



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 4, 2010

S. 624

Senator Paul Simon Water for the World Act of 2009

*As ordered reported by the Senate Committee on Foreign Relations
on April 13, 2010*

SUMMARY

S. 624 would authorize the appropriation of the necessary amounts over the next six years to fully implement the Senator Paul Simon Water for the Poor Act of 2005 (Public Law 109-121), as amended. To that end, the bill would set a new target of enabling first-time access to improved water supply 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 S. 624 would cost about \$8 billion over the 2011-2015 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. 624 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. 624 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					2011- 2015
	2011	2012	2013	2014	2015	2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Water Supply and Sanitation Assistance						
Estimated Authorization Level	2,500	2,525	2,553	2,585	2,623	12,786
Estimated Outlays	125	1,164	1,946	2,304	2,421	7,960
Overseas Personnel						
Estimated Authorization Level	8	8	8	8	8	40
Estimated Outlays	6	8	8	8	8	38
Washington, D.C., Personnel						
Estimated Authorization Level	2	2	2	2	2	10
Estimated Outlays	1	2	2	2	2	9
Total Changes						
Estimated Authorization Level	2,510	2,535	2,563	2,595	2,633	12,836
Estimated Outlays	132	1,177	1,956	2,314	2,431	8,007

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 624 will be enacted before the end of fiscal year 2010, that the necessary amounts will be appropriated each year over the 2011-2015 period, and that outlays will follow historical spending patterns for existing programs.

Current Funding for Water-Related Activities

USAID currently provides assistance for various water-related activities in as many as 75 developing countries, of which 31 are designated as high-priority countries under section 6(f) of the Senator Paul Simon Water for the Poor Act of 2005. Such activities include programs to: provide vulnerable populations with access to water supply, sanitation, and hygiene (WSSH) facilities; promote sound water resources management; and improve the economic productivity of available water. In 2009, USAID obligated about \$578 million for all water-related activities, of which about \$466 million was obligated for WSSH activities. Preliminary data from USAID indicates that those WSSH activities will enable first-time access to improved water supply to almost four million people and first-time access to improved sanitation to almost two million people.

In recent years, a portion of funding for water-related activities related to safe drinking water and sanitation supply projects has been earmarked from funds made available to the development assistance account, although funding for that account has not been reauthorized in many years. In 2010, the Congress earmarked \$315 million for such projects in the Consolidated Appropriations Act, 2010 (Public Law 111-117) enacted on December 16, 2009. S. 624 would not authorize any additional funding for such projects in 2010.

Water Supply and Sanitation Assistance

Section 4 would set a target of enabling first-time access to improved water supply and sanitation, on a sustainable basis, for 100 million people in high-priority countries over six years. CBO assumes that each year over the 2011-2016 period the Congress would appropriate the amounts necessary for USAID to initiate WSSH projects that would enable such improved access to one-sixth of the target population (about 17 million people). However, CBO expects that many of those people would not actually receive access to improved water supply and sanitation until after 2016 because it would take time to obligate funds and execute the projects.

Based on information from the State Department and USAID as well as the World Health Organization and other international and nongovernmental organizations, we estimate that on average it would cost \$150 per person in 2011 to provide such access to improved water supply and sanitation. We therefore estimate that meeting the target specified in the bill would require the amount appropriated for WSSH activities to grow five-fold to \$2.5 billion in 2011. We expect those amounts would increase with inflation in subsequent years. On that basis, CBO estimates that meeting those targets would cost about \$8 billion over the 2011-2015 period, assuming appropriation of the necessary amounts.

Overseas Personnel

Section 7 would require the Administrator of USAID 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 \$300,000. On that basis, and adjusting for expected inflation, CBO estimates that implementing section 7 would cost \$38 million over the 2011-2015 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. The Department of State and USAID currently have a total of four Civil Service employees or Foreign Service officers working on water-sector activities full-time, although those agencies do employ other staff and contractors that work on such activities. Based on information from the two agencies, we estimate that the Department of State and USAID 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 over \$100,000. On that basis, and adjusting for expected inflation, CBO estimates that implementing section 5 would cost \$9 million over the 2011-2015 period, assuming appropriation of the necessary amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 624 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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