CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 17, 2012

H.R. 6018
Foreign Relations Authorization Act, Fiscal Year 2013

As posted on the Web site of the House Committee on Rules on July 13, 2012

SUMMARY

H.R. 6018 would authorize appropriations for the Department of State and related agencies, the Peace Corps, and international broadcasting activities. CBO estimates that implementing the bill would cost $15.8 billion over the 2013-2017 period, assuming appropriation of the specified and estimated amounts.

CBO estimates that enacting certain provisions would affect direct spending, and thus, pay-as-you-go procedures would apply. We estimate that the net effect on direct spending of those provisions would not be significant. Enacting the bill would not affect revenues.

The bill would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the aggregate costs of mandates on state, local, and tribal governments would fall below the annual threshold established in UMRA for intergovernmental mandates ($73 million in 2012, adjusted annually for inflation). CBO estimates that the aggregate cost of mandates on private entities would exceed the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 6018 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	2013	2014	2015	2016	2017	2013-2017
CHANGES IN SPENDING SUBJECT TO APPROPRIATION[a]						
Department of State and Related Agencies						
Authorization Level	15,792	0	0	0	0	15,792
Estimated Outlays	9,022	3,627	1,540	824	367	15,380
Peace Corps						
Authorization Level	375	0	0	0	0	375
Estimated Outlays	281	84	5	2	1	373
Comparability Pay for Overseas Postings						
Estimated Authorization Level	49	0	0	0	0	49
Estimated Outlays	25	18	5	1	*	49
Rewards Program						
Estimated Authorization Level	0	1	1	2	2	6
Estimated Outlays	0	1	1	2	2	5
Security Enhancements at Overseas Schools						
Estimated Authorization Level	0	*	*	*	*	2
Estimated Outlays	0	*	*	*	*	2
Total Changes						
Estimated Authorization Level	16,216	2	2	3	3	16,224
Estimated Outlays	9,328	3,730	1,551	829	370	15,809

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

a. H.R. 6018 also contains provisions that would affect direct spending, but CBO estimates that the net effects of those provisions would be insignificant. Enacting the bill would not affect revenues.

BASIS OF ESTIMATE

For this estimate, CBO assumes H.R. 6018 will be enacted near the start of fiscal year 2013, that the specified and 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

Most of the bill’s impact on spending subject to appropriation would stem from specified authorizations of about $16.2 billion in 2013 for the Department of State and related agencies, the Peace Corps, and international broadcasting activities. Those amounts represent a decrease of almost $2 billion (11 percent) from the amounts provided in 2012.

CBO estimates that implementing those provisions would cost almost $15.8 billion over the 2013-2017 period, assuming appropriation of the specified amounts. (The remainder would be spent after 2017.)

Other provisions in the bill—primarily extending through 2013 the authority to provide comparability pay for overseas postings—also would have discretionary costs. CBO estimates that implementing those provisions would require appropriations of $57 million over the 2013-2017 period, with outlays of $56 million over that period.

Department of State and Related Agencies. The authorizations of appropriations in the bill would cover the operating expenses and other ongoing programs and activities of the Department of State and other agencies. CBO estimates that implementing those provisions would cost about $15.4 billion over the 2013-2017 period, assuming appropriation of the specified amounts.

Operating Expenses. Section 101 would authorize the appropriation of $11.4 billion in 2013 for the State Department's operating expenses and programs. CBO estimates that implementing that section would cost $11.0 billion over the 2013-2017 period.

Contributions to International Organizations and Commissions. Sections 102, 103, and 104 would authorize the appropriation of $3.5 billion in 2013 for contributions to international organizations and international peacekeeping activities and for various international commissions. In total, CBO estimates that implementing those provisions would result in outlays of $3.5 billion over the 2013-2017 period.

International Broadcasting Programs. Section 401 would authorize the appropriation of $752 million in 2013 for international broadcasting programs. CBO estimates that implementing that provision would cost $748 million over the 2013-2017 period.

National Endowment for Democracy. Section 106 would authorize the appropriation of $123 million in 2013 for the National Endowment for Democracy. CBO estimates that implementing that provision would cost $123 million over the 2013-2017 period.

Peace Corps. Section 105 would authorize the appropriation of $375 million in 2013 for the Peace Corps. CBO estimates that implementing that provision would cost $373 million over the 2013-2017 period.

Comparability Pay for Overseas Postings. Section 307 would increase compensation for Foreign Service Officers (FSOs) who are not members of the Senior Foreign Service and are posted overseas. Under current law, FSOs based in the United States receive comparability pay (about 24 percent of base pay) in addition to their base pay, to reduce the disparity between federal and nonfederal workers. Under current law, FSOs who are posted overseas receive two-thirds of that comparability pay (about 16 percent of base pay), but that authority expires in 2012. The bill would extend that authority through 2013.

Over 85 percent of FSOs work for the Department of State. Amounts authorized under the bill for the department's operating expenses include the cost of providing comparability pay in 2013. Thus, CBO's estimate for this provision only addresses additional pay for FSOs employed by the U.S. Agency for International Development (USAID) and other agencies.

