



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 8, 2013

S. 1386

**Chris Stevens, Sean Smith, Tyrone Woods, and Glen Doherty Embassy
Security, Threat Mitigation, and Personnel Protection Act of 2013**

*As ordered reported by the Senate Committee on Foreign Relations
on August 1, 2013*

SUMMARY

S. 1386 would authorize appropriations for the Department of State's embassy security programs. CBO estimates that implementing the bill would have discretionary costs of about \$1.8 billion over the 2014-2018 period, assuming appropriation of the specified and estimated amounts.

In addition, CBO estimates that enacting the bill would increase direct spending by \$15 million over the 2014-2023 period, and thus, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

S. 1386 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 impact of S. 1386 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 800 (general government).

	By Fiscal Year, in Millions of Dollars					2014- 2018
	2014	2015	2016	2017	2018	

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Capital Security Cost Sharing Program						
Authorization Level	1,383	0	0	0	0	1,383
Estimated Outlays	199	302	321	309	143	1,274
Security Training Center						
Authorization Level	350	0	0	0	0	350
Estimated Outlays	13	89	107	89	36	333
Security Training for High-Threat Areas						
Authorization Level	100	0	0	0	0	100
Estimated Outlays	38	29	14	10	5	97
Contracts for Overseas Guards						
Estimated Authorization Level	0	6	6	15	15	41
Estimated Outlays	0	5	6	14	15	39
Language Training						
Authorization Level	5	5	0	0	0	10
Estimated Outlays	2	4	3	1	*	9
Reemployment of Annuitants						
Estimated Authorization Level	1	2	2	2	2	8
Estimated Outlays	1	1	1	2	2	6
Security Enhancements at Overseas Schools						
Estimated Authorization Level	0	*	*	*	*	2
Estimated Outlays	0	*	*	*	*	2
Reporting Requirements						
Estimated Authorization Level	0	*	*	*	*	1
Estimated Outlays	0	*	*	*	*	1
Total Changes in Spending Subject to Appropriation						
Estimated Authorization Level	1,839	12	8	17	17	1,894
Estimated Outlays	253	430	452	425	201	1,761

CHANGES IN DIRECT SPENDING

Estimated Budget Authority	15	0	0	0	0	15
Estimated Outlays	0	0	15	0	0	15

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

* = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes S. 1386 will be enacted early in 2014, 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

CBO estimates that implementing S. 1386 would have discretionary costs of \$1.8 billion. Combined, several provisions in the bill would specifically authorize the appropriation of \$1.8 billion over the 2014-2015 period for the Department of State. CBO estimates that implementing those provisions would have discretionary costs of \$1.7 billion over the 2014-2018 period, assuming appropriation of the specified amounts. (The remainder would be spent after 2018.)

Other provisions in the bill—primarily one allowing more flexible contracts for local guards at certain overseas posts—also would have discretionary costs. CBO estimates that implementing those provisions would require appropriations of \$52 million over the 2014-2018 period; assuming appropriation of the estimated amounts, outlays would total \$48 million over that period.

Capital Security Cost Sharing Program. Section 101 would authorize the appropriation of almost \$1.4 billion for the State Department’s share of the Capital Security Cost Sharing Program—a program that requires all agencies with overseas staff to pay a proportionate share of the cost of constructing and maintaining secure diplomatic facilities. CBO estimates that implementing that provision would cost about \$1.3 billion over the 2014-2018 period.

Security Training Center. Subsection 104(c) would authorize the appropriation of \$350 million to construct a new foreign affairs security training center or to expand existing federal facilities for the State Department’s long-term training needs. CBO estimates that implementing that provision would cost \$333 million over the 2014-2018 period.

Security Training for High-Threat Areas. Subsection 104(b) would authorize the appropriation of \$100 million for training department personnel posted to high-threat areas. CBO estimates that implementing that provision would cost \$97 million over the 2014-2018 period.

Contracts for Overseas Guards. Section 201 would expand the department’s authority to hire local guards under more flexible contracts (known as “best-value”) at overseas posts. Best-value contracts allow the department to consider past performance, expertise, and other factors in addition to price. Under current law, the department must accept the lowest

bid that meets all technical criteria in most cases; however, it has limited authority to accept best-value contracts in Iraq and Afghanistan.

