



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

January 9, 2014

S. 1271
Foreign Aid Transparency and Accountability Act of 2013
*As reported by the Senate Committee on Foreign Relations
on December 20, 2013*

SUMMARY

S. 1271 would require federal agencies to administer, monitor, and evaluate foreign assistance programs based on guidelines that would be issued by the President and to publish detailed information about those programs on a website. It also would authorize annual appropriations for those activities equal to no more than 5 percent of each foreign assistance program’s budget for those purposes. CBO estimates that implementing the bill would have discretionary costs of almost \$2.4 billion over the 2014-2019 period, assuming appropriation of the necessary amounts. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 1271 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 impact of S. 1271 is shown in the following table. The bill would affect several federal agencies; its costs fall within various budget functions, but primarily in function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars						2014- 2019
	2014	2015	2016	2017	2018	2019	

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Estimated Authorization Level	75	250	500	750	750	750	3,075
Estimated Outlays	35	140	320	535	650	690	2,370

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1271 will be enacted in 2014, that the necessary amounts will be appropriated each year, and that outlays will follow historical spending patterns for the affected programs.

S. 1271 would require:

- The President to issue guidelines establishing measurable goals, performance metrics, and plans for monitoring and evaluating all foreign assistance programs;
- Federal agencies to administer, monitor, and evaluate programs based on those guidelines;
- Agencies to publish detailed information (both historical and current) about their programs on a public website; and
- Agencies to adhere to the following timeline: establish guidelines within 18 months of enactment, follow guidelines within one year of their establishment, and provide detailed information on foreign assistance within two years of enactment.

According to the latest Greenbook—an annual report to the Congress on foreign assistance—the United States obligated roughly \$50 billion in foreign assistance in 2011. Nineteen different agencies implemented foreign assistance programs, but five accounted for over 90 percent of obligations: Department of State, U.S. Agency for International Development (USAID), Department of the Treasury, U.S. Department of Agriculture, and Department of Health and Human Services.

The federal government partially meets some of the bill's requirements, such as having guidelines for foreign assistance and requiring information on that assistance to be publically available. However, the bill would require more detailed guidelines and information, especially regarding the monitoring and evaluation (M&E) of program performance.

In September 2012, the Office of Management and Budget issued guidelines for collecting and disseminating data on foreign assistance, including on the federal government's website—the Foreign Assistance Dashboard. That website is being implemented incrementally and currently has data available on State Department, USAID, Millennium Challenge Corporation (MCC), Department of the Treasury, Department of Defense, and other smaller programs. When fully implemented, it will have information on budget planning, obligations, expenditures, and program implementation for all programs. As

currently envisioned, it will not provide other information required under the bill, such as strategies for foreign assistance programs in each country and M&E reports.

Based on information from the Administration, CBO estimates federal agencies could provide the required information for about half of the foreign assistance obligated in recent years. In some cases, that information is easily available and public (such as for MCC) and in other cases the information is available within the agency and would need to be published (such as for some USAID and State Department programs). The other half of foreign assistance obligated in recent years (about \$25 billion) has not undergone routine M&E as envisioned under the bill.

Of all agencies providing foreign assistance, MCC is widely acknowledged as having the most robust M&E and allocates 4 percent of each program's budget for such activities. The State Department allocates between 3 percent and 5 percent. However, much of the foreign assistance that is not currently monitored or evaluated—such as security assistance implemented through DoD—is very different from the economic assistance provided through MCC, USAID, and State Department. Security assistance can be specialized and uneven: different countries might receive very different types and amounts of security assistance and the same country might receive varying amounts or types of assistance depending on its particular situation over time. Furthermore, some information about those programs might be classified or affect national security. Thus, monitoring and evaluating those programs could present challenges different from those for economic assistance.

CBO estimates that federal agencies administering foreign assistance that does not currently undergo M&E would eventually require appropriations equal to about 3 percent of program funds or \$750 million each year to fully comply with the bill. Based on the timeline specified under the bill and information from the Administration, CBO expects that some programs and agencies will ramp up more slowly than others and that all federal agencies would fully implement the bill by 2017. In total, CBO estimates that implementing the bill would require additional appropriations of \$3.1 billion and cost almost \$2.4 billion over the 2014-2019 period, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1271 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Sunita D'Monte

Impact on State, Local, and Tribal Governments: J'nell L. Blanco

Impact on the Private Sector: Marin Burnett

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis