

### At a Glance

## H.R. 1837, United States-Israel Cooperation Enhancement and Regional Security Act

As passed by the House of Representatives on July 23, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	16,568	not estimated
Statutory pay-as-you-go procedures apply?	Yes	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

\* = between -\$500,000 and \$500,000.

#### The act would

- Authorize appropriations of \$3.3 billion annually over the 2020-2024 period for security assistance to Israel
- Authorize additional assistance and cooperative programs
- Extend the authority to transfer defense items
- Extend the authority to make loan guarantees

#### Estimated budgetary effects would primarily stem from

- Authorizing appropriations for assistance to Israel

**Detailed estimate begins on the next page.**

## Summary of Legislation

H.R. 1837 would authorize appropriations for security assistance to Israel. The act also would authorize other programs and require the Administration to provide several reports to the Congress. CBO estimates that appropriation of the specified and estimated amounts would increase outlays by \$16.6 billion over the 2020-2024 period.

In addition, CBO estimates that enacting H.R. 1837 would have insignificant effects on direct spending over the 2020-2029 period.

## Estimated Federal Cost

The estimated budgetary effects of H.R. 1837 are shown in Table 1. The costs of the legislation fall within budget functions 150 (international affairs), 270 (energy), 350 (agriculture), 550 (health), and 750 (administration of justice).

<b>Table 1. Estimated Budgetary Effects of H.R. 1837</b>							
	By Fiscal Year, Millions of Dollars						
	2019	2020	2021	2022	2023	2024	2019-2024
<b>Increases in Spending Subject to Appropriations<sup>a</sup></b>							
Security Assistance							
Authorization	0	3,300	3,300	3,300	3,300	3,300	16,500
Estimated Outlays	0	3,300	3,300	3,300	3,300	3,300	16,500
Other Assistance							
Estimated Authorization	0	19	19	19	4	4	65
Estimated Outlays	0	14	17	18	8	6	63
Miscellaneous Provisions							
Estimated Authorization	0	1	1	1	1	1	5
Estimated Outlays	0	1	1	1	1	1	5
<b>Total Changes</b>							
Estimated Authorization	0	3,320	3,320	3,320	3,305	3,305	16,570
Estimated Outlays	0	3,315	3,318	3,319	3,309	3,307	16,568

a. In addition to the budgetary effects shown above, CBO estimates that enacting H.R. 1837 would have insignificant effects on direct spending over the 2019-2024 period.

## Basis of Estimate

For this estimate, CBO assumes that H.R. 1837 will be enacted near the start of fiscal year 2020 and that the authorized and estimated amounts will be appropriated each fiscal year.

## **Spending Subject to Appropriation**

H.R. 1837 would authorize appropriations totaling \$16.5 billion over the 2020-2024 period for security assistance for Israel and also would authorize smaller amounts for other assistance and cooperative programs. CBO estimates that implementing H.R. 1837 would cost \$16.6 billion over the same period; such spending would be subject to the appropriation of the specified and estimated amounts.

**Security Assistance.** Section 205 would authorize appropriations of \$3.3 billion annually over the 2020-2024 period. Those amounts would be provided as grants to Israel under the Foreign Military Financing (FMF) program. CBO estimates that implementing those grants would cost \$16.5 billion over the 2020-2029 period.

**Other Assistance.** H.R. 1837 would authorize several other types of assistance for Israel. In total, CBO estimates that implementing these provisions would cost \$63 million over the 2020-2024 period.

Several of the provisions would authorize appropriations over the 2020-2022 period for bilateral and cooperative programs with Israel.

- Section 110 (f) would authorize appropriations totaling \$21 million for bilateral agricultural research and development;
- Section 110 (a) would authorize appropriations of \$12 million for a bilateral energy center;
- Section 110 (c) would authorize appropriations totaling \$6 million for cooperative programs in energy, water, agriculture, border security, and other fields;
- Section 110 (i) would authorize appropriations totaling \$6 million for a cooperative program on health technology; and

In addition, section 103 would authorize the Department of Homeland Security to provide grants to joint ventures between entities in the United States and Israeli for cybersecurity research. CBO estimates awarding those grants would cost \$9 million over the 2020-2024 period.

Finally, section 107 would authorize appropriations of \$2 million annually over the 2020-2024 period for cooperative projects to address challenges related to water usage, agriculture, and energy storage. CBO estimates that implementing those projects would cost \$9 million over the same period.

**Miscellaneous Provisions.** Several provisions in H.R. 1837 would require the Administration to report on its implementation of the act and on aspects of the relationship between the United States and Israel. It also would authorize and encourage

federal entities to collaborate with their Israeli counterparts. On the basis of the costs of similar reporting requirements and information from those entities, CBO estimates that implementing those provisions would cost \$1 million each year and total \$5 million over the 2020-2024 period.

### **Direct Spending**

CBO estimates that other provisions would affect direct spending by insignificant amounts over the 2019-2029 period. Enacting the legislation would not affect revenues.

**Arms Sales.** Sections 207 and 209 could affect the Foreign Military Sales (FMS) program. Through that program, the Department of Defense (DoD) transfers defense articles and services to foreign countries. Those countries pay all costs associated with such sales, and the amounts received are available for obligation without further appropriation; therefore, CBO estimates that enacting those provisions would have no net effect on direct spending over time.

Section 207 would authorize the transfer of precision guided munitions to Israel. Section 209 would extend through 2025 the President's authority to transfer obsolete or surplus defense articles in the War Reserve Stockpile for Allies in Israel (WRSA-I) to Israel. Transfers from WRSA-I may be made in return for consideration such as cash, services, waiver of charges otherwise payable by the United States, or other items of value. However, DoD has indicated that transfers to Israel in recent years have been made through FMS and paid for with funds Israel receives under FMF. CBO expects that the governments of the United States and Israel would continue this practice.

**Loan Guarantees.** Section 211 would extend through 2025 the availability of appropriations that are available under current law to guarantee loans to Israel. Israel last used that authority in 2005 and pays an up-front fee to cover the expected subsidy costs of those loan guarantees. Thus, CBO expects that if the authority were used to guarantee any new loans, it would have no net budgetary effect.

### **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. CBO estimates that enacting H.R. 1837 would have insignificant effects on direct spending and would not affect revenues.

**Increase in Long-Term Deficits:** None.

**Mandates:** None.

## **Estimate Prepared By**

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