



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 13, 1999

### **S. 886** **Foreign Relations Authorization Act, Fiscal Years 2000 and 2001**

*As reported by the Senate Committee on Foreign Relations on April 27, 1999*

#### **SUMMARY**

The bill would authorize appropriations for the Department of State and related agencies for 2000 and 2001. CBO estimates that appropriation of the authorized amounts would result in additional discretionary spending of \$13.6 billion over the 2000-2004 period. Because the legislation would affect direct spending and revenues, pay-as-you-go procedures would apply; the net impact would generally be less than \$500,000 a year.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any provisions that are necessary for the national security or the ratification or implementation of international treaty obligations. CBO has determined that the provisions in title VI of S. 886 either fall within that exclusion or contain no intergovernmental or private-sector mandates. All other titles of the bill contain no private-sector or intergovernmental mandates and would have no significant effects on the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 886 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004

**Spending Subject to Appropriation**

<b>Spending Under Current Law<sup>a</sup></b>						
Budget Authority <sup>b</sup>	7,488	0	0	0	0	0
Estimated Outlays	5,747	1,296	1,177	468	145	74
<b>Proposed Changes</b>						
<b>Administration of Foreign Affairs</b>						
Authorization Level	0	4,041	4,041	600	600	600
Estimated Outlays	0	2,701	3,224	844	662	617
<b>International Organizations and Conferences</b>						
Authorization Level	0	1,506	1,155	0	0	0
Estimated Outlays	0	1,230	1,052	375	2	0
<b>Refugee Assistance and Other Programs</b>						
Authorization Level	0	665	665	0	0	0
Estimated Outlays	0	459	648	193	7	3
<b>International Broadcasting and Exchange</b>						
Authorization Level	0	723	723	0	0	0
Estimated Outlays	0	512	680	197	39	12
<b>International Commissions</b>						
Authorization Level	0	50	50	0	0	0
Estimated Outlays	0	39	46	9	5	2
<b>Subtotal of Proposed Changes</b>						
Authorization Level	0	6,986	6,635	600	600	600
Estimated Outlays	0	4,941	5,650	1,618	715	634
<b>Spending Under S. 886<sup>a</sup></b>						
Authorization Level <sup>b</sup>	7,488	6,986	6,635	600	600	600
Estimated Outlays	5,747	6,237	6,827	2,086	860	708

**Direct Spending and Revenues**

<b>Proposed Changes to Direct Spending</b>						
Estimated Budget Authority	0	c	c	c	c	c
Estimated Outlays	0	c	c	c	c	c
<b>Proposed Changes to Revenues</b>						
	0	c	c	c	c	c

- a. The programs covered here include the conduct of foreign affairs, information and exchange activities, and arrears to the United Nations.  
b. The 1999 level is the amount appropriated for that year.  
c. Less than \$500,000.

## **Spending Subject to Appropriation**

The bill specifies authorizations of appropriations that total \$15.4 billion over the 2000-2004 period. In addition, it contains a number of other provisions with potential budgetary impacts. CBO estimates that the bill would result in outlays totaling \$13.6 billion over the five-year period, assuming appropriation of the authorized amounts. CBO assumes that outlays would follow historical spending patterns except for payments of arrears to the United Nations (U.N.).

**Arrears to the United Nations.** Title IX would authorize the appropriation of funds to pay amounts owed by the United States under various treaties to the U.N. and related agencies. Specifically, the bill would authorize new appropriations totaling \$244 million for fiscal year 2000 and obligation of previously appropriated amounts for 1998 and 1999--\$100 million and \$475 million, respectively. In addition, subject to appropriation action, the bill would authorize the President to forgo \$107 million that the United Nations owes the Department of Defense (DoD), in return for a corresponding reduction in U.S. payments owed to the United Nations.

Appropriations for the 1998 and 1999 installments have not been obligated pending an authorization. CBO estimates that enactment of S. 886 would permit the \$100 million provided for 1998 to be obligated and disbursed in 2000. S. 886 would retain the conditions that were enacted in the 1999 appropriations act that are likely to delay obligation of the \$475 million until 2001. Based on information from the Department of State, CBO estimates that the conditions attached to the funding for 2000 are likely to delay their obligation and expenditure until at least 2002.

**Fees for Affidavits of Support.** Subject to approval in advance in an appropriation act, section 212 would authorize the State Department to charge a fee for helping to prepare certain affidavits as part of an immigrant visa application. Proceeds from the fees would be deposited as offsetting collections and would be available for spending, subject to appropriation. Based on information from the department, CBO estimates that it would charge a \$50 fee and collect roughly \$17 million a year. Because spending would initially lag behind collections, this provision would lower net outlays by \$3 million in 2000 and \$1 million each year in 2001 and 2002 before spending would completely offset collections.

**Currency Fluctuations.** In addition to the bill's specific authorizations for contributions to international organizations and programs, section 801(f) would authorize such sums as may be necessary in 2000 and 2001 to compensate for adverse fluctuations in exchange rates that might affect those contributions. Any funds appropriated for this purpose would be obligated and expended subject to certification by the Office of Management and Budget. Currency

fluctuations are extremely difficult to estimate in advance, and they could result in spending either higher or lower than the amounts specifically authorized in the bill for contributions to international organizations and programs. Therefore, CBO estimates no change in spending from this provision.

**Miscellaneous Provisions.** The bill includes several provisions that would combine to cost about \$1 million annually, but each provision would probably cost less than \$500,000 a year. The individual budgetary impacts are insignificant because they would involve small payments to a few people.

