CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 4, 2009

H.R. 2410
Foreign Relations Authorization Act, Fiscal Years 2010 and 2011

As ordered reported by the House Committee on Foreign Affairs on May 20, 2009

SUMMARY

H.R. 2410 would authorize appropriations for the Department of State, international broadcasting activities, international assistance programs, and related agencies. CBO estimates that implementing the bill would cost $40.6 billion over the 2010-2014 period, assuming appropriation of the specified and estimated amounts.

The bill also contains provisions that would both increase and decrease direct spending, primarily from making permanent the department's authority to collect and spend certain passport fees. In total, CBO estimates that enacting the bill would reduce direct spending by $49 million in 2011 and $52 million over the 2011-2019 period. In addition, enacting the bill would increase governmental receipts (revenues) by raising criminal penalties; however, CBO estimates those effects would be insignificant.

H.R. 2410 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. By making permanent the authority of the Secretary of State to collect certain passport fees, H.R. 2410 would impose a private-sector mandate as defined in UMRA on individuals who apply for a passport. Based on information from the Department of State, CBO estimates that the aggregate cost of complying with the mandate would exceed the annual threshold established in UMRA for private-sector mandates ($139 million in 2009, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2410 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense), 150 (international affairs), 300 (natural resources and environment), 370 (commerce and housing credit), 750 (administration of justice), and 800 (general government).

	By Fiscal Year, in Millions of Dollars					
	2010	2011	2012	2013	2014	2010-2014
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Department of State and Related Agencies						
Estimated Authorization Level	18,731	19,298	38	39	40	38,146
Estimated Outlays	11,883	17,546	4,931	1,573	1,003	36,936
Peace Corps						
Estimated Authorization Level	450	465	0	0	0	915
Estimated Outlays	349	451	99	7	2	909
Personnel Programs						
Estimated Authorization Level	327	251	97	106	118	900
Estimated Outlays	236	260	144	114	115	870
Arrearages Owed to the United Nations						
Estimated Authorization Level	654	0	0	0	0	654
Estimated Outlays	654	0	0	0	0	654
Refugee Processing						
Estimated Authorization Level	100	101	101	101	101	503
Estimated Outlays	10	101	101	101	101	413
Security Assistance						
Estimated Authorization Level	168	169	18	18	18	390
Estimated Outlays	77	143	95	37	24	377
International Trade Administration						
Estimated Authorization Level	37	38	39	39	40	193
Estimated Outlays	31	37	39	39	40	186
Exchange and Scholarship Programs						
Estimated Authorization Level	43	83	0	0	0	128
Estimated Outlays	37	75	10	1	*	125
Other Nonsecurity Assistance						
Estimated Authorization Level	28	29	20	20	20	117
Estimated Outlays	9	20	16	17	19	80
Review and Assessment of State Department and USAID Programs						
Estimated Authorization Level	3	3	3	3	3	15
Estimated Outlays	3	3	3	3	3	14

(Continued)

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	By Fiscal Year, in Millions of Dollars					
	2010	2011	2012	2013	2014	2010-2014
Public Diplomacy						
Estimated Authorization Level	1	1	1	1	1	6
Estimated Outlays	1	1	1	1	1	6
Repatriation Loans						
Estimated Authorization Level	4	*	*	*	*	4
Estimated Outlays	4	*	*	*	*	4
Reporting Requirements						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Other Provisions						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Total Changes						
Estimated Authorization Level	20,548	20,440	319	329	343	41,981
Estimated Outlays	13,296	18,639	5,441	1,895	1,310	40,584
CHANGES IN DIRECT SPENDING [a]						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	-49	-3	0	0	-52

Notes: Components may not sum to totals because of rounding; USAID = U.S. Agency for International Development; *= less than $500,000.

a. The bill also would increase revenues, but CBO estimates those effects would not be significant.

BASIS OF ESTIMATE

Most of the bill's budgetary impact would stem from authorizations for the Department of State, international broadcasting activities, international assistance programs, and related agencies. For most programs, the bill would authorize specific amounts for 2010 and such sums as may be necessary for 2011. With a few exceptions, the specified amounts for 2010 are identical to the President's request for 2010, and CBO assumes that amounts necessary in 2011 for those programs would equal the estimate for 2011 in that request. The bill also contains provisions that would affect direct spending and revenues, primarily from making permanent the department's authority to collect and spend certain passport fees.

For this estimate, CBO assumes the legislation will be enacted near the start of fiscal year 2010, that the specified and estimated authorizations will be appropriated near the start of each fiscal year, and that outlays will follow historical patterns for similar and existing programs.

Spending Subject to Appropriation

The bill contains provisions that would affect spending for Department of State personnel, contributions to international organizations and commissions, international assistance programs, and related agencies. In total, CBO estimates that implementing the bill would cost $40.6 billion over the 2010-2014 period, assuming appropriation of the specified and estimated amounts.

Department of State and Related Agencies. Most of the authorizations of appropriations in the bill would cover the operating expenses and other ongoing programs and activities of the Department of State and related agencies. CBO estimates that implementing those provisions would cost almost $37 billion over the 2010-2014 period, assuming appropriation of the specified and estimated amounts.

Administration of Foreign Affairs. Section 101 would authorize the appropriation of $11.4 billion in 2010 and, CBO estimates, $11.9 billion in 2011 for the department's operating expenses and programs. We estimate that implementing those provisions would cost $22.2 billion over the 2010-2014 period.

Contributions to International Organizations and Commissions. Various sections in title I would authorize the appropriation of $4.2 billion in 2010 for contributions to international organizations, international peacekeeping activities, and various international commissions. CBO estimates that the same amount would be authorized for 2011. In addition, section 415 would authorize the appropriation of $10 million for the International Atomic Energy Agency (IAEA) to refurbish or replace a laboratory that helps implement nuclear safeguards. In total, CBO estimates that implementing those provisions would cost $8.4 billion over the 2010-2014 period.

The bill also would authorize such sums as may be necessary to offset adverse fluctuations in foreign exchange rates that might affect contributions to international organizations. Currency fluctuations are difficult to project, and could result in spending higher or lower than amounts authorized under the bill for such contributions. Therefore, CBO estimates no additional authorizations of appropriations for currency fluctuations.

International Information and Exchange Programs. Various sections would authorize the appropriation of $1.5 billion in 2010 and, CBO estimates, the same amount in 2011 for international broadcasting, exchange programs, and other related programs. In addition, section 506 would permanently extend the authorization for Radio Free Asia (RFA). Based on the President's request for 2010, CBO estimates that implementing that section would cost $110 million over the 2012-2014 period (the bill would authorize appropriations for RFA in 2010 and 2011 under International Broadcasting Operations). In total, CBO estimates these programs would cost $3.1 billion.

Migration and Refugee Assistance. Section 104 would authorize the appropriation of about $1.6 billion for each of 2010 and 2011 for migration and refugee assistance programs, CBO estimates. CBO estimates that implementing those programs would cost $3.2 billion over the 2010-2014 period.

Peace Corps. Title VI would authorize the appropriation of $450 million in 2010 and such sums as may be necessary in 2011 for the Peace Corps. It also would authorize the Director of the Peace Corps to establish a Peace Corps Response Program that would assign returning or other volunteers to provide shorter-term development or relief efforts. Finally, it would increase the readjustment allowance for returning volunteers from $125 to $225 for each month of service. CBO estimates that implementing those provisions would cost $909 million over the 2010-2014 period, assuming appropriation of the estimated amounts.

Personnel Programs. Several provisions of the bill would affect personnel costs at the Department of State, the U.S. Agency for International Development (USAID), and other agencies. In total, CBO estimates that implementing these provisions would cost about $870 million over the 2010-2014 period, assuming appropriation of the estimated amounts.

