



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 16, 2002

S. 2506

Intelligence Authorization Act for Fiscal Year 2003

As reported by the Senate Select Committee on Intelligence on May 13, 2002

SUMMARY

S. 2506 would authorize appropriations for fiscal year 2003 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 certain provisions of the bill would cost \$157 million over the 2003-2006 period, assuming appropriation of the necessary funds. CBO also estimates that the bill would affect direct spending by insignificant amounts; thus, pay-as-you-go procedures would apply.

S. 2506 contains an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of the mandate would not exceed the thresholds established in that act (\$58 million for intergovernmental mandates and \$115 million for private-sector mandates in 2002, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2506 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, 2002, and that the necessary amounts will be appropriated for fiscal year 2003. 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					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION^a						
Spending Under Current Law for the Intelligence Community Management Account						
Budget Authority ^b	161	0	0	0	0	0
Estimated Outlays	166	63	14	2	0	0
Proposed Changes						
Authorization Level	0	158	0	0	0	0
Estimated Outlays	0	99	47	8	3	0
Spending Under S. 2506 for the Intelligence Community Management Account						
Authorization Level ^b	161	158	0	0	0	0
Estimated Outlays	166	162	61	10	3	0

a. In addition to effects on spending subject to appropriation, S. 2506 would affect direct spending. However, CBO cannot estimate the total direct spending effects because the necessary data are classified.

b. The 2002 level is the amount appropriated for that year.

Spending Subject to Appropriation

S. 2506 would authorize appropriations of \$158 million for the Intelligence Community Management Account, which funds the coordination of programs, budget oversight, and management of the intelligence agencies. The bill also would earmark \$32 million for the National Drug Intelligence Center from the funds authorized for the Intelligence Community Management Account.

Section 312 would create the Foreign Terrorist Asset Tracking Center within the Central Intelligence Agency (CIA) to track financial assets of terrorists. Similarly, section 504 would create the Office of the National Counterintelligence Executive within the Executive Office of the President to coordinate the counterintelligence strategy and budgets of the intelligence community. Both organizations presently exist to varying degrees within the executive branch under current authorities and presidential directives. Therefore, CBO estimates that no significant additional costs would be incurred to implement these sections. For instance, the Foreign Terrorist Asset Tracking Center currently operates as part of the Department of the Treasury. CBO assumes that the funds for operating this organization would be moved from the Department of the Treasury budget to the CIA.

Sections 311 and 313 would require the Director of Central Intelligence to establish new terrorist identification and intelligence data dissemination systems. Alternatives for creating these new systems could range from making relatively inexpensive changes in existing systems and procedures to investing in costly new information technology. CBO cannot provide an estimate of the cost to implement these systems because the necessary data are classified.

Direct Spending and Revenues

The bill would authorize \$223 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 315 would extend the authority of the CIA to offer incentive payments to employees who voluntarily retire or resign. The authority, which will expire on September 30, 2003, would be extended through fiscal year 2005. Section 315 also would 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.

Title VI would create the National Commission for Review of Research and Development Programs of the United States Intelligence Community to review the status of research and development programs and activities within the intelligence community and report on its findings by September 1, 2003. The commission would have the authority to accept and spend gifts, which CBO estimates would result in an insignificant net effect on direct spending in 2003 and 2004.

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 estimates that the pay-as-you go effects of Title VI would be insignificant for 2003 and 2004. CBO cannot estimate the precise direct spending effects of section 315 because the necessary data are classified.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2506 would establish the National Commission for the Review of the Research and Development Programs of the United States Intelligence Community and would give it the power to subpoena testimony and evidence. Such power would constitute an intergovernmental and private-sector mandate under UMRA. CBO estimates that the costs of the mandate would not exceed the thresholds established in UMRA (\$58 million for intergovernmental mandates and \$115 million for private-sector mandates in 2002, adjusted annually for inflation). The remaining provisions of the bill contain no intergovernmental or private-sector mandates and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Matthew Schmit
Impact on State, Local, and Tribal Governments: Elyse Goldman
Impact on the Private Sector: Zachary Selden

ESTIMATE APPROVED BY:

Robert A. Sunshine
Assistant Director for Budget Analysis