



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 14, 2002

H.R. 3969
Freedom Promotion Act of 2002

*As ordered reported by the House Committee on International Relations
on April 25, 2002*

SUMMARY

The bill would enhance international broadcasting, public diplomacy, and educational and cultural exchange programs. The bill would earmark \$512 million in 2003 for public diplomacy and authorize additional appropriations of \$60 million in 2002 and \$200 million in 2003 for international broadcasting, educational and cultural exchange programs, improvements and modernization of public diplomacy programs, and the National Endowment for Democracy. Since there is no existing authorization for 2003, CBO treats the earmark as an authorization of appropriations. The bill also would increase the earmark for public diplomacy in 2002 from \$270 million to \$298 million.

CBO estimates that implementing H.R. 3969 would cost almost \$750 million over the 2002-2007 period, assuming the appropriation of the necessary amounts. By increasing the earmark for public diplomacy programs in 2002, CBO also estimates the bill would require the Department of State to shift resources away from other programs and towards public diplomacy programs. CBO estimates that as a result of this reallocation, outlays for 2002 would be slightly lower as the department reassesses its spending needs, but that outlays in following years would be slightly higher. Absent a detailed plan from the State Department regarding the higher earmark for 2002, CBO does not have sufficient information to provide a specific estimate of this provision. These effects would be considered direct spending, and thus, pay-as-you-go procedures would apply.

H.R. 3969 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 H.R. 3969 is shown in the following table. This estimate assumes the legislation will be enacted before July 1, 2002. The estimate also assumes that the amounts authorized for 2002 will be provided in a supplemental appropriation, and that amounts authorized for 2003 will be provided in the annual appropriation act by the start of fiscal year 2003. For the purposes of this estimate, CBO estimates that outlays from the amounts authorized for 2003 would follow historical spending patterns, but that amounts authorized for 2002 would be spent slower as a result of the late enactment date. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION ^a						
Spending Under Current Law for Public Diplomacy Programs						
Budget Authority ^b	978	0	0	0	0	0
Estimated Outlays	1,012	315	95	38	13	0
Proposed Changes						
Estimated Authorization Level	60	712	c	c	c	c
Estimated Outlays	c	592	100	42	15	1
Spending For Public Diplomacy Programs Under H.R. 3969						
Estimated Authorization Level	1,038	712	c	c	c	c
Estimated Outlays	1,012	907	195	80	28	1

a. In addition to the bill's impact on discretionary spending, CBO estimates that H.R. 3969 would lower direct spending in 2002 and raise direct spending over the 2003-2006 period, but is unable to provide a precise estimate. We expect that the change in such spending would be less than \$20 million a year, and that there would be no significant net impact over the 2002-2006 period.

b. The 2002 level is the amount appropriated for that year.

c. Less than \$500,000.

Spending Subject to Appropriation

H.R. 3969 would enhance the Department of State's public diplomacy programs, especially those targeted at countries with predominantly Muslim populations. The bill would

specifically earmark \$512 million in 2003 for public diplomacy. Since there is no existing authorization for 2003, CBO treats this earmark as an authorization of appropriations.

H.R. 3969 also would authorize additional appropriations of \$60 million in 2002 and \$200 million in 2003 for international broadcasting, cultural and educational exchange programs, improvements and modernization of public diplomacy programs, and the National Endowment for Democracy.

H.R. 3969 also would require the Secretary of State to prepare annual plans and several reports on public diplomacy programs. CBO estimates that implementing these new requirements would increase spending by less than \$500,000 annually. Finally, the bill would abolish the Broadcasting Board of Governors and the International Broadcasting Bureau, establish an independent agency for all international broadcasting programs, and transfer all functions and assets of the Broadcasting Board of Governors and the International Broadcasting Bureau to the new agency. CBO estimates this provision would have no significant costs.

Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost less than \$500,000 in 2002, \$592 million in 2003, and roughly \$750 million over the 2002-2007 period.

Direct Spending

The bill would earmark \$298 million in 2002 for public diplomacy. Under current law, the earmark for 2002 is \$270 million. Increasing that amount would require the department to alter its spending patterns by shifting resources away from other programs and into public diplomacy. CBO estimates that as a result of this reallocation, outlays for 2002 would be slightly lower as the department reassesses its spending needs, but that outlays in following years would be slightly higher. Absent a specific plan from the State Department regarding the higher earmark for 2002, CBO does not have sufficient information to provide a reliable estimate of this provision. Nonetheless, we expect that changes in annual outlays are likely to be less than \$20 million a year, and that there would be no significant net impact in total spending over the 2002-2006 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that H.R. 3969 would lower direct spending in 2002 and raise direct spending over the 2003-2006 period, but is

unable to provide a precise estimate. On balance, we estimate that there would be no significant net impact on outlays over that period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3969 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: Elyse Goldman

Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis