



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 13, 2018

S. 2736 **Asia Reassurance Initiative Act of 2018**

*As reported by the Senate Committee on Foreign Relations
on October 3, 2018*

SUMMARY

S. 2736 would specifically authorize the appropriation of almost \$8.6 billion over the 2019-2023 period to implement various aspects of U.S. policy in the Indo-Pacific region. The bill also would authorize unspecified amounts for new and ongoing activities that CBO estimates would require additional appropriations of \$0.6 billion over that same period. In total, CBO estimates that implementing S. 2736 would cost \$6.6 billion over the 2019-2023 period, assuming appropriation of the authorized and estimated amounts. The remainder would be spent after 2023.

Enacting S. 2736 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 2736 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 2736 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 2736 is shown in Table 1. The costs of the bill fall primarily within budget functions 050 (national defense), 150 (international affairs), 270 (energy), and 370 (commerce and housing credit).

TABLE 1. BUDGETARY EFFECTS OF S. 2736, THE ASIA REASSURANCE INITIATIVE ACT OF 2018

	By Fiscal Year, in Millions of Dollars					2019-
	2019	2020	2021	2022	2023	2023
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	1,838	1,838	1,838	1,838	1,837	9,189
Estimated Outlays	660	1,121	1,426	1,634	1,735	6,576

BASIS OF ESTIMATE

For this estimate, CBO assumes S. 2736 will be enacted by the end of 2018, 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 programs.

Most of the bill’s budgetary effects would arise from specified authorizations totaling \$1.7 billion for each of fiscal years 2019 through 2023. CBO estimates that implementing other provisions of the bill would require additional appropriations of \$0.1 billion a year over that same period (see Table 2). In total, CBO estimates that implementing the bill would cost \$6.6 billion over the 2019-2023 period, assuming appropriation of the specified and estimated amounts. Actual costs could differ if the Congress appropriates more or less than the amounts estimated here; such decisions could be based on information from federal agencies or other sources that differs from the information CBO used for this estimate.

Foreign Policy Objectives

Section 201 would authorize the appropriation of \$1.5 billion each year over the 2019-2023 period for the Departments of State and Defense to implement U.S. foreign policy in the region and to build the capacity of our allies to defend against security and terrorist threats. CBO estimates that implementing that provision would cost about \$5.6 billion over the 2019-2023 period.

Democracy Promotion

Section 409 would authorize the appropriation of \$210 million each year over the 2019-2023 period to promote ideals such as democracy, civil society, human rights, and the rule of law in the region. CBO estimates that implementing that provision would cost \$536 million over the 2019-2023 period.

TABLE 2. INCREASES IN SPENDING SUBJECT TO APPROPRIATIONS UNDER S. 2736

	By Fiscal Year, in Millions of Dollars					2019- 2023
	2019	2020	2021	2022	2023	
Foreign Policy Objectives						
Authorization Level	1,500	1,500	1,500	1,500	1,500	7,500
Estimated Outlays	600	975	1,200	1,350	1,425	5,550
Democracy Promotion						
Authorization Level	210	210	210	210	210	1,050
Estimated Outlays	4	57	120	167	188	536
Cybersecurity Cooperation						
Estimated Authorization Level	100	100	100	100	100	500
Estimated Outlays	40	65	80	90	95	370
Exchange Programs						
Estimated Authorization Level	25	25	25	25	25	125
Estimated Outlays	13	21	23	24	25	106
Defense of Human Rights and Environment						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Energy Programs						
Estimated Authorization Level	1	1	1	1	*	4
Estimated Outlays	1	1	1	1	*	4
Miscellaneous Provisions						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	1	1	1	1	1	5
Total Changes						
Estimated Authorization Level	1,838	1,838	1,838	1,838	1,837	9,189
Estimated Outlays	660	1,121	1,426	1,634	1,735	6,576

* = less than \$500,000.

Cybersecurity Cooperation

Section 215 would authorize the appropriation of such sums as may be necessary through 2023 to build capacity for responding to cybersecurity threats originating in the Indo-Pacific region, to enhance cooperation between the United States and Indo-Pacific nations, and to build the capacity of allied nations in the region to combat such threats.

Federal agencies are authorized to protect their systems and networks from cybersecurity threats regardless of the source of those threats; thus, implementing section 215 would not affect the resources required for those agencies to respond to threats originating in the Indo-Pacific region. However, those agencies do not receive specific appropriations to build the cybersecurity capacity of U.S. allies. On the basis of information from the Administration and on amounts spent on other activities to help partners and allied countries respond to common transnational threats, CBO estimates that implementing section 215 would require annual appropriations of \$100 million and would cost \$370 million over the 2019-2023 period.

Exchange Programs

Section 411 would authorize the appropriation of such sums as may be necessary over the 2019-2025 period to support programs for young leaders that focus on democracy, human rights, and good governance. The Department of State and the U.S. Agency for International Development have several such programs, including the Young Southeast Asian Leaders Initiative, Fulbright program, ASEAN Youth Volunteers Program, and International Leadership Program. On the basis of information about those programs and plans for new programs, CBO estimates that implementing that provision would require annual appropriations of \$25 million and would cost \$106 million over the 2019-2023 period.

Defense of Human Rights and Environment

Section 410 would authorize the Department of State to support individuals who protect and advocate for human rights and the environment using nonviolent means. Based on information from the department about similar support provided through the Human Rights Defenders' Fund in 2017, CBO estimates that implementing that provision would cost \$1 million each year over the 2019-2023 period.

Energy Programs

Section 306 would direct the President to establish a multiyear strategy for increasing access to reliable and affordable power in the Indo-Pacific region. The Department of Energy (DOE), which would have primary responsibility for implementing the strategy,

would assist governments and private-sector entities in that region on issues related to energy efficiency, conservation, and the development and deployment of new technologies. Using information from DOE on the costs of similar efforts in other regions, CBO estimates that implementing this section would cost \$4 million over the 2019-2023 period. Such spending would fund development of the strategy, support travel and related expenses necessary to deploy staff to that region, and pay for workshops and trade missions necessary to achieve the goals of the strategy.

Miscellaneous Provisions

Section 305 would permanently authorize the appropriation of such sums as may be necessary for bilateral and multilateral activities to build the capacity of foreign countries to protect intellectual property rights. The Patent and Trademark Office (PTO) spends about \$2 million annually on such activities. Because the PTO is authorized to adjust its fees to offset increases in its operating costs, CBO estimates that the net effect on spending for such ongoing activities of that agency would be negligible, assuming appropriation actions consistent with that authority.

Finally, S. 2736 also contains several provisions—primarily affecting trade promotion and reporting requirements—that CBO estimates would cost a total of about \$1 million each year.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 2736 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

S. 2736 contains no intergovernmental or private-sector mandates as defined in UMRA.

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