



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 6, 2008

**S. 3662
Implementing the Controlled Unclassified Information
Framework Act of 2008**

*As reported by the Senate Committee on Homeland Security and Governmental Affairs
on October 1, 2008*

SUMMARY

S. 3662 would amend federal law concerning the security classification of government documents. The legislation would establish a Controlled Unclassified Information Office within the National Archives and Records Administration (NARA) to develop regulations and procedures for designating and releasing government information that is sensitive but not classified. In addition, the legislation would establish a council to advise NARA, require training for federal employees on using classifications, and require audits by inspectors general on the proper use of information-control designations. The bill also would authorize the appropriation of \$14.5 million for NARA over the 2009-2103 period.

Assuming appropriation of the specified and necessary amounts, CBO estimates that developing and implementing the new regulations, providing training, and conducting the required audits would cost \$18 million in 2009 and \$60 million over the 2009-2013 period. Although the legislation could affect agencies not funded through annual appropriations (such as the Tennessee Valley Authority or the U.S. Postal Service), CBO estimates that any net increase in spending by those agencies would not be significant. As a result, enacting the bill would have no significant impact on direct spending or revenues.

S. 3662 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the legislation is shown in the following table. The costs of this legislation fall within budget function 800 (general government) and most budget functions that contain salaries and expenses.

| | By Fiscal Year, in Millions of Dollars | | | | | 2009- 2013 |
|---|--|------|------|------|------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| National Archives and Records Administration | | | | | | |
| Authorization Level | 3 | 3 | 4 | 4 | 3 | 15 |
| Estimated Outlays | 3 | 3 | 4 | 4 | 3 | 15 |
| Governmentwide Provisions | | | | | | |
| Estimated Authorization Level | 15 | 15 | 5 | 5 | 5 | 45 |
| Estimated Outlays | 15 | 15 | 5 | 5 | 5 | 45 |
| Total Changes | | | | | | |
| Estimated Authorization Level | 18 | 18 | 9 | 9 | 8 | 60 |
| Estimated Outlays | 18 | 18 | 9 | 9 | 8 | 60 |

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2009, that the specified and estimated amounts will be appropriated, and that spending will follow historical patterns for similar programs. CBO estimates that implementing this bill would cost \$18 million in 2009 and \$60 million over the 2009-2013 period, assuming appropriation of the specified and estimated amounts.

National Archives and Records Administration

S. 3662 would authorize the appropriation of a total of \$14.5 million (\$2.5 million in 2009 and 2010, \$3.5 million in 2011 and 2012, and \$2.5 million in 2013) for NARA to oversee the policies and procedures for designating and releasing sensitive but not classified government information. Activities would include creating a Controlled Unclassified Information Office

and establishing an advisory council. Assuming appropriation of the specified amounts, CBO estimates that those provisions would cost about \$15 million over the 2009-2013 period.

Governmentwide Provisions

The legislation would require agencies that use sensitive but not classified information to implement the policies developed by NARA through the Controlled Unclassified Information Office and advisory council. In addition, inspectors general would be required to audit compliance with the new policies and procedures. Under current law, agencies are required to develop policies for handling terrorism-related and homeland security information. However, the Government Accountability Office (GAO) has reported that there are no governmentwide policies and procedures for agencies to use to classify sensitive, but unclassified information.

Based on the information provided by GAO, NARA, and selected federal agencies and inspectors general about the current use of information-control designations, CBO estimates that implementing those provisions would cost \$15 million in 2009 and \$45 million over the 2009-2013 period, assuming appropriation of the necessary amounts. Initial costs for developing and implementing governmentwide information control designations as well as training would total about \$20 million and would be incurred over the first two years. Ongoing costs would total about \$25 million over the 2009-2013 period, mostly for subsequent training and audits by inspectors general.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 3662 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On July 29, 2008, CBO transmitted a cost estimate for H.R. 6576, the Reducing Information Control Designations Act, as ordered reported by the House Committee on Oversight and Government Reform on July 23, 2008. The two pieces of legislation are both concerned with the security classification of government documents but have different provisions. The Senate bill would authorize the appropriation of \$14.5 million over the 2009-2013 period for NARA activities, while H.R. 6576 would not authorize the appropriation of a specific amount. (CBO's estimates of the governmentwide costs are the same for the two bills.)

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