



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 10, 2010

H.R. 4098

Secure Federal File Sharing Act

*As ordered reported by the House Committee on Oversight and Government Reform
on March 4, 2010*

H.R. 4098 would require federal agencies to develop and implement a plan within six months to ensure that computer systems, including those used by contractors, are secure from the use of certain file-sharing software. Affected software, known as peer-to-peer (P2P) file-sharing programs, are applications that allow users to download and directly share electronic files from other users. The legislation would not prohibit the use of all file-sharing programs but would require the Office of Management and Budget (OMB) to develop a procedure for agencies to receive approval to use file-sharing programs. Finally, H.R. 4098 would require agencies to create plans to address security concerns for government computer networks.

Most provisions of H.R. 4098 would codify and expand current practices of the federal government. Under the E-Government Act of 2002, federal agencies are already charged with protecting information from unauthorized access, use, disclosure, disruption, modification, or destruction. In addition, OMB has already provided guidance on the use of file-sharing technology.

Under H.R. 4098, OMB would be required to provide additional guidance and procedures for approving certain file-sharing programs, and agencies would have additional reporting and training requirements. Based on information from OMB and industry sources, and subject to the availability of appropriated funds, CBO estimates that implementing H.R. 4098 would cost about \$10 million over the 2011-2014 period.

Enacting H.R. 4098 could affect direct spending by agencies not funded through annual appropriations, such as the Tennessee Valley Authority and the Bonneville Power Administration; therefore, pay-as-you-go procedures would apply. However, CBO estimates that those budgetary effects would be insignificant for each year.

H.R. 4098 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 4098 would impose a private-sector mandate, as defined in UMRA, to the extent that it would require federal government contractors that use file-sharing software to comply with new restrictions on downloading, installing, or using that software on computers used for federal work. Because any new contracts that contain such restrictions would be entered into voluntarily, the requirements of the bill would only constitute a mandate to the extent that they would affect existing contracts. The cost of the mandate would be the expenditures required to modify computer systems or software to comply with new requirements. According to several experts in information technology, most file-sharing programs that are related to work would not fit the bill's definition of P2P software and, therefore, would not be subject to the restrictions in the bill. Consequently, CBO expects that any compliance cost would fall below the annual threshold for private-sector mandates established in UMRA (\$141 million in 2010, adjusted annually for inflation).

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs) and Sam Wice (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.