



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 30, 2017

S. 133 **Intelligence Authorization Act for Fiscal Year 2017**

*As reported by the Senate Select Committee on Intelligence
on January 20, 2017*

SUMMARY

S. 133 would authorize appropriations for fiscal year 2017 for intelligence activities of the U.S. government, the Intelligence Community Management Account (ICMA), and the Central Intelligence Agency Retirement and Disability System (CIARDS). The bill also would create or modify other programs across the intelligence community (IC).

CBO does not provide estimates for classified programs; therefore, this estimate addresses only the unclassified aspects of the bill. On that limited basis, CBO estimates that implementing the unclassified provisions of the bill would cost \$454 million over the 2017-2022 period, subject to appropriation of the estimated amounts.

Enacting the bill also would affect direct spending and revenues; therefore, pay-as-you-go procedures apply to this legislation. However, CBO estimates that those effects would not be significant over the 2017-2027 period.

CBO estimates that enacting S. 133 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 133 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 effects of S. 133 are shown in the following table. The costs of this legislation fall within budget function 050 (national defense).

	By Fiscal Year, in Millions of Dollars						2017- 2022
	2017	2018	2019	2020	2021	2022	
SPENDING SUBJECT TO APPROPRIATION							
Intelligence Community Management Account (ICMA)							
Estimated Authorization Level ^a	272	0	0	0	0	0	272
Estimated Outlays	177	76	10	4	1	0	268
Special Rates of Pay							
Estimated Authorization Level	7	29	31	34	37	40	178
Estimated Outlays	6	28	31	34	37	40	176
Interagency Committee to Counter Covert Influence							
Estimated Authorization Level	*	2	2	2	2	2	10
Estimated Outlays	*	2	2	2	2	2	10
Total							
Estimated Authorization Level	279	31	33	36	39	42	460
Estimated Outlays	183	106	43	40	40	42	454

Notes: In addition to the costs shown above, enacting S. 133 would increase or decrease net direct spending by less than \$500,000 over the 2017-2027 period.

ICMA = Intelligence Community Management Account; * = less than \$500,000.

- a. The bill would authorize the appropriation of \$562 million for the ICMA for fiscal year 2017; however, CBO estimates that about \$290 million has already been made available under the continuing resolutions that provided appropriations through April 28, 2017.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 133 will be enacted early in calendar year 2017, that the estimated amounts will be appropriated, and that outlays will follow historical spending patterns for existing or similar programs.

Spending Subject to Appropriation

S. 133 would authorize appropriations for the ICMA for fiscal year 2017, expand pay authorities across the IC, and establish an interagency committee to counter covert influence of the Russian Federation.

Intelligence Community Management Account. Section 104 would authorize the appropriation of \$562 million for fiscal year 2017 for the ICMA. That amount is \$272 million higher than the estimated amounts already apportioned to the ICMA under Public Laws (P.L.) 114-223 and 114-254 (continuing resolutions for fiscal year 2017). The ICMA is the principal source of funding for the Office of the Director of National Intelligence (ODNI) and for managing the intelligence agencies. Based on the amount the ICMA received in fiscal year 2016, the reductions specified in the continuing resolutions, and the expiration date of the authority provided under P.L. 114-254, we estimate that the ICMA has already received \$290 million in fiscal year 2017 to fund activities of the ODNI through April 28, 2017. Thus, we estimate that implementing section 104 would cost \$268 million over the 2017-2022 period.

Special Rates of Pay. Section 305 would authorize the head of each of the agencies and offices that comprise the intelligence community to establish higher pay rates for certain employees in positions that require expertise in science, technology, engineering, or math. The minimum rates of pay established under this authority could not exceed the maximum rate of basic pay (excluding locality adjustments) for similar positions not covered by this authority by more than 30 percent and would be capped at the rate of basic pay for level IV of the Executive Schedule (\$161,900, in 2017).

Based on an analysis of information made available by the ODNI, CBO estimates that in 2017 about 1,650 employees would receive an average of \$4,100 more in compensation. That amount reflects our expectation that the new pay rates would go into effect on July 1, 2017, which would allow agencies time to develop and implement those higher rates of pay. After taking into consideration yearly pay increases and the expectation that the components of the IC would expand their use of this authority over time, CBO estimates that the number of employees paid under this authority would grow to about 2,100 and the average increase in compensation would be about \$19,100 by 2022. In total, CBO estimates that implementing section 305 would cost \$176 million over the 2017-2022 period, assuming appropriation of the estimated amounts.

Interagency Committee to Counter Covert Influence. Section 501 would establish an interagency committee to develop initiatives to counter covert activities of the Russian Federation designed to influence persons or other governments. The committee would be composed of at least seven members appointed by the heads of select agencies and departments. Those agencies and departments would be tasked with implementing the committee's initiatives. The President would be able to designate other agencies or departments to participate as needed.

CBO expects that a small staff would be necessary to support the committee and, on the basis of meeting national security requirements, the hiring of those employees would be exempt from the recently ordered hiring freeze of federal civilian employees. Over the

2017-2022 period, CBO estimates that it would cost \$10 million to employ the personnel necessary to support the activities of the working group. Such spending would be subject to appropriation of the estimated amounts. That estimate addresses only the unclassified aspect of hiring a small support staff under section 501 and does not include amounts that would be needed to implement the committee's initiatives as CBO assumes that any such efforts would affect classified programs.

Direct Spending and Revenues

S. 133 would affect both direct spending and revenues by increasing the number of employees eligible to be classified as federal law enforcement officials (LEOs) and by allowing the Department of Defense (DoD) to charge user fees to operate a cryptology museum. In total, CBO estimates that enacting those unclassified provisions of the bill would affect direct spending and revenues by less than \$500,000 over the 2017-2027 period.

Law Enforcement Officials. Section 412 would allow the Inspector General of the Central Intelligence Agency (CIA) to designate individuals performing certain investigative functions as LEOs for purposes of pay and retirement benefits. The average difference between a LEO and a non-LEO retirement annuity is about \$25,000 per year. LEOs are also required to contribute 0.5 percent more of their salaries toward their future retirement annuities than non-LEOs (such employee contributions are recorded in the budget as revenues). Based on our analysis of information made available by the CIA and the Office of Management and Budget, CBO estimates that enacting this provision would increase revenues and direct spending by less than \$500,000 each year and over the 2017-2027 period.

Cyber Center. Section 602 would authorize DoD to enter into an agreement with the National Cryptologic Museum Foundation to design, construct, and operate the Cyber Center for Education and Innovation—Home of the National Cryptologic Museum—an agreement into which DoD and the foundation have already entered. Enacting section 602 also would allow DoD to assess fees for use of the center's facilities. All user fees collected by DoD would be classified as offsetting receipts and would be available until expended for the benefit of the center. On net, CBO estimates that enacting section 602 would decrease direct spending by less than \$500,000 over the 2017-2027 period.

Central Intelligence Agency Retirement and Disability System. Section 201 would authorize the appropriation of \$514 million for CIARDS for fiscal year 2017 to maintain the proper funding level for operating that retirement and disability system. Appropriations to CIARDS are treated as direct spending in the budget and are projected to continue in CBO's baseline. Therefore, CBO does not ascribe any additional cost to this provision.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 133 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 133 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: William Ma

Impact on State, Local, and Tribal Governments: Jon Sperl

Impact on the Private Sector: Paige Piper-Bach

ESTIMATE APPROVED BY:

H. Samuel Papenfuss

Deputy Assistant Director for Budget Analysis