



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 17, 2004

S. 2127

Stabilization and Reconstruction Civilian Management Act of 2004

As ordered reported by the Senate Committee on Foreign Relations on March 4, 2004

SUMMARY

S. 2127 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 authorize assistance to respond to international crises through a new contingency fund and it would establish an Office of International Stabilization and Reconstruction within the Department of State to provide civilian management of stabilization and reconstruction efforts. The bill would authorize an initial appropriation of \$100 million for the contingency fund plus such sums as may be necessary to replenish funds expended. It also would authorize \$80 million for the initial costs of salaries and expenses to establish and manage stabilization and reconstruction efforts.

CBO estimates that implementing the bill would cost about \$50 million in 2005 and \$550 million over the 2005-2009 period, assuming the appropriation of the necessary funds. The bill would not affect direct spending or receipts.

S. 2127 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. 2127 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						
Proposed Spending for Stabilization and Reconstruction under S. 2127						
Estimated Authorization Level	0	180	101	149	153	156
Estimated Outlays	0	51	98	119	135	145

BASIS OF ESTIMATE

S. 2127 would provide the President with the authority and capacity to quickly respond to international crises using civilian agencies of the federal government. For this estimate, CBO assumes the bill will be enacted before the end of the current session of the Congress and that the \$180 million in funds initially authorized to carry out the bill will be appropriated for 2005. CBO expects that implementing the bill would require additional appropriations in 2006 and each subsequent year.

Response Readiness Corps. The bill would establish a new office within the Department of State with responsibility to monitor and assess international crises, to prepare contingency plans for various types of crises, to identify and train personnel with necessary skills for stabilization and reconstruction operations, and to coordinate the U.S. efforts should the President decide to respond to any crisis. The bill also would authorize the establishment of a response readiness corps with up to 250 members to staff the office and for deployment on short notice, plus a readiness reserve from current federal employees and up to 500 nonfederal personnel to support operations if needed. Based on information about the cost of operating offices of comparable size within the State Department, CBO estimates that once established, the office would have operating costs of \$40 million to \$50 million a year. Assuming that it would take a year to recruit and train the members of the readiness corps, CBO estimates the \$80 million authorized for salaries and expenses would cover the first two years of operations.

In 2007 and each year thereafter, CBO estimates that maintaining the office and the readiness and reserve corps would require the appropriation of \$45 million in 2005 dollars, adjusted annually for inflation. We expect outlays would follow spending rates for diplomatic and consular programs.

Stabilization and Reconstruction Funding. S. 2127 would authorize the appropriation of \$100 million for a contingency fund to respond to international crises should the President determine that it is in the national interest to do so, plus such sums as may be necessary to replenish amounts expended. In addition, the bill would authorize the President to waive the percentage and aggregate dollar limitations in current law regarding various authorities to draw down or to transfer resources to respond to such crises.

Given the size of the authorized fund, CBO estimates that the fund would be used for an initial response to an international crisis and not for major reconstruction efforts. Considering the number of regions in the world in conflict or recovering from conflict and that appropriations for the reconstruction of Iraq and Afghanistan have totaled over \$20 billion in 2003 and 2004, reconstruction could require much larger funding levels than the amounts authorized. For this estimate, CBO assumes that the fund would be replenished on an annual basis at the \$100 million level, adjusted for inflation, and that it would be used for a mix of activities with an aggregate spending pattern similar to the Economic Support Fund.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2127 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: Joseph C. Whitehill

Impact on State, Local, and Tribal Governments: Melissa Merrill

Impact on the Private Sector: Paige Piper/Bach

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis