



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 2, 2007

**S. 613
Reconstruction and Stabilization Civilian Management Act of 2007**

*As ordered reported by the Senate Committee on Foreign Relations
on March 28, 2007*

SUMMARY

S. 613 would authorize the President to provide assistance to stabilize and rebuild a country or region that is in, or emerging from, conflict or civil strife. The bill would establish an Office of Reconstruction and Stabilization within the Department of State to provide civilian management of stabilization and reconstruction efforts and would authorize the appropriation of \$80 million a year for personnel, education and training, equipment, and travel costs. The bill also would authorize the creation of a new emergency fund to be used to respond to international crises and would authorize an initial appropriation of \$75 million in 2008 and such sums as may be necessary each year to replenish the fund.

CBO estimates that S. 613 would increase spending subject to appropriation by \$85 million in 2008 and \$629 million over the 2008-2012 period, assuming appropriation of the specified and estimated amounts. The bill also would allow the Secretary of State to waive certain rules regarding reemployment of federal annuitants; CBO estimates this provision would have no significant effect on direct spending or receipts.

S. 613 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the resulting costs, if any, would be minimal and well below the threshold established in that act (\$66 million in 2007, adjusted annually for inflation). This bill contains no new private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 613 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Office of Reconstruction and Stabilization					
Authorization Level	80	80	80	80	80
Estimated Outlays	68	77	78	78	78
Emergency Fund					
Estimated Authorization Level	75	75	75	75	75
Estimated Outlays	17	43	55	65	70
Total Changes					
Estimated Authorization Level	155	155	155	155	155
Estimated Outlays	85	120	133	143	148

a. Enacting S. 613 also could reduce direct spending, but CBO estimates that any such effects would be less than \$500,000 a year.

BASIS OF ESTIMATE

CBO estimates that implementing S. 613 would cost \$85 million in 2008 and \$629 million over the 2008-2012 period, assuming appropriation of the estimated and specified amounts. The bill also could affect both the pay and the retirement annuities of rehired federal annuitants, but CBO estimates that the bill would have no significant effect on direct spending or receipts. For this estimate, CBO assumes that this legislation will be enacted near the start of fiscal year 2008, that the specified and estimated authorization amounts will be appropriated near the start of each fiscal year, and that outlays will follow historical spending patterns for similar programs.

Spending Subject to Appropriation

S. 613 would authorize the President to provide assistance to stabilize and rebuild a country or region that is in, or emerging from, conflict or civil strife, through the Office of Reconstruction and Stabilization within the Department of State and a new emergency fund.

Office of Reconstruction and Stabilization. The Office of Reconstruction and Stabilization was created in the State Department in August 2004. Section 6 would codify the establishment of that office and specify its responsibility to monitor and assess international

crises, to prepare contingency plans for various types of crises, to identify and train personnel with the necessary skills for stabilization and reconstruction operations, and should the President decide it is in the national interest, to coordinate the U.S. assistance in stabilizing and reconstructing the affected country or region.

Section 7 would authorize the establishment of a Response Readiness Corps with an active component of up to 250 members for deployment on short notice, plus a standby component of up to 2,000 personnel. In addition, the bill would authorize a civilian reserve of at least 500 nonfederal personnel to support operations if needed. The corps and reserve personnel would receive training on stabilization and reconstruction from the Foreign Service Institute, the National Defense University, and the United States Army War College. The bill would authorize the appropriation of \$80 million a year for personnel, education and training, equipment, and travel costs. CBO estimates that implementing those provisions would cost about \$70 million in 2008 and \$380 million over the 2008-2012 period, assuming appropriation of the authorized amounts.

Emergency Fund. Section 5 would authorize the appropriation of \$75 million for an emergency stabilization and reconstruction fund, of which up to \$25 million could be used for the costs of developing, training, and deploying the Response Readiness Corps. For subsequent years, it would provide permanent, indefinite authorization of such sums as may be necessary to replenish funds expended. Considering the number of regions in the world in conflict or recovering from conflict and the magnitude of the appropriations for the reconstruction of Iraq and Afghanistan (more than \$30 billion over the 2003-2006 period), reconstruction efforts could require much larger funding levels than the amount authorized. Accordingly, CBO expects that the emergency fund would be used for an initial response to an international crisis and not for major reconstruction efforts. For this estimate, CBO assumes that the fund would be replenished—through discretionary appropriations—on an annual basis at the \$75 million level and that it would be used for a mix of activities with an aggregate spending pattern similar to that of the Economic Support Fund. Thus, CBO estimates that implementing section 5 would cost \$17 million in 2008 and \$250 million over the 2008-2012 period, assuming appropriation of the specified and estimated amounts.

Direct Spending

Section 10 would authorize the Secretary to waive provisions of law that would otherwise reduce the pay for some reemployed annuitants, while allowing them to accrue larger retirement benefits. The Department of State believes that existing authorities to waive those provisions are broad enough to include employment for stabilization and reconstruction activities. To the extent that current law waiver authority is not sufficient for those purposes,

the detailed authority in section 10 could result in a small change in the total amount of salaries paid to reemployed annuitants, as well as a small reduction in the future annuities of such annuitants. CBO estimates that this provision would affect a very few individuals and that it would have an insignificant effect on direct spending.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 613 contains an intergovernmental mandate as defined in UMRA because it would preempt certain state laws that regulate the liability of volunteers. CBO estimates that the costs, if any, would be minimal and well below the threshold established in that act (\$66 million in 2007, adjusted annually for inflation). This bill contains no new private-sector mandates as defined in UMRA.

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