



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

May 20, 2002

**H.R. 3375**  
**Embassy Employee Compensation Act**  
  
*As reported by the House Committee on the Judiciary on April 24, 2002*

**SUMMARY**

H.R. 3375 would authorize the Special Master administering the September 11th Victim Compensation Fund to provide monetary compensation to U.S. citizens that were injured, and to the families of those killed, in the embassy bombings in East Africa on August 7, 1998. Compensation would be for economic and noneconomic losses (including pain, suffering, and loss of companionship). Based on information from the State Department, and on the regulations established for the September 11th Victim Compensation Fund, CBO estimates that enacting H.R. 3375 would cost about \$10 million to compensate those bombing victims and relatives. We expect that those payments would be made in fiscal year 2003. Because enactment of H.R. 3375 would affect direct spending, pay-as-you-go procedures would apply.

H.R. 3375 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3375 is shown in the following table. The cost of this legislation falls within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	0	10	0	0	0	0
Estimated Outlays	0	10	0	0	0	0

## **BASIS OF ESTIMATE**

H.R. 3375 would direct the Special Master to issue regulations for accepting claims and hearing evidence within 90 days of enactment of H.R. 3375. The Special Master would then have 140 days following the submission of a claim to determine the amount of compensation and pay the claim.

Based on background information about the 12 deceased victims, and 16 of the injured victims, and considering the regulations published for the September 11th Victim Compensation Fund, CBO estimates that enacting H.R. 3375 would cost \$10 million over the 2003-2007 period to compensate the victims and the families.

Under the bill, the amount of compensation payable from the fund will be reduced by the amount of compensation victims receive from other sources—for example, life insurance, pension funds, death benefit programs, and other government payments related to the bombings. CBO has no information about the specific circumstances of any particular victims of the embassy bombings in East Africa, nor does it have any basis for judging how much compensation any individual victim or victim's family would receive. For the purposes of this estimate, CBO has assumed that the Special Master would provide compensation in amounts similar to those indicated in the regulations for the September 11th Victims Compensation Fund.

Using that information, CBO estimates that the families of the 12 deceased victims would be entitled to payments averaging about \$1.5 million before reductions for the compensation received from collateral sources. Based on information from the State Department about the likely amounts of such compensation under current law, CBO estimates that net payments to families of the deceased victims would total about \$5 million.

The bill also would compensate victims that were injured. According to the State Department, 16 U.S. citizens were evacuated to Europe for treatment of injuries resulting from the bombings, and some additional victims received medical treatment locally. Payments for each victim would be determined by the particular circumstances of that victim. CBO has no information on the severity of the injuries, nor the degree of disability suffered, but we assume that these victims would receive compensation averaging between \$100,000 and \$200,000, for total payments of about \$5 million. Compensation for these victims could be significantly higher if many of them were severely injured.

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

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The changes in direct spending that would be subject to pay-as-you-go procedures are shown in the following table.

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	By Fiscal Year, in Millions of Dollars										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Changes in outlays	0	10	0	0	0	0	0	0	0	0	0
Changes in receipts	Not applicable										

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

H.R. 3375 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no cost on state, local, or tribal governments.

### **ESTIMATE PREPARED BY:**

Federal Costs: Lanette J. Walker  
Impact on State, Local, and Tribal Governments: Angela Seitz  
Impact on the Private Sector: Paige Piper/Bach

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine  
Deputy Assistant Director for Budget Analysis