Foreign Service Expansion. Section 301 would authorize USAID and the Department of State to hire additional Foreign Service Officers (FSOs). The increase proposed for USAID (350 additional FSOs each year in 2010 and 2011) is consistent with the President's request for 2010 and the goal of the agency's Development Leadership Initiative to double its Foreign Service workforce by hiring 1,200 new FSOs by 2012. To cover the salaries and other personnel expenses of 700 junior and mid-level FSOs, CBO estimates this provision would require appropriations of $134 million in 2010 and $131 million in 2011. Because USAID also would need to increase its overseas office space to accommodate this significant increase in the workforce, CBO estimates additional authorizations of appropriations of $142 million in 2010 and $13 million in 2011 would be necessary for overseas capital space expansion.

The proposed expansion for the Department of State (750 additional FSOs each year in 2010 and 2011) is consistent with the President's request for 2010 and his estimate for 2011. The amounts authorized to be appropriated in title I for Diplomatic and Consular Programs are equal to the amounts in the President's request, and thus CBO estimates no additional authorizations of appropriations would be required for expanding the Foreign Service at the department.

Pay for Overseas Postings. Section 312 would increase compensation for FSOs who are not members of the Senior Foreign Service and are posted overseas. Under current law, FSOs based in the United States receive comparability pay in addition to their base pay, to reduce the disparity between federal and nonfederal workers. FSOs who are posted overseas do not receive those amounts. (Members of the Senior Foreign Service are compensated under a pay-for-performance system that does not differentiate pay by posting.)

Under the bill, FSOs who are posted overseas would be paid the same comparability pay received by FSOs posted to Washington, D.C. (That comparability pay represented about 19 percent of total basic pay for D.C. postings in 2009.) The bill also specifies a phase-in period: FSOs would receive one-third of the increased compensation for the three-month period from January through March 2009, two-thirds for the six-month period from April through September 2010, and the full annual amount starting in fiscal year 2011. (Section 312 would not increase retirement benefits, because FSOs who retire from overseas postings have their annuities calculated as though their official duty station had been Washington, D.C.)

Over 85 percent of FSOs work for the Department of State. The department has indicated that its financial plan for 2009, as well as the President's request for 2010 and estimate for 2011, already include funding for phasing in comparability pay. Thus, this estimate only addresses additional pay for FSOs employed by USAID and other agencies.

According to USAID and the American Foreign Service Association, roughly 1,200 FSOs are posted overseas and have an average basic pay of about \$75,000. In comparison, FSOs posted in Washington have an average basic pay of about \$92,300. After adjusting for growth in comparability pay (on average, 9.7 percent a year over the past four years) and anticipated growth in the Foreign Service (as specified in section 301 above), CBO estimates that fully eliminating the difference between pay for overseas and D.C. postings would cost \$24 million in 2010. Phasing that amount in as specified in the bill would cost \$10 million in 2010—three months at one-third of \$24 million plus six months at two-thirds of \$24 million. That increase in basic pay also would lead to an increase in other benefits paid to FSOs, such as life insurance, health insurance, hardship pay, and danger pay. According to the department, those types of compensation have historically averaged about 71 percent of basic pay. Therefore, CBO estimates that under the bill, in 2010, the department would pay an additional $7 million in other compensation, for a total cost of $17 million that year. After adjusting for inflation, CBO estimates that costs for implementing this section would total $309 million over the 2010-2014 period.

Reemployment of Annuitants. Section 327 would grant the department greater flexibility in rehiring Foreign Service annuitants on a temporary basis for positions that are hard to fill. Under current law, if such reemployed annuitants are serving in Iraq or Afghanistan, the department may waive requirements that prohibit those individuals from receiving their annuity. That authority expires in 2009. The bill would permanently extend the authority and broaden it by deleting the restriction that employees must be serving in Iraq or Afghanistan. Based on information from the department, CBO estimates that 30 additional annuitants would be hired under the bill and posted overseas, at an annual cost of $500,000 each (that amount includes costs for basic pay, travel, family support, benefits, special pay such as hardship pay, and housing). After adjusting for inflation, CBO estimates that implementing this section would cost $75 million over the 2010-2014 period.

