the bill is included in CBO’s baseline, that authorization would have no budgetary effect relative to the baseline.

Uncertainty

The liability imposed on the federal government by sections 603 and 704 is subject to considerable uncertainty. If more people successfully obtain monetary awards through the judicial system or the amount of those awards are higher than we expect, the cost could exceed CBO’s estimate.

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. Over the 2023-2032 period,

enacting the bill would increase direct spending by \$1 million, increase revenues by less than \$500,000, and increase the deficit by \$1 million.

Increase in Long-Term Deficits

CBO estimates that enacting S. 4503 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2033.

Mandates

S. 4503 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would void any provisions of employment and post-employment nondisclosure agreements that would prevent individuals from filing reports with the Unidentified Aerospace-Undersea Phenomena Joint Program Office. The bill also would prohibit entities from taking any cause of action against the filer of a report. The cost of the mandate would be any monetary damages that entities would otherwise be entitled to recover absent the bill. While there is uncertainty about the cost of the mandate because it would depend on the outcomes of future civil filings, the Office receives only a small number of reports each year. Therefore, CBO estimates the cost of the mandate would fall below the annual threshold for private-sector mandates established in UMRA (\$184 million in 2022, adjusted annually for inflation).

S. 4503 would not impose intergovernmental mandates as defined in UMRA.

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