



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 3, 2003

S. 1025 **Intelligence Authorization Act for Fiscal Year 2004**

As reported by the Senate Committee on Armed Services on June 26, 2003

SUMMARY

S. 1025 would authorize appropriations for fiscal year 2004 for intelligence activities of the U.S. government, the Intelligence 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 implementing certain provisions of the bill would cost \$197 million over the 2004-2007 period, assuming appropriation of the necessary funds. CBO also estimates the bill would affect direct spending and receipts by an insignificant amount.

S. 1025 contains intergovernmental and private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of the mandates to state, local, and tribal governments and the private sector would not be significant and would not exceed the threshold in UMRA (\$59 million for intergovernmental mandates and \$117 for private-sector mandates in 2003, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1025 is shown in the following table. CBO cannot 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. For purposes of this estimate, CBO assumes that the bill will be enacted by October 1, 2003, and that the necessary amounts will be appropriated for fiscal year 2004. Estimated outlays are based on historical spending patterns. The costs of this legislation fall within budget function 050 (national defense).

	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION^a						
Spending Under Current Law for the Intelligence Community Management Account						
Budget Authority ^b	175	0	0	0	0	0
Estimated Outlays	174	68	15	4	0	0
Proposed Changes						
Authorization Level	0	198	0	0	0	0
Estimated Outlays	0	123	60	11	3	0
Spending Under S. 1025 for the Intelligence Community Management Account						
Authorization Level ^b	175	198	0	0	0	0
Estimated Outlays	174	191	75	15	3	0

a. In addition to effects on spending subject to appropriation, CBO estimates S. 1025 would have an insignificant effect on direct spending and receipts.

b. The 2003 level is the amount appropriated for that year.

Spending Subject to Appropriation

S. 1025 would authorize appropriations of \$198 million for the Intelligence Community Management Account, which funds the coordination of programs, budget oversight, and management of the intelligence agencies. The bill would earmark \$37 million for the National Drug Intelligence Center from the funds authorized for the Intelligence Community Management Account. It would also earmark \$8 million for a new pilot program to train intelligence analysts. Assuming the appropriation of the authorized amount, outlays would increase by \$123 million in 2004 and by \$197 million over the 2004-2007 period.

Direct Spending and Revenues

The bill would authorize \$226 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. Thus, this estimate does not ascribe any additional cost to that provision.

Section 316 would extend by one year the National Commission for Review of Research and Development Programs of the U.S. Intelligence Community to continue its review of the status of research and development programs and activities within the intelligence community and report on its findings. The provision also would extend the commission's authority to accept and spend gifts. CBO estimates that enacting this provision would have no net effect on direct spending because it would allow the commission to spend any gifts that it collects. (Gifts and donations are recorded in the budget as revenues.)

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

This bill includes two intergovernmental mandates as defined by UMRA.

Section 316 would extend for one year the National Commission for the Review of the Research and Development Programs of the United States Intelligence Community. That commission has the power to subpoena testimony and evidence, which is an enforceable duty. Because this bill would extend the commission and its associated subpoena power, it contains an intergovernmental mandate as defined in UMRA.

Sections 402 and 502 provide that personnel in the Central Intelligence Agency and the National Security Agency who are designated to carry firearms would be protected from any provision of law relating to tort liability for certain actions. These sections would preempt state laws related to tort liability. These sections also would limit the ability of state and local governments to seek damages against these personnel. The provision related to NSA personnel is more relevant to domestic laws, but according to NSA none of their personnel operating domestically have been sued to date. CBO has no basis for predicting how many such tort liability cases may occur over the next ten years, but we consider it unlikely that any governmental entities would forgo significant damages as a result of these provisions.

CBO estimates that the total costs of these mandates would not be significant and would not exceed the threshold established in UMRA (\$59 million in 2003, adjusted for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

Section 316 would extend for one year the National Commission for the Review of the Research and Development Programs of the United States Intelligence Community. That commission has the power to subpoena testimony and evidence, which is an enforceable duty. Because this bill would extend the commission and its associated subpoena power, it contains a private-sector mandate as defined in UMRA.

Section 354 provides enhanced authority for U.S. Government authorities engaged in counterintelligence or foreign intelligence activities to obtain certain financial records by expanding the definition of "financial institution" in the Right to Financial Privacy Act. Financial records maintained by these additional entities are not covered by the Act and, thus, are not accessible by counterintelligence and foreign intelligence elements of the U.S. Government under the Act. To the extent that responding to counterintelligence and foreign intelligence related requests for financial records imposes an administrative burden on the affected entities, this constitutes a private-sector mandate under UMRA.

Sections 402 and 502 provide that certain personnel in the Central Intelligence Agency and the National Security Agency would be protected from any provision of law relating to tort liability for certain actions. These sections would preempt laws related to tort liability and would limit the ability of private entities to seek damages against these personnel. CBO has no basis for predicting how many such tort liability cases may occur over the next 10 years, but we consider it unlikely that any private entities would forgo significant damages as a result of these provisions.

CBO estimates that the costs of these mandates would not exceed the thresholds established in UMRA (\$117 for private-sector mandates in 2003, adjusted for inflation).

PREVIOUS CBO ESTIMATES

On May 15, 2003, CBO transmitted a cost estimate for the unclassified sections of S. 1025, the Intelligence Authorization Act for Fiscal Year 2004, as reported by the Senate Select Committee on Intelligence on May 8, 2003. That cost estimate is identical to this estimate for S. 1025, as reported by the Senate Committee on Armed Services on June 26, 2003.

On June 16, 2003, CBO transmitted a cost estimate for the unclassified portion of H.R. 2417, the Intelligence Authorization Act for Fiscal Year 2004, as ordered reported by the House Permanent Select Committee on Intelligence on June 12, 2003. The differences in the estimated costs reflect differences in the bills. In particular, S. 1025 would authorize \$198 million for the Intelligence Community Management Account, while H.R. 2417 would authorize \$193 million for that account. H.R. 2417 would also authorize new programs for information sharing and counterintelligence, which CBO estimates would require additional appropriations of about \$134 million over the 2004-2008 period.

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