Personal Services Contractors. Section 328 would establish a two-year pilot program allowing the department to hire up to 200 contractors (at any one time) to meet new or urgent needs. Based on information from the department, CBO estimates that the department would hire 100 contractors in 2010 and 200 in 2011 at an average annual cost of $100,000 each, and that implementing this provision would cost $29 million over the 2010-2014 period.

Public Diplomacy Reserve Corps. Section 212 would establish a Public Diplomacy Reserve Corps at the Department of State. The corps would consist of former mid- and senior-level FSOs or other individuals with public diplomacy experience in the private or public sector, who would be posted overseas for periods of between six months and two years. The department currently has about 1,085 FSOs working in public diplomacy. CBO estimates that after a phase-in period of two years, the reserve corps would reach 5 percent of the existing workforce—about 55 people—and each member would serve a year at a time, on average. CBO estimates that implementing this section would cost $2 million in 2010, growing to $5 million a year by 2012, for a total cost of $21 million over the 2010-2014 period.

Intellectual Property Attaches. Section 329 would require the department to appoint 10 attaches to U.S. diplomatic missions to support enforcement of intellectual property rights. Based on information from the department about salary costs for attaches, CBO estimates that implementing this provision would cost about $6 million over the 2010-2014 period.

Office on Multilateral Negotiations. Section 403 would establish a new office to prepare for multilateral diplomatic efforts, led by a Special Representative who would be appointed by the President. Based on information from the department, CBO estimates that implementing this section would require a staff of three people to assist the Special Representative and that personnel and operating costs would total $5 million over the 2010-2014 period.

Task Force on Small Arms Trafficking. Section 911 would establish an inter-agency task force to prevent trafficking in small arms in the Western Hemisphere. Based on information from the department, CBO estimates that implementing this section would cost $5 million over the 2010-2014 period.

Death Gratuities. Section 313 would increase the death gratuities payable to the surviving dependents of Foreign Service employees who die as a result of injuries sustained in the performance of their duty overseas. Under current law, the death gratuity equals an employee's annual salary at the time of death. Under the bill, the department would pay one year's salary at level II of the Executive Schedule at the time of death or, if the employee was compensated under a local compensation plan, one year's salary at the highest pay level under that plan at the time of their death. Based on historical data from the department, CBO estimates that fewer than five death gratuities would be paid each year and that implementing this section would cost less than $500,000 a year, and total $1 million, over the 2010-2014 period.

Arrearages Owed to the United Nations. Section 405 would authorize the appropriation of such sums as may be necessary to pay U.S. arrearages to the United Nations (UN). According to the department, the United States owes the UN $654 million, mostly as a result of caps imposed before 2000 on contributions to UN peacekeeping activities. CBO estimates that implementing this section would require additional appropriations of $654 million in 2010 and the entire amount would be spent that same year.

Refugee Processing. Two provisions of the bill would affect refugee processing at the Department of State. In total, CBO estimates that implementing these provisions would cost about $413 million over the 2010-2014 period, assuming appropriation of the authorized and estimated amounts.

Section 233 would authorize such sums as may be necessary to carry out certain reforms of the department's refugee admissions program and to raise the limit on appropriations for the Emergency Refugee and Migration Assistance (ERMA) Fund from $100 million to $200 million (when added to amounts previously appropriated to the Fund but not yet obligated). The department has indicated that it is already in the process of implementing the specified refugee processing reforms, including providing additional training to consular personnel and NGOs as well as re-opening its family reunification program. As a result, the primary effect of section 233 would be to authorize the appropriation of an additional $100 million to the ERMA Fund in any fiscal year. CBO estimates that providing those additional amounts to the ERMA fund would cost $410 million over the 2010-2014 period.

Section 234 would require the department to establish and operate overseas programs to provide training in English as a second language (ESL), cultural orientation (CO), and work orientation for refugees who have been approved for admission to the United States but have not yet left the processing site. Such training would have to be provided at three refugee processing sites within a year of the bill's enactment and at five sites within two years. The Bureau of Population, Refugees, and Migration (PRM) currently funds cooperative agreements with several entities to provide CO classes for eligible refugees prior to their departure at sites throughout the world. Such classes last from one to three days. Based on information from the department, CBO estimates a cost of about $125,000 per year to establish and implement two-month ESL classes for about 240 eligible refugees at the average overseas refugee processing site. Thus CBO estimates that implementing programs of this scale at three sites in 2010 and five sites thereafter would cost $3 million over the 2010-2014 period.

Security Assistance. Several provisions of the bill would affect security assistance at the Department of State, Department of Defense, and USAID. In total, CBO estimates that implementing those provisions would cost $377 million over the 2010-2014 period, assuming appropriation of the specified and estimated amounts.

Global Peace Operations Initiative (GPOI). Section 1108 would authorize to be appropriated such sums as may be necessary in 2010 and 2011 to carry out and expand GPOI, a capacity-building program established in 2004 to train, equip, and sustain international peacekeepers. The State Department has indicated that all of the required programs and activities specified in section 1108 are reflected in the President's request of $96.8 million in 2010 for GPOI, except for financing the refurbishment of helicopters in preparation for their deployment to UN peacekeeping operations. CBO estimates that it would cost about $2 million to refurbish a medium-lift utility helicopter, based on the unit costs of refurbishing Black Hawk helicopters. CBO expects that the Secretary of State would finance the refurbishment of at least three medium-lift utility helicopters by the end of 2011. CBO estimates that implementing GPOI programs and activities would cost about $195 million over the 2010-2014 period.

Security Assistance Contingency Fund. Section 841 would authorize the Secretary of State to provide training and materiel to build the capacity of foreign military forces in response to contingencies in foreign countries. To conduct this program, section 841 would authorize the appropriation of $25 million and make available an additional $25 million under the Foreign Military Financing program for each of 2010 and 2011. CBO estimates that implementing this program would cost $98 million over the 2010-2014 period.

Merida Initiative. Title IX would authorize several actions that would affect the Merida Initiative, a security cooperation program announced by the United States and Mexico on October 22, 2007, with the goal of combating illicit drug trafficking and organized crime in the western hemisphere. Section 903 would require the President to establish and implement a program to assess the effectiveness of assistance provided under the Merida Initiative. Based on information provided by the State Department, CBO estimates that conducting impact evaluation research, operation research, and program monitoring would cost about $51 million over the 2010-2014 period.

Section 902 would authorize the President to extend the Merida Initiative beyond Mexico and Central America to include Caribbean countries. However, the President requested $45 million in 2010 for a Caribbean Basin Security Initiative, which would represent a separate but complementary multi-year, multi-account program to the Merida initiative. As a result, CBO does not expect that the President would exercise this authority. If he were to include Caribbean countries in the Merida initiative, CBO expects that additional authorization of appropriations would amount to $45 million in 2010.

Foreign Military Sales Stockpile Fund. Section 842 would rename the Special Defense Acquisition Fund and allow the deposit of certain lease payments into the fund. It also would expand the purposes for which the Fund may be used to include building the capacity of recipient countries. Under current law, the Department of Defense may deposit into the fund the proceeds from selling military equipment not intended to be replaced and certain other defense articles. However, spending of the fund’s balances is restricted to only those amounts provided in advance in appropriations acts. The Defense Security Cooperation Agency (DSCA) has indicated that the fund is moribund and has no balances left, but that it would use the authorities provided under the bill to replenish the fund with sales proceeds and lease payments, and use the fund to purchase defense articles for use by U.S. allies. Based on information from DSCA, CBO estimates that deposits into the fund would begin in 2010 with lease payments worth about $7 million a year, and, subject to appropriation of the estimated amounts, that the agency would spend roughly the same amount each year over the 2010-2014 period.

International Trade Administration. Under current law, the State Department, with assistance from other federal agencies, annually publishes Country Commercial Guides (CCG), which provide an overview of a foreign country's business environment. Section 1110 would require the International Trade Administration (ITA) to prepare an assessment of the business and investment climate in countries where it finds the government, businesses, or citizens have engaged in unfair business or investment practices. This provision would require that assessment, along with other information, including efforts the foreign country has taken to promote a healthy business environment, to be included in future editions of the CCGs. Based on information from the ITA, CBO estimates that an additional 86 full-time positions would be needed to meet the requirements of this section. CBO estimates that implementing this provision would cost $186 million over the 2010-2014 period, assuming appropriation of the necessary amounts, primarily for personnel costs at overseas locations.

Exchange and Scholarship Programs. In addition to the exchange programs authorized under title I, a few provisions of the bill would extend existing programs or authorize new exchange or scholarship programs. In total, CBO estimates that implementing those provisions would cost $125 million over the 2010-2014 period, assuming appropriation of the estimated amounts.

Senator Paul Simon Study Abroad Foundation. Title VII would authorize the establishment of the Senator Paul Simon Study Abroad Foundation to encourage U.S. students to study overseas, particularly in nontraditional destinations, such as developing countries. The foundation would be directed to make grants to students, nongovernmental organizations, and educational institutions, and to report annually to the Congress.

The bill would authorize the appropriation of $40 million in 2010 and $80 million in 2011 for the foundation, and CBO estimates that implementing this title would cost $117 million over the 2010-2014 period. (This provision also would have insignificant effects on direct spending, as discussed in that section of the estimate.)

Scholarships for Muslim Youths. Section 218 would extend through 2011 a scholarship program for youths attending American-sponsored schools in Muslim countries. Based on information from the department indicating that the program received $3 million in 2007, CBO estimates that implementing this section would cost $6 million over the 2010-2014 period.

Exchange Program for Sri Lankan Students. Section 223 would establish a new exchange program for high-school students from Sri Lanka. Based on information from the department about funding in 2009 for a similar program, CBO estimates that implementing this section would cost less than $500,000 each year, and total $1 million, over the 2010-2014 period.

Exchange Program for Liberian Women. Section 224 would establish a new exchange program for female legislators and congressional staff from Liberia. Based on information from the department, CBO estimates that implementing this section would cost less than $500,000 each year, and total $1 million over the 2010-2014 period.

Other Nonsecurity Assistance. Several provisions of the bill would affect certain bilateral assistance programs implemented by the Department of State and USAID. In total, CBO estimates that implementing these provisions would cost $80 million over the 2010-2014 period, assuming appropriation of the estimated amounts.

Freedom of Press. Section 1109 would authorize the Bureau of Democracy, Human Rights, and Labor (DRL) to provide grants to nonprofit and international organizations, with the aim of promoting freedom of the press worldwide. The DRL Bureau currently funds such media freedom programs through the Human Rights and Democracy Fund, whose grants typically last between one and three years and range between $250,000 to $1.5 million. Over the last three years, the bureau has issued media freedom grants totaling about $40 million. CBO assumes the average award levels, adjusted for inflation, would remain constant through 2014. CBO estimates that awarding those grants would cost about $42 million over the 2010-2014 period.

Statelessness. Section 1104 would authorize the appropriation of $8 million a year in 2010 and 2011 to finance assistance for stateless individuals through the UN High Commissioner for Refugees and the UN Children's Fund. In addition, the section would authorize the appropriation of such sums as may be necessary for the President and Secretary of State to undertake specified actions to prevent and reduce statelessness, including permanently increasing the resources and staff of the State Department's Bureau of Population, Refugees, and Migration. Based on information provided by the State Department, CBO expects that the equivalent of at least two additional full-time staff would be required to effectively carry out those actions, at an estimated annual cost of $1 million. CBO estimates that implementing this section would cost about $21 million over the 2010-2014 period.

Tibet. Section 237 would amend the Tibetan Policy Act of 2002 by, among other things, requiring the President to provide grants to nongovernmental organizations (NGOs) to support various economic development projects in Tibetan communities in China and by requiring the Secretary of State to assign dedicated personnel to the Office of the Special Coordinator for Tibetan Issues. In recent years, the Undersecretary for Democracy and Global Affairs has also served as the Special Coordinator for Tibetan Issues, with two members of her staff assisting in the management of Tibetan issues. Those staff already review grants and other assistance provided for Tibet through other department bureaus as well as USAID. Thus, CBO expects that current staff levels would be sufficient to implement the new requirements of the Tibetan Policy Act of 2002. For 2010, the President requested $5 million from the Economic Support Fund to support NGO projects in Tibet. CBO assumes that the 2010 level, adjusted for inflation, would continue through 2014. CBO estimates that implementing this section would cost $16 million over the 2010-2014 period.

