Congressional Budget Office
Cost Estimate

April 26, 2021

At a Glance

H.R. 1157, Department of State Authorization Act of 2021

As ordered reported by the House Committee on Foreign Affairs on February 25, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	0	10,880	not estimated

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 2032?	**No**	Contains intergovernmental mandate?	**No**
		Contains private-sector mandate?	**No**

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

The bill would

- Specifically authorize appropriations of $11.1 billion in 2022 for some Department of State operations
- Make several changes to operations of the Department of State and other federal agencies

Estimated budgetary effects would mainly stem from

- Authorizing appropriations for Department of State operations

Areas of significant uncertainty include

- Anticipating how federal agencies would implement provisions authorizing additional leave for federal employees

Detailed estimate begins on the next page.

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

Bill Summary

H.R. 1157 would authorize appropriations of $11.1 billion in 2022 and would make several changes to the operations of the Department of State and other federal agencies.

Estimated Federal Cost

The estimated budgetary effect of H.R. 1157 is shown in Table 1. The costs of the legislation fall primarily within budget function 150 (international affairs).

Table 1.
Estimated Budgetary Effects of H.R. 1157

	By Fiscal Year, Millions of Dollars						
	2021	2022	2023	2024	2025	2026	2021-2026
	Increases in Spending Subject to Appropriation						
Estimated Authorization	0	11,168	72	80	81	83	11,486
Estimated Outlays	0	5,777	2,579	1,417	699	406	10,880

Components may not sum to totals because of rounding.

a. In addition to the budgetary effects shown above, H.R. 1157 would have insignificant effects on direct spending over the 2021-2031 period.

Basis of Estimate

CBO assumes that H.R. 1157 will be enacted near the start of fiscal year 2022 and that the authorized and estimated amounts will be appropriated each fiscal year.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 1157 would cost almost $11 billion over the 2021-2026 period; such spending would be subject to the appropriation of the specified and estimated amounts (see Table 2).

Table 2.
Estimated Increases in Spending Subject to Appropriation Under H.R. 1157

	By Fiscal Year, Millions of Dollars						
	2021	2022	2023	2024	2025	2026	2021-2026
Diplomatic Programs							
Authorization	0	9,170	0	0	0	0	9,170
Estimated Outlays	0	5,210	2,195	1,024	373	152	8,954
U.S. Embassies							
Estimated Authorization	0	1,950	*	*	*	*	1,952
Estimated Outlays	0	521	313	313	245	171	1,565
Leave for Federal Employees							
Estimated Authorization	0	19	38	40	41	42	180
Estimated Outlays	0	18	37	40	41	42	178
Student Internships							
Estimated Authorization	0	10	15	21	21	22	89
Estimated Outlays	0	10	15	21	21	22	89
Pay Incentives for Foreign Service							
Estimated Authorization	0	12	12	12	12	12	60
Estimated Outlays	0	11	12	12	12	12	59
Public Corruption Overseas							
Estimated Authorization	0	3	3	3	3	3	15
Estimated Outlays	0	3	3	3	3	3	15
Public Diplomacy							
Estimated Authorization	0	1	1	1	1	1	5
Estimated Outlays	0	1	1	1	1	1	5
Miscellaneous Provisions							
Estimated Authorization	0	3	3	3	3	3	15
Estimated Outlays	0	3	3	3	3	3	15
Total Changes							
Estimated Authorization	0	11,168	72	80	81	83	11,486
Estimated Outlays	0	5,777	2,579	1,417	699	406	10,880

Components may not sum to totals because of rounding; * = between zero and $500,000.

Diplomatic Programs. Section 1001 would authorize appropriations of $9.2 billion in 2022 for the Diplomatic Programs account of the Department of State. On the basis of historical spending patterns for those programs, CBO estimates that outlays would increase by $9 billion over the 2021-2026 period, subject to the appropriation of the specified amount.

U.S. Embassies. Title II would authorize appropriations of almost $2 billion in 2022 for the construction, maintenance, and security of U.S. embassies and other overseas facilities. Using data on historical spending patterns for those programs, CBO estimates that outlays would increase by $1.6 billion over the 2021-2026 period, subject to the appropriation of the specified amount.

In addition, the bill would alter several administrative processes affecting those facilities and require the department to provide additional documentation or reports to the Congress on several topics. On the basis of information from the department about how those provisions would affect its current practices, CBO estimates that implementing those changes would cost less than $500,000 each year and total $2 million over the 2021-2026 period.

Leave for Federal Employees. Section 1321 would allow federal agencies to provide additional leave for employees working in designated foreign areas. CBO estimates that implementing the section would cost almost $360 million between 2021 and 2026.

Under the section, agencies could grant up to 10 days of leave to recognize local holidays or to reduce security risks to agency operations. Agencies could also grant employees up to 20 days of leave for rest and recuperation if they serve in combat zones or other areas with high levels of political violence or terrorism. CBO assumes that section 1321 would take effect halfway through fiscal year 2022 and that the costs would increase each year because of anticipated inflation.

CBO estimates that the additional holiday leave provided to employees working abroad would cost about $283 million over the 2021-2026 period, with annual costs growing from $29 million in 2022 to $67 million in 2026. According to the Department of Defense (DoD), the Department of State, and the Office of Personnel Management (OPM), approximately 50,000 federal employees are working abroad at a daily cost of $490 per employee, on average. Using information from those agencies, CBO estimates that roughly 25 percent of those employees would receive the additional leave. If agencies provided that leave to a larger proportion of employees, the costs associated with providing holiday leave would be greater.

CBO also estimates that the additional leave for rest and recuperation would cost $73 million over the next five years, with annual costs rising from $8 million in 2022 to $17 million in 2026. Using information from DoD and OPM, CBO estimates that about 1,500 employees in combat zones would be granted an average of 15 additional days of leave each year. Furthermore, according to the Department of State, about 400 of its employees would receive an additional 20 days of leave each year.