Based on information provided by the department, CBO estimates that under this provision nine posts would become newly eligible for best-value contracts when their existing contracts expire—four in 2014, four in 2017, and one in 2018. The total value of the existing five-year contracts for those posts is about \$190 million. Based on the department's experience with best-value contracts, CBO estimates that new contracts at those posts would cost 40 percent more than existing ones, or about \$15 million a year after all contracts are phased in. CBO estimates that the department would require additional appropriations of \$6 million each year over the 2014-2016 period to pay for the four posts that would convert in 2014 (costs in 2014 would be covered by specified authorizations in title I) and \$15 million each year in 2017 and 2018 (four posts would convert in 2017 and one in 2018). Assuming appropriation of the necessary amounts, CBO estimates that implementing this section would cost \$39 million over the 2015-2018 period.

Language Training. Section 103 would authorize the appropriation of \$5 million each in 2014 and 2015 to provide language training for certain diplomatic security personnel who might be serving in high-threat posts. CBO estimates that implementing that provision would cost \$9 million over the 2014-2018 period.

Reemployment of Annuitants. Section 205 would grant the department greater flexibility in rehiring Foreign Service annuitants on a temporary basis at certain posts. Under current law, when reemployed annuitants serve in certain consular positions or in Iraq, Pakistan, or Afghanistan, the department may waive requirements prohibiting those individuals from receiving their annuity. That authority expires in 2013. The bill would extend the authority through 2019 and broaden the geographical area to include all posts that face significant security threats.

Based on information from the department, CBO estimates that five additional annuitants would be employed under the bill and posted overseas, at an annual cost of \$292,600 each. That amount is adjusted for the maximum number of hours a rehired annuitant may work (1,040 in a year) and includes costs for basic pay, travel, family support, benefits, special pay such as hardship pay, and housing. After adjusting those costs for inflation, CBO estimates that the department would require additional appropriations of about \$2 million each year over the 2014-2018 period. We estimate that implementing this section would cost \$6 million over the 2014-2018 period.

Security Enhancements at Overseas Schools. Section 204 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, CBO estimates that the department would spend less than \$500,000 each year, for a cost of \$2 million over the 2014-2018 period.

Reporting Requirements. Several sections of the bill would require the Department of State or other entities to provide reports, briefings, or certifications to the Congress. CBO estimates that implementing those requirements would have discretionary costs of less than \$500,000 each year and total \$1 million over the 2014-2018 period.

Direct Spending

Subsection 104(d) would extend the availability of funds originally appropriated under the American Recovery and Reinvestment Act (Public Law 111-5) through fiscal year 2016. The Department of State received \$55 million under that act and transferred those funds to the General Services Administration (GSA) in 2010. GSA then obligated those funds for the purpose of constructing a new foreign affairs security training center (FASTC). Under current law, those funds would be canceled on September 30, 2015, and would not be available for any further expenditures. The bill would extend the availability of those funds through 2016—a reappropriation—and allow the agencies to use any funds that would be canceled under current law.

A final site for the FASTC has not yet been identified. The department was unable to provide specific information about when a site would be selected or the existing appropriated funds might be expended. Based on information from the department and GSA, CBO expects that a decision will be made around the middle of 2014 and that \$15 million will be canceled under current law (we expect the department will be able to spend \$40 million before 2016). Therefore, CBO estimates that enacting subsection 104(d) would cost \$15 million over the 2014-2018 period.

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 S. 1386 would affect direct spending by extending the availability of \$15 million previously appropriated for a training center. Enacting S. 1386 would not affect revenues.

CBO Estimate of Pay-As-You-Go Effects for S.1386, as ordered reported by the Senate Committee on Foreign Relations on August 1, 2013

	By Fiscal Year, in Millions of Dollars											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	0	15	0	0	0	0	0	0	0	15	15

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1386 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On September 24, 2013, CBO transmitted a cost estimate for H.R. 2848, the Department of State Operations and Embassy Security Authorization Act, Fiscal Year 2014, as ordered reported by the House Committee on Foreign Affairs on August 1, 2013. Title I of S. 1386 contains authorizations of appropriations for embassy security similar to those in title I of H.R. 2848; however, the House bill would authorize higher amounts and its estimated cost was correspondingly higher. Both bills also contain provisions allowing the Department of State additional flexibility in reemploying annuitants and hiring guards at certain overseas posts; however, the Senate bill provides more expansive authority and the estimated costs are correspondingly higher. Finally, both bills contain provisions authorizing security enhancements at overseas schools; the estimated costs for those provisions are the same.

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