



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 18, 2007

S. 1965

Protecting Children in the 21st Century Act

*As ordered reported by the Senate Committee on Commerce, Science,
and Transportation on September 27, 2007*

SUMMARY

S. 1965 would authorize the Federal Trade Commission (FTC) to develop a program to promote safe use of the Internet by children. The bill also would require the National Telecommunications and Information Administration (NTIA) to establish a working group to study and report to the Congress on actions taken by the telecommunications industry to promote a safe environment on the Internet for children. Finally, the bill would increase certain penalties on Internet service providers (ISPs) that fail to report child pornography to the appropriate federal authorities.

CBO estimates that implementing S. 1965 would increase spending subject to appropriation by \$4 million in 2008 and \$10 million over the 2008-2012 period, assuming that the authorized funds are appropriated. CBO expects that enacting the bill would not have a significant effect on collections from penalties, which are recorded in the budget as revenues, and would not affect direct spending.

S. 1965 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

S. 1965 would impose a private-sector mandate as defined in UMRA on certain ISPs by requiring them to provide additional information when reporting suspected violations of child pornography laws to the National Center for Missing and Exploited Children (NCMEC). CBO expects that the cost to those providers of complying with this mandate would not be significant and would not exceed the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1965 is shown in the following table. The costs of this legislation fall within budget functions 370 (commerce and housing credit) and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	5	5	0	0	0
Estimated Outlays	4	5	1	0	0

BASIS OF ESTIMATE

Section 103 would authorize the appropriation of \$5 million in each of fiscal years 2008 and 2009 for the FTC to develop and carry out a campaign to promote ways of protecting children who use the Internet. The bill also would require the FTC to submit a report to the Congress detailing the activities undertaken in the campaign. Based on information from the FTC, CBO estimates that implementing this provision of S. 1965 would cost \$4 million in 2008 and \$10 million over the 2008-2012 period.

Section 105 would require the NTIA to establish a working group to evaluate efforts of the telecommunications industry to create a safe environment for children using the Internet. Based on information from the NTIA, CBO estimates that implementing this provision would not have a significant effect on spending subject to appropriation.

Other provisions of the bill would increase forfeiture and civil penalties for ISPs that fail to report certain information about child pornographers or the existence of child pornography on their sites. Thus, the federal government might collect additional forfeiture and civil fines if the legislation is enacted (collections of such fines are recorded in the budget as revenues). CBO estimates that any additional revenues would not be significant because of the relatively small number of cases likely to be affected.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1965 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1965 would expand an existing reporting requirement on certain ISPs by requiring them to provide additional information when reporting suspected violations of child pornography laws to the NCMEC. ISPs are currently required to report any incident of child pornography to the NCMEC. Current law, however, does not specify what information should be included in such reports. The bill would require ISPs to include:

- User ID or other online identifier of the individual who appears to be violating the law;
- Time and date on which the incident occurred or was discovered;
- Geographic location of the individuals involved;
- Images of the apparent child pornography relating to the incident; and
- Contact information for the ISP reporting the incident.

Although such information is already requested in NCMEC's online report forms, compliance is voluntary.

CBO expects the additional cost of complying with the mandate would be minimal. The information required by the bill is usually captured and stored by ISP systems, and some ISPs already comply with the mandate when filing reports with the NCMEC. Further, the bill would require ISPs to provide the requested information only to the extent that such information is available. Consequently, CBO estimates that the incremental cost to ISPs of complying with this mandate would not exceed the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

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