



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 5, 2001

S. 1428

Intelligence Authorization Act for Fiscal Year 2002

As reported by the Senate Committee on Armed Services on November 1, 2001

SUMMARY

S. 1428 would authorize appropriations for fiscal year 2002 for intelligence activities of the United States 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 the bill would cost \$238 million over the 2002-2006 period, assuming appropriation of the authorized amounts. The bill would affect direct spending by insignificant amounts; thus, pay-as-you-go procedures would apply. S. 1428 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact for the specified authorization of appropriations in the unclassified portions of S. 1428 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 near the start of fiscal year 2002, and that the authorized amount will be appropriated for that year. 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					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION^a						
Spending Under Current Law for the Intelligence Community Management Account						
Budget Authority ^b	149	0	0	0	0	0
Estimated Outlays	155	58	15	2	0	0
Proposed Changes						
Authorization Level	0	238	0	0	0	0
Estimated Outlays	0	150	69	13	4	0
Spending Under S. 1428 for the Intelligence Community Management Account						
Authorization Level ^b	149	238	0	0	0	0
Estimated Outlays	155	208	84	15	4	0
<p>a. In addition to effects on spending subject to appropriation, S. 1428 would affect direct spending, but CBO estimates that such changes would be less than \$500,000 a year.</p> <p>b. The 2001 level is the amount appropriated for that year.</p>						

Spending Subject to Appropriation

The bill would authorize appropriations of \$238 million for the Intelligence Community Management Account, which funds the coordination of programs, budget oversight, and management of the intelligence agencies and unspecified amounts for intelligence activities in fiscal year 2002.

Section 104 would authorize a full-time personnel level of 343 people for the Community Management Account as of September 30, 2002. The authorized level represents an increase of 30 positions over the 313 full-time positions authorized under current law. Assuming an average cost of about \$85,000 for each full-time position, CBO estimates implementing this provision would cost about \$1 million in 2003 and about \$3 million each year thereafter. The total cost would be about \$10 million over the 2003-2006 period, assuming appropriation of the estimated amounts.

Sections 307 and 308 would create new reporting requirements for the executive branch. CBO estimates that costs to implement these sections would be insignificant and would sum to less than \$500,000 a year.

Direct Spending and Revenues

The bill would authorize \$212 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 would extend the authority of the Central Intelligence Agency to offer incentive payments to employees who voluntarily retire or resign. The authority, which will expire on September 30, 2002, would be extended through fiscal year 2003. It would also require the CIA to make a deposit to the Civil Service Retirement and Disability Fund equal to 15 percent of final pay for each employee who accepts an incentive payment. Although the timing of agency payments and the additional benefit payments would not match on a yearly basis, CBO believes that these deposits would be sufficient to cover the cost of any long-term increase in benefits that would result from induced retirements. CBO cannot provide a precise estimate of the direct spending effects because the data necessary for an estimate are classified.

Section 402 would provide permanent authority for a program that authorizes the CIA to provide goods and services on a reimbursable basis. CBO estimates that the costs of providing those goods and services would be offset by the reimbursements and that this provision would have an insignificant net impact each year and no net budgetary impact over the long run.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO cannot estimate the precise direct spending effects of section 401 because the necessary data are classified. CBO estimates that the net change in outlays for section 402 that are subject to pay-as-you-go procedures would be insignificant for each year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1428 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no cost on the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

On September 14, 2001, CBO transmitted a cost estimate for the unclassified portion of S. 1428 as ordered reported by the Senate Select Committee on Intelligence on September 6, 2001. The cost estimate is identical to the estimate transmitted here for S. 1428 as reported by the Senate Committee on Armed Services on November 1, 2001.

On September 25, 2001, CBO transmitted a cost estimate for the unclassified portion of H.R. 2883, the Intelligence Authorization Act for Fiscal Year 2002, as ordered reported by the House Permanent Select Committee on Intelligence on September 24, 2001. The differences in the estimated costs reflect differences in the bills. In particular, S. 1428 would authorize \$238 million for the Intelligence Community Management Account, while H.R. 2883 would authorize \$153 million for that account.

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