According to USAID and the American Foreign Service Association, roughly 1,950 FSOs are currently posted overseas and, without comparability pay, have an average basic pay of about $89,000. In comparison, FSOs of an equivalent rank posted in Washington, D.C., have an average basic pay, including comparability pay, of about $110,555, a difference of 24 percent. Comparability pay has not increased since 2010, and CBO expects that it will remain at 24 percent in 2013. CBO estimates that providing two-thirds of comparability pay for overseas postings would require additional appropriations of $29 million in 2013.

That increase in pay also would lead to an increase in other benefits paid to FSOs, such as life insurance, hardship pay, and danger pay. According to the Department of State, those types of compensation have historically averaged about 71 percent of basic pay. Therefore, CBO estimates that under the bill, in 2013, the department would require additional appropriations of $20 million for other compensation, for a total requirement of $49 million that year. Assuming appropriation of the necessary amounts, CBO estimates that costs for implementing this section would total $49 million over the 2013-2017 period. (Section 307 would not increase retirement benefits, because FSOs who retire from overseas postings have their annuities calculated as though their official duty station had been Washington, D.C.)

Rewards Program. Section 207 would expand the department's rewards program to authorize payments for the prevention of transnational organized crime, genocide, war crimes, and other crimes against humanity. Based on information provided by the department about similar rewards and persons indicted for war crimes, CBO estimates that the department would require additional appropriations of $1 million in 2014, growing to $2 million by 2017, to implement the expanded program. Assuming appropriation of the necessary amounts, CBO estimates that the costs for implementing this section would total $5 million over the 2014-2017 period.

Security Enhancements at Overseas Schools. Section 206 would allow the department to pay for security enhancements at schools used by the children of U.S. diplomats posted overseas. Based on information provided by the department and assuming appropriation of the necessary amounts, CBO estimates that the department would spend an additional $100,000 each year at five overseas posts, for a cost of $2 million over the 2014-2017 period.

Direct Spending

The bill contains provisions that would have insignificant effects on direct spending.

Consular Fees. Two sections in title II would affect the State Department’s authority to collect and spend certain consular fees. Those sections would have no significant net impact on the deficit. Section 211 would extend through 2015 a surcharge on passport fees and section 212 would increase the cost of a border crossing card (BCC) for minors from Mexico. The current passport surcharge is $22 and the department expects to issue about 13 million passports each year over the 2013-2015 period. Based on that information, CBO estimates the department would collect and spend an additional $280 million each year over that same period under section 211.

Under current law, the BCC fee for minors is $15 and the bill would raise it to half the fee for machine-readable visas (currently $160). Based on information from the department, CBO estimates that it would collect an additional $65 on roughly 175,000 BCCs each year, for a total of $11 million, and would spend roughly the same amount.

International Litigation Fund. Section 201 would allow the State Department’s International Litigation Fund to retain and spend awards of costs and attorney’s fees that result from decisions by international tribunals. CBO estimates that it would collect and spend less than $500,000 each year, on average.

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. Enacting H.R. 6018 would affect direct spending by increasing certain consular fees and allowing the department to retain certain awards of costs and legal fees. Because those amounts would be spent without further appropriation, the net effect of those changes would be insignificant. Enacting the bill would not affect revenues.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill would impose both intergovernmental and private-sector mandates as defined in UMRA by limiting entities’ right of action, preempting state law, and extending consular surcharges. CBO estimates that the aggregate cost of mandates on state, local, and tribal governments would fall below the annual threshold established in UMRA for intergovernmental mandates ($73 million in 2012, adjusted annually for inflation). CBO estimates that the aggregate cost of mandates on private entities would exceed the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation).

Mandates that Apply to Public and Private Entities

The bill would add a new circumstance under which members of the Broadcasting Board of Governors (BBG) would be exempt from civil liability. The bill would make members of the board immune from civil liability when acting in their capacities as members of the board of directors for the Middle East Broadcasting Networks, Inc. Because of the nature of the networks governed by the board, it is unlikely that state, local, or tribal governments would find cause to file suit against board members, and civil suits by private entities against board members are rare. Consequently, CBO estimates that the cost of the mandate—the value of any forgone compensation for damages—would be insignificant for both for public and private entities relative to the annual thresholds.

Mandates that Apply to Public Entities Only

The bill would preempt state laws governing liability by extending the circumstances under which members of the BBG would be granted civil immunity. Because state and local governments would not be required to take any action resulting in additional spending or lost revenue, CBO estimates that the cost of the preemption would be insignificant.

Mandates that Apply to Private Entities Only

The bill would extend the authority of the Secretary of State to collect a surcharge on the filing fee of each passport application through the end of fiscal year 2015. Because a passport can only be issued by the federal government using its sovereign power, increasing the cost of a passport application would impose a mandate on individual applicants. According to information from the Department of State, the current passport surcharge is $22 and they expect to issue about 13 million passports annually over the 2013-2015 period. Based on those data, CBO estimates that additional fees amounting to about $280 million annually would be collected over the same period.

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