



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 2, 2012

S. 641

Senator Paul Simon Water for the World Act of 2011

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

SUMMARY

S. 641 would authorize foreign assistance to provide first-time access to safe water and sanitation for 100 million people in certain developing countries within six years of enactment. In addition, the bill would require the Secretary of State and the Administrator of the U.S. Agency for International Development (USAID) to designate staff at USAID missions abroad and in Washington, D.C., that would develop, implement, and monitor new and expanded programs of water supply, sanitation, and technical assistance. CBO estimates that implementing the bill would cost \$5.6 billion 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. 641 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. 641 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					2013- 2017
	2013	2014	2015	2016	2017	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Safe Water and Sanitation Assistance						
Estimated Authorization Level	1,875	1,901	1,931	1,963	1,999	9,669
Estimated Outlays	47	704	1,370	1,672	1,792	5,585
Overseas Personnel						
Estimated Authorization Level	9	9	9	9	10	46
Estimated Outlays	5	8	9	9	9	40
Washington, D.C., Personnel						
Estimated Authorization Level	3	3	3	3	3	15
Estimated Outlays	2	3	3	3	3	14
Total Changes						
Estimated Authorization Level	1,887	1,913	1,943	1,975	2,012	9,730
Estimated Outlays	54	715	1,382	1,684	1,804	5,639

Note: Numbers may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 641 will be enacted by the end of 2012, that the necessary amounts will be appropriated each year, and that outlays will follow historical spending patterns for existing programs.

Current Funding for Water-Related Activities

In 2010, USAID obligated about \$643 million for all water-related foreign assistance, such as sound management of water resources and sustainable water supply, sanitation, and hygiene [WASH] facilities. Those amounts are funding activities aimed at improved access to safe water for almost three million people and improved access to sanitation for almost three million people. Other agencies—primarily the Millennium Challenge Corporation—also provide water- and sanitation-related assistance. In 2012, the Congress specified that of the amounts appropriated by the Consolidated Appropriations Act, 2012 (Public Law 112-74) not less than \$315 million should be made available for such assistance.

Safe Water and Sanitation Assistance

Section 4 would set a target of enabling first-time access to safe water and sanitation, on a sustainable basis, for 100 million people in high-priority countries over six years. CBO assumes that each year over the 2013-2018 period, the Congress would appropriate the amounts necessary for USAID to initiate WASH activities that would enable such access to one-sixth of the target population (about 17 million people). However, we expect that many of those people would not actually receive access to improved water supply and sanitation until after 2017 because it would take time to obligate funds and execute the projects.

Based on information from the State Department, USAID and nonfederal organizations, CBO estimates that it would cost an average of \$150 per person in 2013 to provide such access to safe water and sanitation. However, section 5 would require that at least 25 percent of the funding required to meet the bill's target be provided by nonfederal entities, such as international organizations, private donors, and not-for-profit organizations. After adjusting for that requirement, we estimate that meeting the bill's target would require annual appropriations of \$1.9 billion in 2013 and about \$9.7 billion over the 2013-2017 period for WASH activities. Assuming appropriation of those amounts, CBO estimates that implementing that provision would cost almost \$5.6 billion over the 2013-2017 period. (The remainder of the amounts we estimate would be authorized would be spent after 2017.)

Overseas Personnel

Section 7 would require USAID to build the capacity of foreign countries to promote access to safe water and sanitation and to designate staff at the USAID mission in each high-priority country to coordinate in-country implementation of USAID's water-sector assistance programs. Most USAID missions in high-priority countries do not have any Foreign Service officers working on such activities full-time, although those missions do employ staff that work on them part-time as part of a broader portfolio. Based on information from USAID, CBO estimates that the agency would have to hire the equivalent of about 25 full-time employees to locally manage the expanded water-sector programs in high-priority countries at an annual cost per person of about \$350,000. On that basis, and adjusting for expected inflation, CBO estimates that implementing section 7 would cost \$40 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

Washington, D.C., Personnel

Section 5 would require the Secretary of State and the Administrator of USAID to designate staff in Washington, D.C., to coordinate global water policy and to develop and

oversee water strategies for each high-priority country. Based on information from the two agencies, we estimate that those agencies would have to hire the equivalent of 15 full-time employees to centrally manage the expanded water-sector programs at an annual cost per person of about \$200,000. On that basis, and adjusting for expected inflation, CBO estimates that implementing section 5 would have a discretionary cost of \$14 million over the 2013-2017 period, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 641 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Sunita D'Monte

Impact on State, Local, and Tribal Governments: J'nell L. Blanco

Impact on the Private Sector: Marin Randall

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis