CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 24, 2011

S. 618
A bill to promote the strengthening of the private sector in Egypt and Tunisia

As ordered reported by the Senate Committee on Foreign Relations on May 17, 2011

S. 618 would authorize the President to establish enterprise funds for Egypt and Tunisia to stimulate private-sector development in those countries. The funds would be similar to enterprise funds established in the 1990s for several countries and would provide technical and financial assistance to the private sector. CBO estimates that enacting the bill would increase direct spending by $80 million over the 2012-2016 period; therefore, pay-as-you-go procedures apply.

The bill would require the Government Accountability Office to assess the funds' activities and report to the Congress periodically. CBO estimates that the cost of implementing that requirement would be less than $500,000 over the 2012-2016 period, assuming the availability of appropriated funds. Enacting the bill would not affect revenues.

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

	By Fiscal Year, in Millions of Dollars												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2011-2016	2011-2021
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	27	27	26	0	0	0	0	0	0	0	80	80

The bill would authorize the President to use existing appropriations to establish the funds and pay for their administrative expenses. Based on information from the Department of State, CBO expects that the department would use existing amounts in the Economic Support Fund program to implement the bill and estimates that the department would spend $60 million to establish the Egyptian fund and $20 million on the Tunisian fund. Because no new appropriations would be required, those costs would be considered direct spending. CBO further estimates that the enterprise funds would be capitalized over three years with separate installments of funding.

The bill would require both funds to be terminated no later than December 31, 2021 (unless the Secretary of State determines they should be extended) and the assets of the funds at the time of dissolution to be returned to the Treasury. Other enterprise funds have generally had a life span of 10 to 15 years. Some had assets that exceed the original funding while others have experienced losses. Because of the uncertainty surrounding the term and performance of the funds, CBO cannot provide an estimate of any potential receipts; furthermore, any such receipts would probably be received outside the 10-year budget period.

S. 618 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Sunita D’Monte. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.