



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 27, 2016

S. 1635 **Department of State Authorities Act, Fiscal Year 2017**

*As ordered reported by the House Committee on Foreign Affairs
on May 26, 2016*

SUMMARY

S. 1635 would make several changes to Department of State operations. In total, CBO estimates that implementing the act would cost \$37 million over the 2017-2021 period, assuming appropriation of the estimated amounts.

Pay-as-you-go procedures apply because enacting S. 1635 would affect direct spending and revenues; however, CBO estimates that those effects would be insignificant. CBO estimates that enacting S. 1635 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 1635 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. 1635 are shown in the following table. The costs of this legislation fall primarily within budget function 150 (international affairs).

BUDGETARY EFFECTS OF S. 1635, THE DEPARTMENT OF STATE AUTHORITIES ACT, FISCAL YEAR 2017

	By Fiscal Year, in Millions of Dollars					2017-2021
	2017	2018	2019	2020	2021	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION^a						
Contracts for Overseas Guards						
Estimated Authorization Level	3	3	3	3	3	17
Estimated Outlays	3	3	3	3	3	17
Fellowship Programs						
Estimated Authorization Level	1	2	2	2	2	10
Estimated Outlays	1	2	2	2	2	10
Other Provisions						
Estimated Authorization Level	2	2	2	2	1	9
Estimated Outlays	2	2	2	2	1	9
Total Increases						
Estimated Authorization Level	7	8	7	8	7	37
Estimated Outlays	6	8	8	8	7	37

Note: Components may not sum to totals because of rounding.

a. In addition to the effects on spending subject to appropriation shown above, CBO estimates that, over the 2017-2026 period, enacting S. 1635 would have insignificant effects on direct spending and revenues.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1635 will be enacted near the end of fiscal year 2016, that the estimated authorizations will be appropriated near the start of each fiscal year, and that outlays will follow historical patterns for similar and existing programs.

Spending Subject to Appropriation

S. 1635 would make several changes to the operations of the Department of State and would increase the number of fellowships supported by the department. In total, CBO estimates that implementing the act would cost \$37 million over the 2017-2021 period, assuming appropriation of the estimated amounts.

Contracts for Overseas Guards. Section 112 would expand the department’s authority to take into account factors other than price in contracting for local guards at overseas posts that face significant security threats. The department would be authorized to use cost-technical tradeoff (CTTO) contracts that consider past performance, expertise, and other factors in addition to price. Under current law, in most cases the department must accept the lowest bid that meets all the technical security criteria for a post. In recent years, annual appropriations acts have provided limited authority to use CTTO contracts at high-threat posts. In 2014, the department used such authority to award a CTTO contract in Nigeria.

On the basis of information provided by the department, CBO expects that under this provision five high-threat locations would become eligible for CTTO contracts when their existing contracts expire—four in 2017, and one in 2018. The total value of the existing five-year contracts for those posts is about \$115 million. On the basis of the department’s experience with CTTO contracts, CBO estimates that new contracts at those posts would cost 15 percent more than existing ones, or almost \$3.5 million a year. CBO estimates that implementing this section would cost \$17 million over the 2017-2021 period.

Fellowship Programs. Section 706 would expand three existing fellowship programs by a total of 25 fellows each year. Existing fellows currently receive grants and stipends averaging \$85,000 over a two-year period. On that basis, CBO estimates that implementing this provision would cost \$1 million in 2017 and \$2 million each year thereafter.

Rewards for Justice. Section 704 would authorize the department to offer a reward for information that prevents, impedes, or ends war crimes, crimes against humanity, or genocide or that leads to the arrest or conviction of persons accused of those acts. The reward would be made under the terms and conditions of the department’s Rewards for Justice Program, which uses appropriated funds to offer cash awards for information leading to the capture or conviction of certain terrorists and criminals and for other related purposes. Given the uncertainties associated with estimating when individuals might come forward with pertinent information, CBO has no basis to estimate when and in what amounts such rewards might be paid.

Other provisions. CBO estimates that implementing each of the following provisions alone would cost up to \$500,000 a year; taken together, CBO estimates that implementing them would cost \$9 million over the 2017-2021 period.

- Section 114 would allow the department to pay for security enhancements at schools used by the children of U.S. diplomats posted overseas.
- Sections 121 and 406 would require the department to implement various training programs for personnel.

- Title III would require the department to report to the Congress on various aspects of United Nations peacekeeping programs.
- Sections 404, 405, 407, and 412 would provide the department additional flexibility to hire staff or to pay bonuses to recruit, relocate, or retain staff.
- Title VI would authorize a drug policy commission for the Western Hemisphere for a term of two years.
- Section 702 would reauthorize the U.S. Advisory Commission on Public Diplomacy through 2020.
- Section 703 would broaden the geographical area over which Radio Free Asia can broadcast.

Direct Spending and Revenues

Several provisions in S. 1635 would affect direct spending and revenues, but CBO estimates that the budgetary effects of enacting those provisions would be insignificant over the 2017-2026 period.

Overseas Federal Facilities. Section 119 would authorize the department to construct or improve overseas facilities for other federal entities. Payments received by the department would be retained and spent for embassy construction and maintenance. CBO estimates that there would be no net effect on direct spending because any such collections and spending would offset each other.

Consular Immunities. Section 501 would allow the department to extend consular immunities to foreign consular officials on a reciprocal basis, which could result in protections stronger or weaker than those provided in the Vienna Convention on Consular Relations. Enactment of this provision could affect revenues and direct spending from customs duties, taxes on imports, visa fees, civil and criminal penalties, and judicial proceedings.

Fishermen's Protection Fund. Section 705 would extend the authorization for the Fishermen's Protection Fund through 2018. That fund reimburses fishermen for certain financial losses incurred if their vessels are seized by a foreign nation. Owners of fishing vessels pay fees sufficient to cover the expected cost of those payments. However, the fund has not seen any activity in recent years. Thus, CBO estimates that any additional offsetting receipts from fees or spending for claims from extending this program would not be significant.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Pay-as-you-go procedures apply to S. 1635 because enacting it would affect direct spending and revenues; however, CBO estimates that those effects would be insignificant.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1635 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On May 27, 2016, CBO transmitted a cost estimate for S. 1635 as passed by the Senate on April 28, 2016. Several provisions in S. 1635 as ordered reported by the House committee on Foreign Affairs are similar to provisions in the version passed by the Senate, and CBO's estimates of the costs of implementing those provisions are the same.

ESTIMATE PREPARED BY:

Federal Costs: Sunita D'Monte
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