



International Affairs Budget Slightly Down: Continuing Concern Over U.S. Ability to Keep Pace with Global Challenges

Comparison of House and Senate Funding Levels
for the FY17 International Affairs Budget

July 15, 2016

I. Introduction

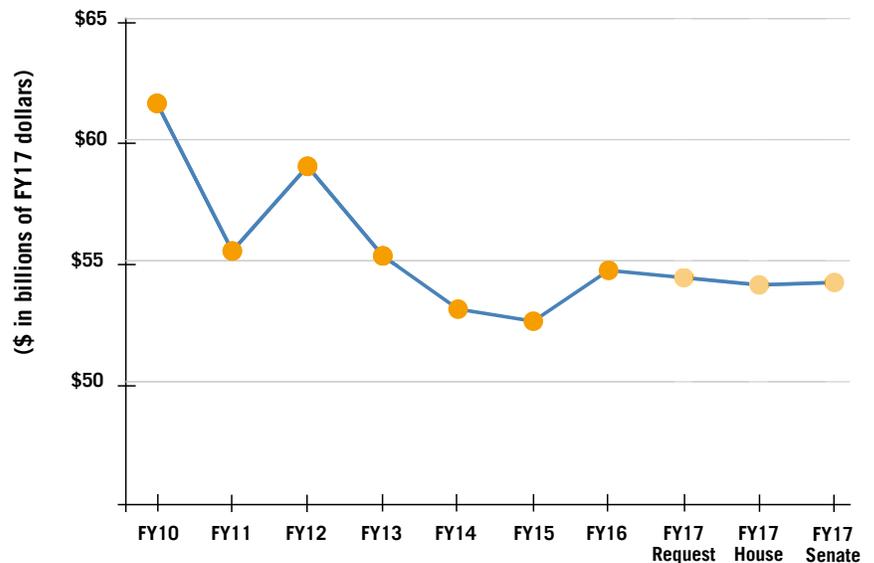
In February the Administration released its FY17 U.S. International Affairs Budget request, the second year of a two-year bipartisan budget deal that Congress and the Administration reached last year. Notably, that budget deal prevented severe cuts that would have taken place under sequestration and provided much-needed relief to International Affairs programs and other discretionary accounts in FY16. As a consequence of the budget deal, however, funding for FY17 was kept essentially flat from FY16—a reality that was reflected in the Administration’s request and Congressional funding proposals for the International Affairs Budget. Below is a comparison of the FY17 budget request, the Senate funding proposal, and the House funding proposal.

Final decisions related to the FY17 International Affairs Budget will not be made until later this year.

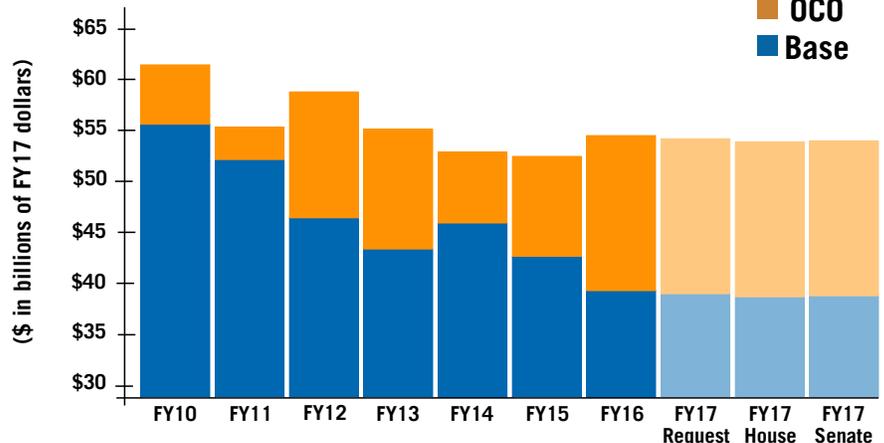
For FY17, the Administration and both the Senate and House Appropriations Committees proposed a 1% cut in funding for the International Affairs Budget. While relatively modest compared to the draconian cuts that could have taken place under sequestration, funding for International Affairs programs has been cut 12% over the last six years despite the growing number of complex global crises facing the United States. This downward trend in funding is concerning given the challenges facing our nation.

Moreover, the budget deal reached last year dramatically increased the Overseas Contingency Operations (OCO) account. This much-needed funding provided relief for International Affairs programs but has also made the programs dangerously dependent on a temporary funding mechanism designed to cover short-term, generally war-related programs.

TOTAL INTERNATIONAL AFFAIRS BUDGET FUNDING
FY10 to FY17



BASE AND OCO FUNDING
FY10 to FY17



II. Administration’s Request v. Congressional Appropriations

Since the Administration released its request in February, the House and Senate have developed their own funding proposals for the FY17 International Affairs Budget. The Senate Appropriations Committee completed its bills that fund the International Affairs Budget—primarily the State-Foreign Operations and Agriculture Appropriations bills—in June and the House Appropriations Committee followed suit in July.

The House and Senate bills, taken together, adhere to the structure set out by the two-year budget deal but tell a slightly different story from the Administration’s request.

The House and Senate provided greater funding for global health programs and humanitarian assistance than the Administration requested but set aside much less funding for international financial institutions and economic assistance, reflecting congressional priorities. The chambers funded diplomatic security, bilateral and multilateral HIV/AIDS programs and the Feed the Future Initiative at essentially the Administration’s requested level and took the same approach as the Administration as to which programs and agencies to fund through base and which to fund through the OCO account.

International Affairs Budget Snapshot

	FY16 Enacted	FY17 Request*	FY17 House	FY17 Senate
Base	\$39.7 billion	\$39.4 billion	\$39.1 billion	\$39.2 billion
OCO	\$14.9 billion	\$14.9 billion	\$14.9 billion	\$14.9 billion
Total	\$54.6 billion	\$54.3 billion	\$54.0 billion	\$54.1 billion

**Reflects CBO re-estimate of Administration’s request.*

While the House and Senate bills both prioritized funding for global health, humanitarian assistance, and diplomatic security, and cut funding for economic assistance and international financial institutions, as described above, the chambers differed sharply on funding for international organizations, UN peacekeeping, development assistance, and family planning. A full analysis of the similarities and differences follows.

III. Comparison of Key Accounts

The table below compares how key accounts fared in the Senate and House State-Foreign Operations Appropriations bills, which fund 96% of the International Affairs Budget.

FY17 House & Senate Comparison

Similarities	Differences
<ul style="list-style-type: none"> ▪ Embassy/Diplomatic Security: Both bills provide requested level. ▪ Peacekeeping Response Mechanism: Both bills deny the Administration’s \$150 million request. ▪ Global Health: The House bill adds \$413 million (including a \$133 million funding shift) and the Senate adds \$162 million to the request. ▪ National Endowment for Democracy: Both bills added \$66 million to the request, keeping funding at current spending levels. ▪ Economic Support Fund: The House and Senate cut the request for ESF by \$2.1 billion and \$1.8 billion, respectively. ▪ Aid to Europe and Central Asia: The House and Senate provide \$930 million and \$696 million, respectively, in this account, partially offsetting the reductions to ESF. ▪ Millennium Challenge Corporation: Both bills maintain funding at roughly current levels, nearly \$100 million below the request. ▪ Refugee Aid: Both bills provide the FY16 level, \$260 million more than requested. ▪ International Financial Institutions: Both the House and Senate cut funding deeply, particularly for climate-related funds. 	<ul style="list-style-type: none"> ▪ International Organizations – Voluntary Contributions: The Senate funds this account slightly above the request, while the House zeros out most funding. ▪ Green Climate Fund: The House prohibits any contribution, while the Senate bill (as amended) allows \$500 million. ▪ UN Peacekeeping: The Senate provides just \$25 million less than requested, while the House falls \$445 million below the request. ▪ Development Assistance: The Senate includes \$179 million more than the House, the same amount requested. ▪ USAID Operating Expenses: The Senate provides \$92 million above the House, though still \$30 million less than requested. ▪ Family Planning: The Senate provides \$623 million (roughly the requested level) while the House provides \$461 million. ▪ International Disaster Aid: The House provides \$837 million and the Senate \$437 million more than requested.