Currently, agencies may provide administrative leave for holidays and rest and recuperation, but the Administrative Leave Act of 2016 generally limits such leave to 10 days each year. Because final regulations implementing that law have not been issued, that limitation has not yet gone into effect. On July 13, 2017, OPM published a notice of proposed rulemaking to limit the amount of administrative leave agencies may use as stipulated in the Administrative Leave Act of 2016. CBO's baseline reflects the assumption that there is a 50 percent probability that the rule will be finalized and take effect, thus reducing the amount of administrative leave that can be provided under current law. The costs shown in Table 2 equal 50 percent of the estimated $356 million cost of implementing the act's policies because of the possibility that leave will not be reduced under current law. If the rule is not finalized, federal agencies could offer the amount of leave that would be authorized by section 1321 under current law. In that case, the provision would not affect the federal budget. (The cost of additional leave in 2022 for Department of State employees could be paid from funds appropriated pursuant to the specified authorization for Diplomatic Programs in section 1001. In that case, the estimated costs for 2022 shown in Table 2 would be $6 million instead of $18 million.)

Student Internships. Section 1323 would require the Department of State to pay its interns for their work and to cover housing and travel expenses for those who relocate for the period of their internship. The bill would allow the department two years to implement those changes. The department indicated that it has between 1,200 and 1,400 interns each year and that the full cost of paying those interns would total about $20 million annually. It plans to begin offering some paid internships in 2021 at a cost of $3 million, and CBO expects it will fully implement all changes by 2024. CBO estimates that implementing this provision would cost about $90 million over the 2021-2026 period.

Pay Incentives for Foreign Service. Section 1315 would authorize federal agencies to pay recruitment, relocation, and retention bonuses to Foreign Service Officers (FSOs) for service in Iraq, Afghanistan, and Pakistan. For the past several years, that authority has been provided in annual appropriation acts. The majority of FSOs are employed by the Department of State and the U.S. Agency for International Development (USAID); the rest are employed by other federal agencies that operate in foreign countries, such as the Department of Commerce. The Department of State indicated it spent almost $10 million on such incentives in 2020; CBO estimates it would continue to spend that amount under the bill and that USAID and other federal agencies would spend an additional $2 million each year. In total, CBO estimates that implementing this provision would cost almost $60 million over the 2021-2026 period. (The cost of incentives in 2022 for Department of State employees could be paid from funds appropriated pursuant to the specified authorization for Diplomatic Programs in section 1001. In that case, the estimated costs for 2022 shown in Table 2 would be $2 million instead of $11 million.)

Public Corruption Overseas. Title VII would require the department to designate and train its staff to reduce corruption involving public officials of foreign countries. It also would require the department to provide to the Congress a detailed assessment of each country's efforts to deter, investigate, and punish such corruption. The department would use that information to reduce the misuse of U.S. foreign assistance in the most corrupt countries. Finally, the department would coordinate the federal government's efforts to promote good governance and reduce corruption overseas.

On the basis of information from the department, CBO expects that implementing those provisions would require the department to hire nine additional full-time employees in Washington, D.C., at an average annual cost of about $240,000 each. CBO estimates that paying the salaries of those employees, providing training for agency personnel, and satisfying the reporting requirements would cost about $3 million each year and $15 million over the 2021-2026 period.

Public Diplomacy. Title VI would permanently reauthorize the U.S. Advisory Commission for Public Diplomacy. On the basis of information from the commission, CBO estimates that implementing that provision would cost about $500,000 each year.

Title VI also would require the department to appoint a director, without increasing its overall number of employees, to examine and evaluate its public-diplomacy programs and to report to the Congress on the results. The director also would be required to provide additional guidance and training to public-diplomacy officers based on the results of that evaluation. Finally, it would require the department to consider consolidating the support functions of its bureaus. The department is in the process of meeting most of those requirements; thus, CBO estimates that implementing those provisions would cost less than $500,000 each year.

In total, CBO estimates that implementing the public diplomacy provisions in title VI would cost $5 million over the 2021-2026 period.

Miscellaneous Provisions. Other provisions in H.R. 1157, including several reporting requirements, would increase the department's administrative costs. CBO estimates that implementing each of them would cost less than $500,000 annually and $15 million in total over the 2021-2026 period. Some of those provisions would require or authorize the department to:

- Provide grants to fellowship programs for science and technology;
- Develop and implement programs to improve its cybersecurity, including a pilot program to reward hackers who discover vulnerabilities in systems that can be accessed through the Internet;
- Gather and analyze data on various aspects of its workforce;
- Provide training to department personnel to reduce harassment and discrimination;
- Offer the oral Foreign Service examination in more locations; and
- Provide more flexible leave arrangements for employees posted overseas who are separated from their families.

Direct Spending

Two provisions in H.R. 1157 each would affect direct spending by insignificant amounts, CBO estimates.

Section 1012 would permanently authorize the Fishermen's Protection Fund and allow payments from the fund for losses that occurred before the date of enactment of H.R. 1157. That fund reimburses U.S. fishermen for financial losses they incur if their vessels are seized by a foreign nation. Owners of fishing vessels pay fees sufficient to cover the expected cost of those payments. No payments have been made from the fund in recent years.

Section 1322 would authorize the department to provide emergency medical care to private individuals in exigent circumstances and to seek reimbursement from those people for the cost of such care.

Pay-As-You-Go Considerations

CBO estimates that enacting H.R. 1157 would have insignificant effects on direct spending over the 2021-2031 period and would not affect revenues.

Increase in Long-Term Deficits: None.

Mandates: None.

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