



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 20, 2016

S. 1605
Millennium Compacts for Regional Economic Integration Act

*As reported by the Senate Committee on Foreign Relations
on June 28, 2016*

S. 1605 would make several changes to the operations of the Millennium Challenge Corporation (MCC). On the basis of information from the MCC, CBO estimates that implementing the bill would cost less than \$500,000 over the 2017-2021 period; such spending would be subject to the availability of appropriated funds.

Pay-as-you-go procedures do not apply to S. 1605 because enacting it would not affect direct spending or revenues. CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

The bill would authorize the MCC to enter into an additional compact with a country if at least one of the compacts would improve regional trade, collaborations, or economic integration. (MCC compacts are five-year grants made to reduce poverty and promote sustainable economic growth in developing countries.) Based on the MCC's strategic plan for 2017, CBO expects that it would use that authority to enter into regional compacts instead of compacts with individual countries and that the MCC would not increase spending for grants or the number of compacts it enters.

S. 1605 also would amend the criteria the MCC is required to use when selecting countries by allowing countries that experience changes in their per capita income to remain candidates for compacts in the year they were selected and the two subsequent years. The MCC has been granted such flexibility through recent appropriations acts and CBO estimates that implementing this provision would not affect spending by the MCC.

Finally, provisions in the bill would require the MCC to report to its own board on civil society in countries that are candidates for MCC grants and to submit a study to the Congress on the feasibility of partnering with entities within a country such as state or local governments. CBO estimates that implementing those reporting requirements would have insignificant costs.

S. 1605 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Sunita D'Monte. This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.