CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 26, 2013

S. 960
Syria Transition Support Act of 2013

As ordered reported by the Senate Committee on Foreign Relations on May 21, 2013

SUMMARY

S. 960 would authorize assistance for the Syrian people and opposition groups. CBO estimates that implementing the bill would have discretionary costs of $3.9 billion over the 2013-2018 period, assuming appropriation of the estimated amounts.

Pay-as-you-go procedures apply to this legislation because it would affect direct spending and revenues; however, CBO estimates those effects would not be significant.

S. 960 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by expanding existing prohibitions on transactions with the Assad regime in Syria, or any successor regime that is determined to be an illegitimate or replacement government. CBO estimates that the costs of the intergovernmental mandates would fall well below the annual threshold established in UMRA ($75 million in 2013, adjusted annually for inflation) while we estimate that the costs to the private sector would probably be above the annual threshold established by UMRA ($150 million in 2013, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 960 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs), 370 (commerce and housing credit), and 800 (general government).

	By Fiscal Year, in Millions of Dollars						
	2013	2014	2015	2016	2017	2018	2013-2018
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Humanitarian Assistance							
Estimated Authorization Level	0	900	900	900	900	900	4,500
Estimated Outlays	0	361	563	707	801	824	3,256
Syria Transition Fund							
Estimated Authorization Level	250	250	250	0	0	0	750
Estimated Outlays	13	88	150	183	120	65	619
Other Provisions							
Estimated Authorization Level	*	1	1	1	1	1	5
Estimated Outlays	*	1	1	1	1	1	5
Total							
Estimated Authorization Level	250	1,151	1,151	901	901	901	5,255
Estimated Outlays	13	450	714	891	922	890	3,880

Note: * = less than $500,000.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes S. 960 would be enacted in fiscal year 2013, that the estimated authorizations will be appropriated before the end of 2013 and near the start of each following fiscal year, and that outlays will follow historical spending patterns for similar and existing programs.

Spending Subject to Appropriation

S. 960 would authorize assistance for the Syrian people and opposition groups working to bring down the government of Bashar-al-Assad. CBO estimates that implementing the bill would require additional appropriations of about $5.3 billion over the 2013-2018 period and have discretionary costs of $3.9 billion over that period, assuming appropriation of those estimated amounts (the remainder would be spent after 2018).

Humanitarian Assistance. Title II would authorize economic and other nonmilitary assistance for the humanitarian needs of the Syrian people. In the first nine months of fiscal year 2013, the United States obligated about $695 million in humanitarian assistance. That assistance is being provided primarily through international organizations such as the

World Food Program and other U.N. entities, as well as nongovernmental organizations. Based on assistance provided to date, CBO estimates that additional authorizations of $900 million each year would be required over the 2014-2018 period and that implementing that assistance would have discretionary costs of almost $3.3 billion over the 2014-2018 period, assuming appropriation of the necessary amounts.

Syria Transition Fund. Section 301 would authorize the appropriation of up to $250 million each year over the 2013-2015 period for a Syria Transition Fund. It also would authorize the Department of Defense and other federal agencies to transfer certain amounts to the transition fund. The total amount transferred could not exceed $250 million in any year. The fund's purpose would be to support a transition to a more democratic political structure and to enhance the security of the Syrian people and the United States and its allies. Assuming the appropriation of $250 million each year over the 2013-2015 period, CBO estimates that implementing assistance through the fund would have discretionary costs of $619 million over the 2013-2018 period. CBO cannot estimate whether or to what extent the transfer authority would be used.

Military Assistance. Section 501 would authorize military support (except for anti-aircraft defensive systems) through 2015 to certain elements of the Syrian opposition. The Administration recently announced that the United States would begin providing military assistance—such as small arms and ammunition—to opposition forces. As yet, it is unclear under what authorities and to what extent that assistance will be provided and whether the Administration would use the authority under the bill to augment that planned assistance. Therefore, this estimate does not include any additional authorizations for military assistance.

Other Provisions. Title IV would require the President to impose sanctions on persons who provide petroleum, petroleum products, defense articles, or military training to the Syrian regime and prohibit or restrict the use of certain bank accounts by foreign financial institutions that facilitate such transactions. The sanctions would include prohibiting assistance through the Export-Import Bank, banning procurement by the U.S. government, prohibiting exports of U.S. arms and dual-use technology, blocking assets, and denying U.S. visas or entry into the United States. Based on information from agencies that would implement those sanctions, CBO estimates that implementing those provisions would impose an additional administrative burden on those agencies. The denial of visas also would have insignificant effects on direct spending and revenues (discussed below).

In addition, several provisions of the bill would require the President or the Secretary of State to submit periodic reports or briefings to the Congress. In total, CBO estimates that implementing those provisions would have discretionary costs of about $5 million over the 2013-2018 period, assuming appropriation of the estimated amounts.

Direct Spending and Revenues

Sanctions required under S. 960 would probably increase the number of people who would be denied a visa by the Secretary of State. Most visa fees are retained by the department and spent without further appropriation, but some fees are deposited in the Treasury as revenues. CBO estimates that implementing those provisions would affect very few people and, thus, have an insignificant budgetary effect.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting S. 960 would have a negligible effect on direct spending and revenues for each year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill would impose mandates, as defined in UMRA, on both public and private entities by expanding existing prohibitions on transactions with the Assad regime in Syria, or any successor regime that is determined to be an illegitimate or replacement government, and by increasing the number of entities responsible for complying with those prohibitions.

Individuals and entities engaged in transactions under export license agreements with foreign entities would be required to terminate such transactions or agreements based on new requirements outlined in the legislation. While CBO expects that few public entities would be affected by the sanction provisions, information from the Nuclear Regulatory Commission, the Department of Commerce, and current trade data suggests that a large number of private-sector entities would be affected. In 2012, the Department of Commerce approved more than 1,300 licenses for items worth almost $1 billion, which could be terminated upon implementation of sanctions in the bill.

CBO estimates that the costs of the intergovernmental mandates would fall well below the threshold established in UMRA ($75 million in 2013, adjusted annually for inflation). Based on the potential value of existing private-sector transactions and the number of entities that could be sanctioned, CBO estimates that the cost of the private-sector mandates would probably be above the annual threshold established by UMRA ($150 million in 2013, adjusted annually for inflation).

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