Diabetes, Safe Water, and Sanitation. Section 1103 would authorize appropriations of $500,000 for each of 2010 and 2011 to establish a program to promote diabetes prevention and treatment, safe water, and sanitation in Pacific Island countries. CBO estimates implementing that program would cost $1 million over the 2010-2014 period, assuming appropriation of the authorized amounts.

Review and Assessment of State Department and USAID Programs. Section 302 would require the President to develop, and report to the Congress on, a national strategy for U.S. diplomacy and development programs over the next decade. The bill also would require a quadrennial review of that strategy, beginning in 2013. The department indicates that it has initiated some planning to develop a strategy and for a quadrennial review process, but has not yet implemented those plans. CBO estimates that implementing this section would require the equivalent of 10 full-time staff a year, and would cost $2 million a year over the 2010-2014 period.

Section 303 would establish a Lessons Learned Center at the Department of State, which would function as a central organization for collecting, analyzing, and disseminating information on effective practices and lessons learned by USAID and department personnel in carrying out their agency’s programs. CBO estimates that implementing this section would require the equivalent of five full-time staff a year, and would cost $1 million a year over the 2010-2014 period.

Together, CBO estimates that implementing sections 302 and 303 would cost $14 million over the 2010-2014 period, assuming appropriation of the estimated amounts.

Public Diplomacy. Section 211 would establish a working group, led by the Secretary of State, and composed of the heads of federal agencies that undertake public diplomacy activities. The working group would meet every three months to consult and coordinate on public diplomacy programs. The head of each agency would report to the President on the public diplomacy activities undertaken by their agency. CBO estimates that implementing this provision would cost $1 million a year over the 2010-2014 period. Section 216 would extend the term of the Advisory Commission on Public Diplomacy through 2011. Based on information about the commission's operating costs, CBO estimates that implementing this section would cost $1 million over the 2010-2014 period.

Together, CBO estimates that implementing sections 211 and 216 would cost $6 million over the 2010-2014 period, assuming appropriation of the estimated amounts.

Repatriation Loans. Section 204 would allow the Secretary of State, subject to amounts being appropriated in advance, to forgive emergency loans made to assist destitute Americans living abroad to return to the United States. Cancelling those loans would constitute loan modifications (as defined by the Federal Credit Reform Act) and would require the federal government to write off the net present value of the expected stream of loan repayments, which would reflect the current likelihood of those loans being repaid.

Information from the department's 2008 Agency Financial Report indicates that the program had about $7 million in loans that had been delinquent for longer than a year. CBO assumes that under the bill, the department would forgive all those outstanding loans in 2010 and would forgive less than $500,000 each year starting in 2011. Thus, CBO estimates that implementing this section would cost $4 million over the 2010-2014 period. That amount is an estimated subsidy cost—calculated as a net present value of forgone principal and interest payments—for the debt forgiveness.

Reporting Requirements. The bill contains several reporting requirements that CBO estimates, if taken individually, would have an insignificant effect on spending, but in total would increase spending by $1 million a year, assuming the availability of appropriated funds.

Other Provisions. The bill contains several provisions, primarily affecting personnel, that CBO estimates, taken individually, would have an insignificant effect on spending, but in total would increase spending by $1 million a year, assuming the availability of appropriated funds.

