



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 4, 2004

H.R. 3818

Microenterprise Results and Accountability Act of 2004

*As ordered reported by the House Committee on International Relations
on February 25, 2004*

SUMMARY

H.R. 3818 would create within the U.S. Agency for International Development (USAID) a new Office of Microenterprise Development. The bill would authorize the appropriation of \$200 million for fiscal year 2005 and such sums as may be necessary for 2006 for grants and credits to microenterprise development programs, or programs that would provide access to financial services to poor persons in developing countries. A new Office of Microenterprise Development would be responsible for coordinating all microenterprise activities funded by USAID. CBO estimates that implementing H.R. 3818 would cost \$354 million over the 2005-2009 period, assuming the appropriation of the authorized amounts. H.R. 3818 would not affect direct spending or receipts.

H.R. 3818 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. 3818 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					
	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Microenterprise Grants and Loans						
Estimated Budget Authority ^a	200	0	0	0	0	0
Estimated Outlays	160	152	79	40	19	11
Proposed Changes						
Estimated Authorization Level	0	200	203	0	0	0
Estimated Outlays	0	26	103	122	69	34
Spending Under H.R. 3818 for Microenterprise Grants and Loans						
Estimated Authorization Level ^a	200	200	203	0	0	0
Estimated Outlays	160	178	182	162	88	45

a. The 2004 level is the amount authorized for that year. Because USAID has not published its operating budget for 2004, CBO has used the amount authorized for 2004 for the purpose of this estimate.

BASIS OF ESTIMATE

H.R. 3818 would authorize the appropriation of \$200 million in 2005 and such sums as may be necessary in 2006 for activities designed to promote microenterprises. The estimate assumes that the bill will be enacted late in 2004, that the authorized amounts will be provided in annual appropriation acts, and that outlays will follow historical spending patterns. It also assumes funding in 2006 at the level authorized for 2005 adjusted for inflation. (If appropriations in 2006 were not adjusted for inflation, CBO estimates that spending over the 2006-2009 period would be \$3 million lower than the amounts shown above.)

The bill would encourage the use of centralized decisionmaking within USAID for microenterprise programs. It would establish a new office within USAID that would be required to review or approve each grant agreement before funds are obligated by field missions or implementing partner organizations. Based on information from USAID, CBO expects that the new office would require a director and up to an additional six full-time positions. CBO estimates the new requirements would increase administrative expenses by about \$1 million a year. The estimate assumes the necessary funds are included in the authorized amounts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3818 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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