



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 27, 2016

**S. 1635
Department of State Operations Authorization and Embassy
Security Act, Fiscal Year 2016**

As passed by the Senate on April 28, 2016

SUMMARY

S. 1635 would make several changes to Department of State operations. In total, CBO estimates that implementing the bill would have discretionary costs of almost \$50 million over the 2017-2021 period, assuming appropriation of the estimated amounts.

Pay-as-you-go procedures apply to S. 1635 because enacting it would affect direct spending and revenues; however, CBO estimates that those effects would be insignificant. 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.

S. 1635 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 effect of S. 1635 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

BUDGETARY EFFECTS OF S. 1635, THE DEPARTMENT OF STATE OPERATIONS AUTHORIZATION AND EMBASSY SECURITY ACT, FISCAL YEAR 2016

	By Fiscal Year, in Millions of Dollars					2017-2021
	2017	2018	2019	2020	2021	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION^a						
Contracts for Overseas Guards						
Estimated Authorization Level	3	3	3	3	3	17
Estimated Outlays	3	3	3	3	3	17
Fellowship Programs						
Estimated Authorization Level	1	3	3	3	3	12
Estimated Outlays	1	2	3	3	3	12
Reporting Requirements						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Public Diplomacy						
Estimated Authorization Level	1	1	1	1	*	3
Estimated Outlays	1	1	1	1	*	3
Other Provisions						
Estimated Authorization Level	3	2	2	2	2	11
Estimated Outlays	1	2	2	2	2	10
Total Increases						
Estimated Authorization Level	10	10	10	10	9	48
Estimated Outlays	8	10	10	10	9	47

Note: Components may not sum to totals because of rounding; * = less than \$500,000.

a. In addition to the effects on spending subject to appropriation shown above, CBO estimates that, over the 2017-2026 period, enacting S. 1635 would have insignificant effects on direct spending and revenues.

BASIS OF ESTIMATE

For this estimate, CBO assumes S. 1635 will be enacted near the end of fiscal year 2016, that the 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

S. 1635 would make several changes to the operations of the Department of State, increase the number of fellowships supported by the department, and require the department to prepare several reports. In total, CBO estimates that implementing the bill would cost \$47 million over the 2017-2021 period, assuming appropriation of the estimated amounts.

Contracts for Overseas Guards. Section 511 would expand the department's authority to take into account factors other than price in contracting for local guards at overseas posts that face significant security threats. The department would be authorized to use cost-technical tradeoff (CTTO) contracts that consider past performance, expertise, and other factors in addition to price. Under current law, in most cases the department must accept the lowest bid that meets all the technical security criteria for a post. In recent years, annual appropriations acts have provided limited authority to use CTTO contracts at high-threat posts. In 2014, the department used such authority to award a CTTO contract in Nigeria.

Based on information provided by the department, CBO expects that under this provision five high-threat locations would become eligible for CTTO contracts when their existing contracts expire—four in 2017, and one in 2018. The total value of the existing five-year contracts for those posts is about \$115 million. Based on the department's experience with CTTO contracts, CBO estimates that new contracts at those posts would cost 15 percent more than existing ones, or about \$3.5 million a year. CBO estimates that implementing this section would cost \$17 million over the 2017-2021 period.

Fellowship Programs. Two provisions would increase the number of fellowships supported by the department. Section 219 would expand three existing fellowship programs by a total of 25 fellows each year. Existing fellows currently receive grants and stipends averaging \$85,000 over a two-year period. On that basis, CBO estimates that implementing this provision would cost \$1 million in 2017 and \$2 million each year thereafter. Section 110 would authorize the Secretary to spend up to \$500,000 a year for new fellowship programs in science and technology. In total, CBO estimates that implementing both provisions would cost \$12 million over the 2017-2021 period.

Reporting Requirements. Several provisions in the bill would require the department to provide reports, strategies, assessments, or briefings to the Congress. In aggregate and on the basis of costs for similar reports, CBO estimates that implementing those requirements would cost \$1 million each year over the 2017-2021 period.

Public Diplomacy. Section 209 would reauthorize the U.S. Advisory Commission for Public Diplomacy through 2020 and require it to establish a subcommittee to assess and report to the Congress on the research and evaluation activities in the department's public

diplomacy programs and at the Broadcasting Board of Governors. Based on information from the commission, CBO estimates that implementing that provision would cost about \$500,000 each year.

Section 209 also would require the department to appoint a director of research and evaluation to conduct regular research and evaluation of its public diplomacy programs and to report to the Congress. The director also would be required to provide guidance and training in those areas to public diplomacy officers. Based on information from the department, CBO estimates that most of those requirements are in the process of being fulfilled and that implementing that provision would cost less than \$500,000 each year. In aggregate, CBO estimates that implementing the public diplomacy provisions would cost \$3 million over the 2017-2021 period.

Other provisions. CBO estimates that implementing each of the following provisions alone would cost up to \$500,000 a year; taken together, CBO estimates that implementing them would cost \$10 million over the 2017-2021 period.

- Sections 107 and 108 each would authorize the appropriation of \$500,000 a year to combat intolerance in Europe and for grants to promote biotechnology.
- Section 112 would authorize the department's participation in an international organization to combat piracy.
- Section 131 would authorize the department to establish an Interagency Atrocities Prevention Board, which would expire at the end of June 2017.
- Section 133 would authorize the department to enter into a joint action plan with the European Union to combat prejudice and discrimination.
- Sections 205, 217, 223, and 537 would require the department to implement various training programs for personnel.
- Section 208 would require the department to convene an interagency group and an advisory committee to prevent international child abduction.
- Section 514 would allow the department to pay for security enhancements at schools used by the children of U.S. diplomats posted overseas.

Direct Spending and Revenues

Section 401 would expand the authority of the Departments of State and Homeland Security to deny visas or entry into the United States to kidnappers of children who are U.S. citizens. Most visa fees are retained by the departments and spent without further appropriation (those effects would be direct spending), but some fees are deposited in the Treasury as revenues. Because enacting that provision would affect very few people, CBO estimates that it would decrease revenues by an insignificant amount and would have a negligible effect on direct spending.

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. Pay-as-you-go procedures apply to S. 1635 because enacting it would affect direct spending and revenues; however, CBO estimates that those effects would be insignificant.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

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.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1635 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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