Congressional Budget Office
Cost Estimate

October 23, 2023

H.R. 4725, AUKUS Oversight and Accountability Act

As ordered reported by the House Committee on Foreign Affairs on July 26, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	12	60	115
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	12	60	115
Spending Subject to Appropriation (Outlays)	*	*	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	< $2.5 billion	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	< $5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and $500,000.

H.R. 4725 would require the Secretary of State to designate a Senior Advisor and establish a task force to oversee and coordinate the implementation of a trilateral security partnership between Australia, the United Kingdom, and the United States for a period of seven years. The purpose of that partnership—known as AUKUS—is to increase defense cooperation in the Indo-Pacific region. The bill would allow the Administration to use surcharges under the Foreign Military Sales (FMS) program to support the task force's oversight of that partnership. It also would authorize the Department of State to spend fees collected from entities that trade defense-related items. Lastly, H.R. 4725 would require the department to report to the Congress on its activities under the bill.

CBO estimates that enacting H.R. 4725 would increase direct spending by $115 million over the 2024-2033 period and increase spending subject to appropriation by less than $500,000 over the 2024-2028 period.

The costs of the legislation, detailed in Table 1, fall within budget function 150 (international affairs).

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Table 1.
Estimated Budgetary Effects of H.R. 4725

	By Fiscal Year, Millions of Dollars											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024-2028	2024-2033
	Increases in Direct Spending											
Estimated Budget Authority	12	12	12	12	12	12	12	11	10	10	60	115
Estimated Outlays	12	12	12	12	12	12	12	11	10	10	60	115

In addition to the budgetary effects displayed in the table, CBO estimates that implementing the bill would increase spending subject to appropriation by less than $500,000 over the 2024-2028 period.

Enacting H.R. 4725 would increase direct spending by $115 million over the 2024-2033 period, CBO estimates, by allowing fees that are already being collected to be spent on additional activities. Because there is no underlying authorization for those programs and activities in current law, CBO's estimate shows no reduction in future authorizations for enacting those provisions. If the Congress reduced future appropriations by the above amounts and did not allocate those funds to other activities, future discretionary spending would be lower.

The Department of State has designated a Senior Adviser for AUKUS and assigned personnel that would fulfill the duties of the task force required under H.R. 4725. The bill would authorize the Administration to spend fees currently collected on FMS transactions to cover the costs of supporting the AUKUS task force, and to increase its surcharge to cover the cost of administrative services, if necessary. In CBO's estimation, the FMS program currently charges fees that are more than sufficient to cover its current operating costs and the costs of the AUKUS task force. Thus, CBO expects that the program would support the task force from current FMS cash flows, which are classified as direct spending. Based on information from the department and other information on compensation and operating expenses of similar teams, CBO estimates that enacting the provision would increase direct spending by $15 million over the 2024-2033 period.

H.R. 4725 would expand the purposes for which fees collected by the department's Directorate of Defense Trade Controls may be spent. Currently, the directorate collects registration fees from manufacturers, exporters, importers, and brokers of defense-related items. Those fees—which are recorded in the budget as reductions in direct spending—can be spent without further appropriation on certain licensing, compliance, and enforcement activities. In recent years, the directorate also has requested annual appropriations of about $10 million for other expenses for which those fees are unavailable. H.R. 4725 would expand the purposes for which registration fees may be spent to include reviewing export controls, developing defense trade policy, and supporting the AUKUS task force. Using information from the department, CBO expects that under the bill, the directorate would use existing fee collections instead of requesting appropriations for those activities. Thus, CBO estimates that enacting the provision would increase direct spending by $10 million each year and a total of $100 million over the 2024-2033 period.

Using information about the costs of reporting requirements that are similar to those required by H.R. 4725, CBO estimates that fulfilling those requirements would cost less than $500,000 over the 2024-2028 period. Any spending would be subject to the availability of appropriated funds.

The CBO staff contacts for this estimate are Sunita D'Monte and Caroline Dorminey. The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

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