- o Section 312 would allow U.S. citizens hired abroad to receive a different (usually higher) amount of compensation than a foreign national employed in the same position.
- o Section 331 would grant employees living in the United States and working in Canada or Mexico adjustments for locality pay equal to what they would receive if they worked nearby in the United States.
- o Section 332 would allow federal employees who transfer to an international organization to make retroactive contributions to the Thrift Savings Plan (TSP) upon their return to the federal government and to receive matching government contributions and lost earnings on their retroactive contributions. (See the following section for the revenue effects of this provision.)
- o Section 333 would authorize allowances to compensate dependents of a deceased employee who are returning to the United States.
- o Section 334 would allow employees working abroad who send a dependent to school away from their post to use an education allowance to pay for room, board, and periodic travel between the post and the school.
- o Section 335 would authorize advances of pay for employees with medical emergencies.

### **Direct Spending and Revenues**

The bill contains other provisions that would affect direct spending or revenues by less than \$500,000 in most years.

**Machine Readable Visas.** S.886 would extend, through 2001, the Secretary of State's authority to charge a fee for machine readable visas and border crossing cards and to spend the collections on consular activities. CBO estimates the State Department would collect and spend over \$300 million in 2001 under this authority.

**Deaths and Estates of U.S. Citizens Overseas.** Section 214 would expand the authority of the State Department to oversee and liquidate the estates of U.S. citizens who lived overseas but died intestate. Under current law, the department is authorized to take possession of and dispose of estates. After a certain period, if no claims have been made against the estate, the proceeds from the sale are transferred to the U.S. state in which the deceased citizen last lived. If the state is unknown, the proceeds are deposited into the Treasury as miscellaneous receipts (revenues).

The bill would make three substantive changes that would increase miscellaneous receipts. First, if the country in which the citizen died is unable to issue a death certificate, the State Department would issue a report of death (or presumptive death), which would allow for the disposition of the estate. The \$10 fee charged for the report would be deposited in the Treasury. (The fee and other expenses associated with disposition of the estate are paid by the estate.) Second, instead of transferring the proceeds of the sale to the U.S. state, these proceeds would be deposited directly into the Treasury. Finally, the bill would allow the State Department to take title to any real property. The department would have the option to retain the property for its own use or sell it and deposit the proceeds in the Treasury. CBO estimates that these changes would raise miscellaneous receipts by less than \$500,000 in most years; however, sales of real property could net over \$500,000 in rare instances.

**Thrift Savings Plan.** CBO estimates that section 332, discussed above, would reduce income tax receipts by less than \$100,000 annually. Under current law, federal employees can count service with an international organization towards their retirement annuity, but they cannot participate in TSP during this period. Under S. 886, employees who are covered by the Foreign Service Pension System or the Federal Employees' Retirement System would be eligible to make retroactive contributions to TSP. Like all TSP contributions, these retroactive contributions would not be subject to income tax until distributed. According to information from the State Department, approximately 90 federal employees are serving with international organizations at any one time.

**Reimbursement from the United Nations.** Section 813 would require the President to seek reimbursement for goods and services provided to the United Nations for peacekeeping operations and other emergencies. The President has authority to provide goods and services on a reimbursable basis and to credit reimbursements to current appropriations if the funds are received within 180 days after the close of the fiscal year in which the services were provided. This section would credit the funds to current appropriations regardless of when the reimbursement is received or allow them to be used to offset peacekeeping assessments

if the funds cannot be applied to any appropriation. The section could reduce offsetting receipts, though CBO estimates that the loss of receipts would not be significant.

During the mid-1990s, DoD provided \$175 million in goods and services on a reimbursable basis to support U.N. peacekeeping activities. Most of the reimbursements were deposited into the Treasury. In recent years, however, the DoD has provided less than \$1 million a year in goods and services to the United Nations. CBO expects this more recent pattern to continue for the next five years.

**Lockerbie Trial.** Section 727 would authorize the President to seize and liquidate blocked Libyan assets to pay the reasonable costs of travel for certain individuals to attend the trial of those suspected of bombing Pan American flight 103. The bill would authorize payment of travel expenses to the Netherlands for the immediate family members of U.S. victims, and the authorized amount would be whatever is necessary to cover those expenses. According to information from the Office of Foreign Assets Control, there are currently \$400 million in blocked Libyan assets and roughly \$600 million in claims against them.

Although CBO does not expect that this provision would have a significant net budgetary impact over the next five years, liquidating Libyan assets could create a claim against the U.S. government. Should the United States and Libyan governments return to normal relations, the United States might be required to repay the funds or reduce the amount of compensation to other claimants. CBO estimates that transportation and per diem for two weeks would cost \$3,000 per person. Depending on the number of family members that choose to attend the trial and on the length of their stay, costs could approach \$500,000.

**Reimbursements From a State.** Section 824 would authorize the commissioner of the International Boundary and Water Commission to accept and spend funds from state and local governments. Upon request, those contributions would be used to provide technical tests, surveys, or similar services. CBO estimates that collections and spending would not be significant in any year.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The bill contains several provisions that affect direct spending and revenues; however, the net impact is estimated to be less than \$500,000 a year.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any provisions that are necessary for the national security or the ratification or implementation of international treaty obligations. CBO has determined that the provisions in title VI of S. 886 either fall within that exclusion or contain no intergovernmental or private-sector mandates. All other titles of the bill contain no private-sector or intergovernmental mandates and would have no significant effects on the budgets of state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

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