Nuclear Nonproliferation. Section 416 would require the department to negotiate with the IAEA to implement certain recommendations of the Commission on the Prevention of Weapons of Mass Destruction Proliferation and Terrorism, and to report to Congress on its progress. Any negotiations with the IAEA would require a multi-agency effort, including the Departments of State, Energy, and Defense, as well as other agencies such as the National Security Council, and costs for such an effort would depend on the difficulty in persuading other IAEA members to adopt the recommendations specified in the bill. The department indicated that it disagrees with some of the recommendations and that it would be difficult to implement them. If the IAEA agrees to implement the recommendations, any resulting increase in its budget would be partially funded by the United States (under current law, the United States pays 25 percent of the regular budget and makes other voluntary contributions). CBO has no basis for estimating costs to implement this section.

Direct Spending and Revenues

The bill contains provisions that would both increase and decrease direct spending, primarily from making permanent the department's authority to collect and spend certain passport fees. In total, CBO estimates that enacting the bill would reduce direct spending by $52 million over the 2010-2019 period. In addition, the bill would increase governmental receipts (revenues) by raising criminal penalties, however CBO estimates those effects would be insignificant.

Passport Fees. Section 231 would make the department's authority to collect a $20 surcharge on passport applications permanent. Those collections are retained by the department and spent on border security and consular programs. Based on information from the department, CBO estimates passport applications will average 16.2 million a year, and that enacting the bill would increase collections by $324 million annually, starting in 2011 when the current authority expires. Initially, spending would lag behind collections, so that the net effect would be to reduce direct spending by $52 million over the 2011-2019 period, CBO estimates.

Criminal Penalties. Section 912 would increase criminal penalties for exporting certain weapons to countries in the Western Hemisphere. Criminal penalties are recorded as revenues, deposited in the Crime Victims Fund, and subsequently spent without further appropriation. CBO has no basis for estimating the timing or magnitude of any additional fines. However, we estimate that any such effects would have no net costs over both the 2010-2014 and 2010-2019 periods.

Other Provisions. Several provisions in the bill would have insignificant effects on direct spending.

- Section 201would allow the State Department's International Litigation Fund to retain and spend awards of costs and attorney's fees that result from decisions by international tribunals.

- Section 226 would revoke the status of the Vietnam Education Foundation as an independent federal entity and incorporate it into the State Department. The foundation is funded by repayments of federal loans made to Vietnam (which are considered offsetting receipts). It receives $5 million a year and spends the entire amount each year.

- Title VII would allow the Senator Paul Simon Study Abroad Foundation to solicit funds and accept gifts and donations. Any such gifts and donations would be spent on its programs. CBO estimates that initially gifts and donations would total less than $500,000 a year but could become significant in later years; however, the net effects on direct spending would likely be negligible in each year.

- Section 846 would extend through August 2011 the President's authority to transfer to Israel obsolete or surplus defense articles in the U.S. War Reserve Stockpile for Allies in Israel in return for concessions to be negotiated by the Secretary of Defense. Those concessions may include cash, services, waiver of charges otherwise payable by the United States, or other items of value. Any noncash concessions could lower offsetting receipts to the Defense Department. However, the Defense Security Cooperation Agency has indicated that transfers to Israel from the fund in recent years have been paid for using foreign military financing rather than negotiating noncash concessions. CBO expects that this practice is likely to continue, and thus the authority is unlikely to be used.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2410 contains no intergovernmental mandates as defined in UMRA. It would establish two new grant programs—one to support study abroad programs and another to support institutional development in Vietnam—and would make funds available to institutions of higher education. The grant programs would benefit public colleges and universities, and any costs they might incur would result from complying with conditions of aid.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 2410 would impose a private-sector mandate, as defined in UMRA, on individuals who apply for a passport by making permanent the authority of the Secretary of State to collect a surcharge on passport applications. The authority to collect the surcharge is scheduled to expire at the end of fiscal year 2010. Because a passport can only be issued by the federal government using its sovereign power, permanently increasing the cost of a passport application would be a new mandate on applicants. According to information from the Department of State, the surcharge is $20 per passport application. Based on recent data on the number of passport applications processed, CBO estimates that the direct cost to comply with the mandate would be $324 million annually, beginning in 2011, and would exceed the annual threshold established in UMRA for private-sector mandates ($139 million in 2009, adjusted annually for inflation).

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