



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 29, 2000

Global AIDS and Tuberculosis Relief Act of 2000

*As ordered reported by the Senate Committee on Foreign Relations
on June 28, 2000*

SUMMARY

The Global AIDS and Tuberculosis Relief Act of 2000 would authorize appropriations of \$570 million in 2001. The bill would authorize \$150 million for contributions to new trust funds within the World Bank to help developing countries fight HIV/AIDS and to educate orphans in sub-Saharan Africa. It would authorize \$420 million for bilateral and multilateral programs to fight infectious diseases. Assuming the appropriation of the authorized amounts, CBO estimates that implementing the bill would cost \$505 million over the 2001-2005 period. Because it would not affect direct spending or receipts, the bill would not be subject to pay-as-you-go procedures.

The Global AIDS and Tuberculosis Relief Act of 2000 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 the bill is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

BASIS OF ESTIMATE

The bill would authorize the appropriation of \$570 million in 2001 for bilateral and multilateral programs to fight AIDS and other infectious diseases and to assist orphans. For this estimate, CBO assumes appropriation of the authorized amounts by or near the start of fiscal year 2001.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Infectious Disease Programs						
Budget Authority ^a	210	0	0	0	0	0
Estimated Outlays	136	156	53	27	18	13
Proposed Changes						
Estimated Authorization Level	0	570	0	0	0	0
Estimated Outlays	0	92	207	96	64	46
Spending Under the Bill for Infectious Disease Programs						
Estimated Authorization Level ^a	210	570	0	0	0	0
Estimated Outlays	136	248	260	123	82	59

a. The 2000 level is the amount appropriated for that year.

World Bank Trust Funds. The bill would authorize the Secretary of the Treasury to negotiate with the World Bank and other donor countries to create two new trust funds within the bank. The first trust fund would provide grants to countries eligible to borrow from the bank to help them deal with the HIV/AIDS epidemic. The second trust fund would support primary and secondary education programs for orphans in sub-Saharan Africa. The bill would authorize the appropriation in 2001 of \$100 million for a contribution to the HIV/AIDS fund and \$50 million for a contribution to the sub-Saharan Africa fund.

Based on experience with other facilities operated by multilateral development banks, CBO estimates that it would take the bank and donor community more than one year to organize the operations of the trust fund and to begin making grants. CBO assumes that project selection and subsequent grants would augment lending by the bank, thus limiting administrative overhead. We also assume that the appropriated amounts would be provided to the trust fund as a letter of credit that would be drawn upon as needed to finance the grants, thus spreading outlays over a number of years. Using those assumptions, CBO estimates that approximately 75 percent of the authorized amounts would be disbursed over the next five years. CBO also estimates that the costs of negotiations and reporting requirements would be negligible.

Other Programs. The bill would also authorize \$420 million to fight infectious diseases—\$360 million for bilateral assistance to fight HIV/AIDS and tuberculosis, \$50 million for a contribution to the Global Alliance for Vaccine Initiative, and \$10 million for a contribution to the International AIDS Vaccine Initiative. Up to \$21 million of the authorized amounts would be available for administrative expenses. Based on historical spending patterns for similar programs, CBO estimates that appropriation of the authorized amounts would result in outlays of \$391 million over the next five years.

PAY-AS-YOU-GO CONSIDERATIONS: None.

PREVIOUS CBO ESTIMATE

On April 6, 2000, CBO transmitted a cost estimate for S. 2382, the Technical Assistance, Trade Promotion, and Anti-Corruption Act of 2000. This bill contains a subset of the provisions in the earlier bill, and the cost estimates for those provisions are the same.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The Global AIDS and Tuberculosis Relief Act of 2000 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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