CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 26, 2012

S. 2215
Increasing American Jobs Through Greater Exports to Africa Act of 2012

As ordered reported by the Senate Committee on Foreign Relations on September 19, 2012

SUMMARY

S. 2215 would expand federal programs and initiatives to promote exports to Africa. CBO estimates that implementing the bill would have discretionary costs of $24 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 2215 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 impact of S. 2215 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					
	2013	2014	2015	2016	2017	2013-2017
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Trade Financing Agencies						
Estimated Authorization Level	2	2	3	3	3	13
Estimated Outlays	2	2	3	3	3	11
International Trade Administration						
Estimated Authorization Level	3	2	2	2	2	12
Estimated Outlays	2	2	2	2	2	11
Trade Promotion Strategy						
Estimated Authorization Level	*	*	*	*	*	2
Estimated Outlays	*	*	*	*	*	2
Total Changes						
Estimated Authorization Level	5	4	5	5	5	27
Estimated Outlays	4	4	5	5	5	24

Notes: Components may not sum to totals because of rounding.

* = less than $500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2215 will be enacted early in fiscal year 2013, that the necessary amounts will be appropriated each year, and that outlays will follow historical spending patterns for existing programs.

Trade Financing Agencies

Section 7 of the bill would require the Export-Import Bank of the United States (Ex-Im) and the Overseas Private Investment Corporation (OPIC) to increase their staffing levels to promote trade and investment in Africa. Based on information from those agencies, CBO estimates that Ex-Im would hire three additional employees to serve overseas at an annual cost of about $350,000 per person and two additional employees to serve in the United States at an annual cost of about $200,000 per person, and that OPIC would require five additional employees at an annual cost of about $200,000 per person. In total, those additional personnel would require annual appropriations of $2 million to $3 million a year, and would cost $11 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

Section 9 would require Ex-Im to increase its activity in Africa or to report annually to the Congress if it cannot provide at least 10 percent of its financing to that region. Ex-Im currently provides about 5.5 percent of its financing to Africa. Because the bill would not increase the overall cap on Ex-Im's financing, implementing that provision would require the bank to reduce its financing to other regions of the world. New financing provided to Africa could be more or less risky than financing in other regions and could therefore increase or decrease the appropriations needed to cover Ex-Im's subsidy costs; however, CBO has no basis for estimating the net effect of such changes in the bank's financing.

Finally, section 10 would require Ex-Im to increase its tied aid to Africa or to report annually to the Congress if it cannot provide at least $250 million each year in such loans to Africa. Tied aid is a form of concessional lending that requires the recipient to buy goods or services from the donor. Ex-Im has $178 million in funding for tied aid, but over the last five years Ex-Im has made only one such loan worth $23 million (of which $8 million was concessional financing).

Under long-standing guidelines jointly developed and implemented by Ex-Im and the Department of the Treasury, Ex-Im does not unilaterally initiate such loans; instead, it can counter offers made by other countries. There are evidentiary requirements and other thresholds that have resulted in very few loans being made. The bill does not alter those conditions and based on information from Ex-Im, CBO estimates that Ex-Im is unlikely to increase its tied aid or meet the bill's goal of $250 million each year in tied aid. CBO further estimates that the annual report to the Congress would cost less than $500,000 over the 2013-2017 period, assuming the availability of appropriated funds.

International Trade Administration

Sections 7 and 8 would increase costs to the International Trade Administration (ITA) by raising the number of foreign commercial service officers that are assigned to Africa, requiring additional staff to be placed at the African Development Bank, and requiring the agency to develop a training program for foreign commercial service and economic officers with respect to programs of the Ex-Im, OPIC, the Small Business Administration, and the United States Trade and Development Agency.

Based on information from the ITA, CBO estimates that the agency would open a new post in Africa and hire two additional foreign commercial service officers to serve in Africa at a cost of about $2 million per year, and hire one additional officer to serve at the African Development Bank at a cost of about $400,000 per year for salaries and administrative support. In addition, CBO estimates that providing training for foreign commercial service and economic officers would cost about $400,000 to develop the curriculum and to cover the costs incurred by attendees to travel to a central location to receive the training. Taken together, CBO estimates that implementing those provisions would cost $11 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

Trade Promotion Strategy

Section 4 would require the President to designate a special coordinator to develop a strategy and implement a strategy to promote exports to Africa. Based on information from the ITA, CBO estimates that implementing those provisions would cost less than $500,000 a year over the 2013-2017 period, assuming the availability of appropriated funds.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2215 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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