IV. Notable Program and Policy Issues

OCO Composition

As discussed earlier in the analysis, as part of the budget deal, the Administration and Congress agreed to significantly increase International Affairs OCO funding. For FY17, the Administration, House, and Senate proposed \$14.9 billion in total OCO funding for International Affairs, the same as current levels. There are, however, a few notable differences from FY16 as noted in the table below.

While the increased OCO funding is critically important to maintaining funding for development and diplomacy programs, many parts of the International Affairs Budget are now dependent on the OCO account—a temporary funding mechanism—for much of their funding, a concerning trend given the long-term global challenges we currently face.

OCO	FY16 Enacted	FY17 Request	FY17 House	FY17 Senate
Diplomatic/Consular Prgs	\$2.56 billion	\$2.13 billion	\$2.41 billion	\$2.65 billion
Embassy Security	\$748 million	\$1.24 billion	\$1.24 billion	\$1.24 billion
State Dept. IG	\$67 million	\$55 million	\$55 million	\$55 million
Contributions to Int'l Orgs	\$102 million	\$96 million	\$67 million	\$96 million
UN Peacekeeping	\$1.79 billion	\$1.59 billion	\$1.39 billion	\$1.59 billion
Mech. for PKO Response	\$0	\$150 million	\$0	\$0
Int'l Broadcasting	\$11 million	\$0	\$11 million	\$0
USAID Ops Expenses	\$139 million	\$98 million	\$98 million	\$153 million
USAID Cap. Investment	\$0	\$134 million	\$0	\$134 million
Int'l Disaster Aid	\$1.92 billion	\$1.83 billion	\$1.89 million	\$1.92 billion
Transition Initiatives	\$37 million	\$63	\$37 million	\$37 million
Complex Crisis Fund	\$20 million	\$20	\$0	\$20
Economic Support Fund	\$2.42 billion	\$3.67 billion	\$2.42 billion	\$2.74 billion
Asst. Eur., Eurasia, CA	\$439 million	\$0	\$439 million	\$405 million
Migration & Refugees	\$2.13 billion	\$1.88 billion	\$2.29 billion	\$2.13 billion
Emerg. Mig. & Refugees	\$0	\$40 million	\$50 million	\$40 million

Int'l Narcotics/Law	\$372 million	\$324 million	\$372 million	\$305 million
Nonprolif/Anti-Terror Aid	\$379 million	\$214 million	\$379 million	\$214 million
PKO Operations	\$469 million	\$349 million	\$469 million	\$294 million
Foreign Military Finance	\$1.29 billion	\$1.01 billion	\$1.29 billion	\$1.04 billion
Recissions	\$0	\$0	\$0	-\$165 million
TOTAL	\$14.9 billion	\$14.9 billion	\$14.9 billion	\$14.9 billion

State Operations and Diplomatic and Embassy Security

The House provides \$8.5 billion for **Diplomatic and Consular Affairs Programs** (D&CP), which covers the cost of State Department operations around the world. This represents a \$321 million increase from current levels, but is \$167 million below the Administration's request. The Senate includes \$8.66 billion in D&CP funding, a \$477 million increase from current levels, but still \$11 million below the request. Both bills fully fund the Administration's request for State Department security-related operations and embassy costs.

International Security Assistance

The House includes \$9.1 billion for **international security assistance** in FY17, \$255 million more than in FY16 and \$980 million more than requested by the Administration. Compared to FY16, the bill provides an additional \$164 million for International Narcotics Control and Law Enforcement (INCLE) programs, \$58 million for Foreign Military Financing (FMF), and \$31 million for non-UN peacekeeping operations. The House holds funding for Nonproliferation, Anti-Terrorism, Demining, and Related (NADR) Programs flat at current levels.

The Senate provides \$8.3 billion for these programs, \$511 million less than in FY16, but \$215 million more than requested. Compared to FY16, the biggest reductions are to non-UN peacekeeping operations (\$212 million), INCLE (\$126 million) and NADR (\$181 million). However, some of these reductions are offset by additional funding included for the Assistance for Europe, Eurasia and Central Asia (AEECA) account. Unlike the House or the Administration, the Senate bill provides an extra \$300 million in Foreign Military Financing for Israel, raising the total amount to \$3.4 billion.

Global Health

The House increases funding for **Global Health** programs by \$413 million compared to current levels and \$340 million above the request. Approximately \$133 million of this increase reflects a decision to shift contributions for the United Nations Children's Fund (UNICEF) to the Global Health account, resulting in a large increase for the Maternal and Child Health

program. The remaining portion of the increase is allocated primarily to Global Health Security (\$128 million above the request) and malaria (\$100 million above the request).

Similar to the request, the House maintains funding for bilateral HIV/AIDS programs and the Global Fund. Also as requested, the House provides \$275 million for Gavi, the Vaccine Alliance (within the maternal and child health account), \$40 million above current levels. The House also provides modest increases for tuberculosis, nutrition and vulnerable children. Notably, the House cut funding for family planning by \$159 million.

The Senate proposal increases funding for tuberculosis, nutrition, and vulnerable children but funds malaria and maternal and child health programs at requested levels. Unlike the House, the Senate funds family planning funding at \$623 million, slightly above the requested level.

Global Health*	FY16 Enacted	FY17 Request	FY17 House	FY17 Senate
Bilateral PEPFAR	\$4.32 billion	\$4.32 billion	\$4.32 billion	\$4.32 billion
Global Fund	\$1.35 billion	\$1.135 billion	\$1.35 billion	\$1.35 billion
HIV/AIDS	\$330 million	\$330 million	\$330 million	\$330 million
Malaria	\$674 million	\$745 million	\$845 million	\$745 million
Tuberculosis	\$236 million	\$191 million	\$236 million	\$241 million
Maternal/Child Health	\$750 million	\$815 million	\$997 million	\$815 million
Vulnerable Children	\$22 million	\$15 million	\$22 million	\$23 million
Nutrition	\$125 million	\$109 million	\$125 million	\$125 million
Family Planning	\$608 million	\$620 million	\$461 million	\$623 million
NTDs	\$100 million	\$87 million	NA	\$100 million
Global Health Security	\$73 million	\$73 million	200	\$73 million
Total	\$8.5 billion	\$8.58 billion	\$8.92 billion	\$8.67 billion

**State Department and USAID Global Health accounts only, except for family planning.*

Humanitarian Assistance

Reflecting the continuing, and in many cases growing, humanitarian crises in Syria, Sudan, South Sudan, Iraq, Afghanistan, and elsewhere the House holds funding for **humanitarian assistance** flat at its FY16 level, rejecting the Administration’s proposed \$1.1 billion reduction. Over the past five years, as a result of these growing crises, humanitarian assistance funding

provided through the disaster assistance, refugee, and emergency refugee accounts has nearly doubled. However, even though many of the above-listed crises are long-term challenges, much of this funding has been provided through the OCO account. Nearly 70% of U.S. humanitarian assistance funding is provided through the OCO account.

The Senate includes \$400 million less for humanitarian assistance than the House but still provides approximately \$700 million more than the Administration's request. The Senate holds funding for MRA and emergency refugee assistance flat while reducing the disaster assistance account. The Senate also includes the authority to transfer up to \$400 million in funding for disaster assistance from economic assistance should such needs become critical. Transferring these funds, however, would risk shortchanging economic aid provided to critical U.S. allies in the Middle East and elsewhere around the world.

Humanitarian Assist.	FY16 Enacted	FY17 Request	FY17 House	FY17 Senate
Disaster Aid (IDA)	\$2.79 billion	\$1.96 billion	\$1.79 billion	\$2.4 billion
Refugees (MRA)	\$3.06 billion	\$2.8 billion	\$3.06 billion	\$3.06 billion
Emergency Refugees	\$50 million	\$50 million	\$50 million	\$50 million
Total	\$5.9 billion	\$4.8 billion	\$5.9 billion	\$5.5 billion

Peacekeeping

The House cuts funding for UN peacekeeping by \$511 million compared to current levels, a \$445 million cut compared to the Administration's request. This reduction is partially offset by the House bill's inclusion of an additional \$157 million for non-UN peacekeeping operations. However, the total amount provided for peacekeeping is substantially lower what is needed to cover ongoing requirements, including operations in South Sudan, the Central African Republic, Darfur, and Mali. As it has in the past, the House also rejects the Administration's \$150 million request for a new Mechanism for Peace Operations Response, which is intended to cover the cost of new, unanticipated peacekeeping operations.

The Senate proposal also includes less than the request for UN peacekeeping but not nearly as drastic a cut compared to the House—the Senate bill provides \$25 million less than the request. The Senate also cuts non-UN peacekeeping operations by \$87 million and, like the House, rejects the request for a new peacekeeping response mechanism.

Peacekeeping	FY16 Enacted	FY17 Request	FY17 House	FY17 Senate
UN Operations	\$2.46 billion	\$2.4 billion	\$1.95 billion	\$2.37 billion
Non—UN Ops	\$601million	\$475 million	\$632 million	\$388 million
Response Mechanism	\$0	\$150 million	\$0	\$0
Total	\$3.06 billion	\$3.02 billion	\$2.58 billion	\$2.76 billion

Multilateral Assistance

The House cuts funding for **multilateral assistance** by \$876 million (33%) from the Administration’s request, the biggest cut being the elimination of the \$250 million request for the Green Climate fund. The House also cut contributions to International Financial Institutions (IFIs), including the World Bank, the African Development Fund and the North American Development Bank. In addition, the House cut funding for voluntary contributions to the International Organizations and Programs (IO&P) account. However, as noted earlier, \$133 million in funding for the UNICEF program is shifted into Global Health, rather than eliminated.

The Senate provides \$290 million (11%) less than the Administration requested for multilateral assistance. Like the House, the original Senate bill was set to eliminate funding for the Green Climate Fund but the full Committee approved an amendment during markup that allows up to \$500 million in contributions to be made to the Fund. Unlike the House, the Senate makes only a few relatively modest reductions in contributions to IFIs and includes a slight increase above the request for the IO&P account.

Development and Economic Assistance

The House maintains flat funding for **Development Assistance (DA)**, the **Millennium Challenge Corporation (MCC)** and the **Peace Corps**, well below the levels requested by the Administration. The House holds funding for USAID’s **Operating Expenses (OE)** account at current spending—though below the request. It cuts **Economic Support Fund (ESF)** assistance by \$278 million, again substantially below the request. This cut to ESF is partially offset by the inclusion of \$930 million in the Assistance to Europe, Eurasia and Central Asia (AEECA) account and \$151 million for the Democracy Fund—which the Administration did not request.

The Senate provides modest increases above FY16 levels for Development Assistance and USAID Operating Expenses. Unlike the House, the Senate also provides a slight (\$9 million) increase in ESF from current spending and also cuts \$234 million for AEECA. Like the House, the Senate provides \$151 million in unrequested assistance for the Democracy Fund. Notably, the Senate provides regional compact authority for the MCC as the agency requested.

Development and Economic Assist.	FY16 Enacted	FY17 Request	FY17 House	FY17 Senate
DA	\$2.78 billion	\$2.96 billion	\$2.78 billion	\$2.96 billion
MCC	\$901 million	\$1 billion	\$901 million	\$905 million
Peace Corps	\$410 million	\$410 million	\$410 million	\$410 million
USAID OE	\$1.28 billion	\$1.41 billion	\$1.28 billion	\$1.38 billion
ESF	\$4.3 billion	\$6.08 billion	\$4.02 billion	\$4.3 billion
AEECA	\$985 million	\$0	\$930 million	\$696 million
Democracy Fund	\$151 million	\$0	\$151 million	\$151 million

Food Aid Funding

Through the Agriculture Appropriations bill, the House provides \$1.47 billion for **Food for Peace** (PL 480/international food assistance), \$250 million (15%) below current levels but 9% above the Administration's request. This would bring funding back to the FY15 level, after what appropriators had described as a one-time plus up of \$250 million in FY16. The House also provides \$202 million for the **McGovern-Dole** International Food for Education and Child Nutrition program, \$20 million more than the Administration requested but the same as current spending.

The Senate includes \$1.6 billion for Food for Peace, \$120 million (7%) below current levels, but \$250 million (19%) above the request and \$130 million more the House. Like the House, the Senate provides \$202 million for the McGovern-Dole program. Neither the House nor the Senate includes the \$15 million for local and regional purchasing of food, as requested by the Administration, but the Senate would allow \$10 million from the existing McGovern-Dole account to be used for that purpose.

FY17 Agriculture Appropriations International Programs Snapshot

	FY16 Enacted	FY17 Request	FY17 House	FY17 Senate
Food for Peace/P.L. 480 Title II	\$1.72 billion	\$1.35 billion	\$1.47 billion	\$1.6 billion
McGovern-Dole	\$202 million	\$182 million	\$202 million	\$202 million*
Local and Regional Procurement	\$0	\$15 million	\$0	\$0*
Total	\$1.92 billion	\$1.55 billion	\$1.67 billion	\$1.8 billion

*Allows \$10 million of McGovern—Dole funding to local and regional procurement.

IV. What's Ahead

Despite a strong desire on Capitol Hill this year to return to regular order and pass all twelve appropriations bills, Congress has as of yet failed to enact any appropriations bills into law. When Congress returns from the summer recess in September lawmakers will approve a short-term Continuing Resolution (CR) to keep the government operational through the election but a question remains as to the duration of the CR. There are two end-game scenarios for FY17 that are currently under consideration by lawmakers:

- **CR Through December:** Some lawmakers, including many appropriators, are pushing for Congress to pass a CR that would fund the government through December. This would allow lawmakers to come back after the election and finalize FY17 spending bills before a new President and new Congress step in in January.
- **Six-Month CR:** Conservatives in the House and Senate are pushing congressional leadership to pass a six-month CR, meaning funding decisions related to FY17 spending bills would be made by the new President and Congress.

IV. Additional Information and Resources

- USGLC Analysis of the Administration's FY17 International Affairs Budget Request
<http://www.usglc.org/the-administrations-fy17-international-affairs-budget-request/>
- House State-Foreign Operations Appropriations Bill & Report
<http://appropriations.house.gov/uploadedfiles/bills-114hr-fc-ap-fy2017-ap00-stateforop.pdf>
<http://appropriations.house.gov/uploadedfiles/hrpt-114-hr-fy2017-stateforop.pdf>
- House Agriculture Appropriations Bill & Report
<https://www.congress.gov/114/bills/hr5054/BILLS-114hr5054rh.pdf>
<https://www.congress.gov/114/crpt/hrpt531/CRPT-114hrpt531.pdf>
- Senate State-Foreign Operations Appropriations Bill & Report
<https://www.congress.gov/114/bills/s3117/BILLS-114s3117pcs.pdf>
<https://www.congress.gov/114/crpt/srpt290/CRPT-114srpt290.pdf>
- Senate Agriculture Appropriations Bill & Report
<https://www.congress.gov/114/bills/s2956/BILLS-114s2956pcs.pdf>
<https://www.congress.gov/114/crpt/srpt259/CRPT-114srpt259.pdf>