



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 19, 2015

S. 1789

United States-Jordan Defense Cooperation Act of 2015

*As ordered reported by the Senate Committee on Foreign Relations
on October 8, 2015*

S. 1789 would authorize the Department of State to enter into an agreement with Jordan to increase assistance to and defense cooperation with that country. The bill would allow the President to expedite military sales to Jordan and to waive or reduce certain surcharges on military sales from Department of Defense stocks over a three-year period.

Earlier this year, the United States and Jordan entered into a memorandum of understanding under which Jordan will receive additional foreign assistance. CBO estimates that implementing the bill would not result in any further foreign assistance being provided to Jordan, and that the administrative expenses associated with expediting consideration for military sales and reporting on those sales would be less than \$500,000.

The surcharges that would be affected represent a portion of the costs of research and development for the purchased items and are deposited into the Special Defense Acquisition Fund. That fund is a revolving fund subject to appropriations action and is used to procure, store, and sell defense items that are in high demand. By allowing the President to waive or reduce those surcharges, S. 1789 could reduce the amount of collections that are deposited into the fund and later spent.

On net, CBO estimates that implementing S. 1789 would cost less than \$500,000 over the 2016-2020 period; such spending would be subject to the availability of appropriated funds. Enacting S. 1789 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S.1789 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

S. 1789 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.

On May 5, 2015, CBO transmitted a cost estimate for H.R. 907, the United States-Jordan Defense Cooperation Act of 2015, as ordered reported by the House Committee on Foreign Affairs on April 23, 2015. S. 1789 is similar to H.R. 907 and CBO's estimates of the costs of implementing the bills are the same.

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