



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 3, 2007

S. 2321

E-Government Reauthorization Act of 2007

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on November 14, 2007*

SUMMARY

S. 2321 would reauthorize and amend the E-Government Act of 2002. The legislation would authorize appropriations for programs to improve the coordination, deployment, and access to government information and services. Specifically, S. 2321 would authorize and centralize many Internet-related activities currently underway throughout the government.

Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 2321 would cost about \$29 billion over the 2008-2102 period. Of this total, \$27.9 billion would result from the authorization of funding for the Federal Information Management Security Act (FIMSA). Such costs, averaging about \$6 billion a year, represent a continuation of the current level of spending, with adjustments for anticipated inflation.

We also estimate that enacting S. 2321 would increase direct spending by \$11 million over the 2008-2017 period for the cost of the unfunded termination liability of share-in-savings (SIS) contracts authorized by the bill.

S. 2321 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated cost of implementing S. 2321 is shown in the following table. The costs of this legislation fall within budget functions 250 (general science, space, and technology), 500 (education, training, employment, and social services), and 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Federal Information Security Management Act					
Estimated Authorization Level	5,722	5,837	5,953	6,072	6,194
Estimated Outlays	4,578	5,242	5,919	6,037	6,158
Other Programs					
Estimated Authorization Level	242	241	248	252	257
Estimated Outlays	154	239	246	251	255
Total Changes					
Estimated Authorization Level	5,964	6,078	6,201	6,324	6,451
Estimated Outlays	4,732	5,481	6,165	6,288	6,413
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	*	1	1	2	2
Estimated Outlays	*	1	1	2	2
Note: * = less than \$500,000.					

BASIS OF ESTIMATE

For this estimate, CBO assumes that the necessary amounts will be provided each year and that spending will follow historical patterns for ongoing activities. CBO estimates that S. 2321 would authorize the appropriation of approximately \$29 billion over the 2008-2012 period for the management and promotion of electronic government information services and processes. This estimate assumes that future funding would be adjusted for anticipated inflation.

Spending Subject to Appropriation

The legislation would reauthorize and amend the E-Government Act through 2012. The current authorization expired at the end of 2007. Significant components of the legislation are described below.

Federal Information Security Management Act. As part of the E-Government Act of 2002, FISMA sets requirements for securing the government's information systems. The National Institute of Standards and Technology develops information security standards and

guidelines for federal agencies, and OMB coordinates information technology security policies and practices. For fiscal year 2006, OMB estimates that federal agencies spent around \$5.5 billion to secure the government's information systems. CBO estimates that continuing this level of effort would cost \$27.9 billion over the 2008-2012 period. (That estimate reflects 2006 spending in this activity, adjusted for anticipated inflation.)

Other Programs

The legislation would authorize the appropriation of such sums as necessary over the 2008-2012 period to operate the following programs:

- The General Services Administration's (GSA's) E-Government Fund for interagency projects develops electronic signatures for executive agencies and maintains and promotes the federal Internet portal. This program supports interagency electronic government initiatives to provide individuals, businesses, and other governmental agencies with timely access to federal information, benefits, services, and business opportunities.
- The National Institute of Standards and Technology's Office of Information and Security Programs conducts research and issues standards related to the security of federal information systems.
- The Office of Personnel Management identifies information technology personnel needs for the federal workforce and provides training.

In addition, the bill would authorize other government programs to develop and maintain databases and Web sites for federally funded research and to support research, and education programs concerning electronic information systems.

CBO estimates that continuing the current and new activities authorized by the bill for those programs would cost \$1.1 billion over the 2008-2102 period, assuming that current funding would be adjusted for anticipated inflation.

Savings

The use of electronic information systems to collect information from the public and to provide government services could reduce administrative costs at federal agencies. Implementing S. 2321 could help the government achieve such savings; however, CBO has no basis for estimating any potential savings over the next few years.

Direct Spending

S. 2321 would authorize federal agencies to use SIS contracts for the purchase of information technology consultants and hardware through September 2012. The bill would allow up to five contracts per year in fiscal years 2008 through 2012.

An SIS contract can be used to procure information processing products and services without an up-front payment. Payment for such goods and services would be made from any operational savings or increased collections generated by the use of such equipment or services. In addition, S. 2321 would allow agencies to enter into SIS contracts without funds available for the termination liability. The bill would limit the amount of such unfunded termination liability to \$5 million per contract (or 25 percent of the termination costs, whichever is less).

Based on information from GSA about the use of SIS contracts, CBO estimates that 10 percent of the SIS contracts authorized by S. 2321 would be terminated before completion. Assuming that SIS contracts have an average duration of five years and that the maximum termination liability could be incurred in any year, we estimate that this provision would cost \$6 million over the 2008-2012 period and \$11 million over the 2008-2017 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2321 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill would benefit the District of Columbia by allowing private organizations to assign their employees to the Office of the Chief Technology Officer, and allowing the office to assign its employees to private organizations. In either case, both the District and the private organizations must agree to such assignments.

ESTIMATE PREPARED BY:

Federal Spending: Matthew Pickford

Impact on State, Local, and Tribal Governments: Elizabeth Cove

Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

Peter H. Fontaine

Assistant Director for Budget Analysis