



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 24, 1998

**H.R. 1757
Foreign Affairs Reform and Restructuring Act of 1998**

As agreed to by the Conference Committee on March 10, 1998

SUMMARY

The bill would consolidate various international affairs agencies and would authorize appropriations for the Department of State and related agencies. Assuming appropriation of the authorized amounts, CBO estimates that enacting H.R. 1757 would result in additional discretionary spending of \$7.1 billion over the 1998-2003 period. The legislation would increase direct spending by less than \$500,000 a year in 1998 and subsequent years; therefore, pay-as-you-go procedures would apply.

The Unfunded Mandates Reform Act of 1995 (UMRA) excludes from application of that act legislative provisions that are necessary for the national security. CBO has determined that all provisions of H.R. 1757 either fit within this exclusion or do not contain private-sector or intergovernmental mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the conference agreement on H.R. 1757 is shown in the following table. For the purpose of this estimate, CBO assumes that all amounts authorized would be appropriated by the start of each fiscal year (except for 1998) and that outlays would follow historical spending patterns. 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					
	1998	1999	2000	2001	2002	2003

SPENDING SUBJECT TO APPROPRIATION

Spending Under Current Law for International Affairs						
Budget Authority ^a	5,988	0	0	0	0	0
Estimated Outlays	5,974	1,078	338	126	14	0
Proposed Changes						
Authorization Level	155	6,666	353	2	2	2
Estimated Outlays	37	5,443	1,212	249	153	27
Spending Under H.R. 1757 for International Affairs						
Authorization Level	6,143	6,666	353	2	2	2
Estimated Outlays	6,011	6,521	1,550	375	167	27

CHANGES IN DIRECT SPENDING

Estimated Budget Authority	b	b	b	b	b	b
Estimated Outlays	b	b	b	b	b	b

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- a. The 1998 level is the amount appropriated for that year.
b. Less than \$500,000.
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Spending Subject to Appropriations

CBO estimates the bill would authorize appropriations of \$6.1 billion in 1998 (an increase of \$155 million above appropriations of about \$6.0 billion that were provided in Public Law 105-119, the 1998 appropriations bill for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies), \$6.7 billion in 1999, and lesser amounts over the 2000-2003 period. The estimate includes authorizations that specify both the dollar amounts and fiscal years, and indefinite appropriations discussed below.

Machine Readable Visa (MRV) Fees. The authority to collect and spend MRV fees through 1999 was provided in Public law 105-119. Based on information from the Department of State, CBO estimates that under current law the department will collect \$235 million in 1998 and \$293 million in 1999. Spending from the collections is subject to appropriation. Section 1222 would restrict spending to the border security program and require the department to notify the Congress before spending in excess of \$140 million each year, but CBO estimates that these requirements would not affect the amount of spending.

United States Information Agency (USIA) Fees. Section 1412 would authorize the USIA to collect and spend fees from educational advising and counseling, services, publications, and advertising sold through broadcasting activities. CBO estimates that USIA would collect and spend approximately \$5 million a year. These authorities would be subject to appropriation action.

Department of State Rewards Program. The bill would authorize such sums as may be necessary for rewards to prevent international terrorism, drug trafficking, and other crimes. The Department of State currently provides rewards totaling approximately \$2 million a year, and this estimate assumes that section 1202 would result in an authorization of that amount each year.

Indefinite Authorizations for Currency Fluctuations. In addition to the bill's specific authorizations for contributions to international organizations and programs, section 2101(h) would authorize such sums as may be necessary in 1998 and 1999 to compensate for adverse fluctuations in exchange rates that might affect these 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, this estimate includes no costs associated with currency fluctuations.

Direct Spending

The bill would raise direct spending by less than \$500,000 a year. The increases would stem from the following provisions:

Reappropriation. The bill contains two provisions that would extend the authority of the Department of State under current law to spend certain funds. Section 1204 would extend the availability of fees for commercial services to two fiscal years and section 1209 would extend the availability of funds deposited into the Capital Investment Fund until they are expended. CBO estimates that reappropriation from both sections would be less than \$500,000.

Authority to Provide Services on a Reimbursable Basis. H.R. 1757 contains several provisions that would allow the Department of State to provide various services on a fee-for-service or reimbursable basis. CBO estimates that annual collections and spending from the provisions would nearly offset each other. Section 1212 would allow the department to accept reimbursement for the expenses of pursuing a claim against a foreign government or entity. Section 1205 would authorize the department to provide training services to corporate employees, their families, and Congressional employees on a reimbursable basis and to

collect a new fee for the use of the Foreign Affairs Training Center. Section 1206 would authorize the department to collect a new fee for the use of diplomatic reception rooms.

Appropriation of Interest. Section 1411 would authorize recipients of grants from the National Endowment for Democracy to deposit grant funds in interest-bearing accounts and to use the interest for the same purpose for which the grant was made without further appropriation. Under current law, the grantees refund their interest earnings to the government. CBO estimates that under this provision the Treasury would forgo collections of less than \$60,000 a year.

Vietnamese Refugees. The bill contains a provision that would clarify and extend through 1998 an immigration policy that allows certain Vietnamese refugees to be accompanied by their unmarried adult children. CBO estimates that the number of additional refugees entering the United States would be small and that the provision would not have a significant budgetary impact.

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. H.R. 1757 would raise direct spending; therefore, pay-as-you-go procedures would apply. The increases, however, would be less than \$500,000 annually over the 1998-2008 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The Unfunded Mandates Reform Act of 1995 (UMRA) excludes from application of that act legislative provisions that are necessary for the national security. CBO has determined that all provisions of H.R. 1757 either fit within this exclusion or do not contain private-sector or intergovernmental mandates as defined in UMRA.

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