



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 7, 2005

**S. 1803
Intelligence Authorization Act for Fiscal Year 2006**

*As reported by the Senate Committee on Armed Services
on October 27, 2005*

SUMMARY

S. 1803 would authorize appropriations for fiscal year 2006 for intelligence activities of the U.S. 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 \$539 million in 2006 and just over \$1 billion over the 2006-2010 period, assuming appropriation of the necessary funds. S. 1803 would affect direct spending, but CBO cannot estimate those effects because the data required to prepare such an estimate are classified.

The unclassified sections of this bill contain 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 S. 1803 is shown in the following table. The costs of this legislation fall within budget function 050 (national defense).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a					
Intelligence Community Management Account					
Authorization Level	1,014	0	0	0	0
Estimated Outlays	532	342	100	27	3
Create National Security Division within the Department of Justice					
Estimated Authorization Level	5	5	5	6	6
Estimated Outlays	5	5	5	6	6
FBI Foreign Language Incentive Award					
Estimated Authorization Level	2	2	2	2	2
Estimated Outlays	2	2	2	2	2
Total Changes					
Estimated Authorization Level	1,021	7	7	8	8
Estimated Outlays	539	349	107	35	11

NOTE: FBI = Federal Bureau of Investigation.

- a. In addition to effects on spending subject to appropriation, S. 1803 would affect direct spending. However, CBO cannot estimate those effects because the data needed to prepare an estimate are classified.

BASIS OF ESTIMATE

Spending Subject to Appropriation

Section 105 would authorize the appropriation of \$1,014 million for the Intelligence Community Management Account, which provides the principal source of funding for the Office of the Director of National Intelligence and provides resources for coordination of programs, budget oversight, and management of the intelligence agencies. CBO estimates that implementing this provision would cost \$532 million in 2006 and about \$1 billion over the 2006-2010 period, assuming appropriation of the specified amount.

Section 441 would establish a National Security Division within the Department of Justice (DOJ), headed by an Assistant Attorney General for National Security (AAGNS). Similar to other Assistant Attorney Generals of DOJ, the new AAGNS would likely have a Chief of Staff, an Office of Administration, and an Office of Policy and Legislation. The new

AAGNS would likely oversee the Office of Intelligence Policy and Review, and the Counterterrorism and Counterespionage sections currently under the Assistant Attorney General for the Criminal Division. While most of the personnel for the new division would be transferred from existing divisions within DOJ, CBO expects that the new division would require additional management and administrative staff. Based on information from DOJ, CBO estimates that the new division would hire around 35 new employees. Assuming an average salary of approximately \$80,000, and accounting for benefits, other administrative expenses, and inflation, CBO estimates that implementing this provision would cost \$5 million in 2006 and \$27 million over the 2006-2010 period.

Section 442 would authorize the Director of the Federal Bureau of Investigation (FBI) to pay cash awards of up to 5 percent of an employee's salary to employees who use foreign language skills in support of FBI analyses, investigations, or operations to protect against international terrorism or clandestine intelligence activities. Based upon information from the Bureau, CBO estimates that approximately 675 individuals could qualify for these awards. However, the FBI has not indicated how it might implement such an award program. Absent such information, CBO assumes the FBI would implement the authority in a manner similar to the Department of Defense's (DoD's) foreign language proficiency pay system. Under that system, active-duty members of the Armed Services who are proficient in a qualifying foreign language, receive additional compensation as part of their total annual compensation. For 2006, DoD estimates paying about \$2,200 per person, on average, in additional compensation to those receiving foreign language proficiency pay. Assuming the FBI provided a similar level of compensation to its qualifying employees, CBO estimates that implementing this provision would cost \$2 million in 2006 and \$10 million over the 2006-2010 period.

Direct Spending and Revenues

Section 201 would authorize the appropriation of \$245 million of CIARDS to cover retirement costs attributable to military service and various unfunded liabilities. The appropriation 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 306 would authorize elements of the Intelligence Community to accept and spend reimbursements from private parties and employees of the Intelligence Community who damage equipment purchased through appropriated funds. Since these reimbursements

would otherwise be returned to the Treasury, this section would affect direct spending. However, CBO cannot provide an estimate as the data necessary to estimate the impact of this provision are classified.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The unclassified sections of this bill contain no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

On October 20, 2005, CBO transmitted a cost estimate for the unclassified portion of S.1803, the Intelligence Authorization Act for Fiscal year 2006, as reported by Senate Select Committee on Intelligence on September 29, 2005. The two versions of the unclassified portion of bill are almost identical. Thus, the two CBO estimates are identical.

On May 31, 2005, CBO transmitted a cost estimate for the unclassified portion of H.R. 2475, the Intelligence Authorization Act for Fiscal Year 2006, as ordered reported by the House Permanent Select Committee on Intelligence on May 24, 2005. The differences in the estimated costs reflect differences in the bills. In particular, both versions of S. 1803 would authorize \$1,014 million for the Intelligence Community Management Account, while H.R. 2475 would authorize \$446 million for that account. In addition, H.R. 2475 does not contain the authorizations found in sections 306, 441, and 442 of both versions of S. 1803.

ESTIMATE PREPARED BY:

Federal Costs: Jason Wheelock

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Joshua Lee

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis