

# International Affairs Budget Update

JUNE 26, 2023

## I. House FY24 State-Foreign Operations Bill Makes Significant Cuts

In line with a commitment by House Appropriators to complete consideration of its 12 FY24 spending bills this summer, last Friday the State-Foreign Operations (SFOPS) Appropriations Subcommittee approved its FY24 SFOPS bill by voice vote – setting up what is expected to be a contentious full committee markup in July.

House Appropriators included a **total of \$52.5 billion for the SFOPS bill – a \$7.2 billion (12%) cut** compared to the FY23 non-emergency enacted level. However, the SFOPS topline funding level – also known as the 302(b) allocation – provided by House Appropriators contains an additional \$11.1 billion in non-SFOPS cuts to achieve a final 302(b) allocation of \$41.4 billion. This highly unusual tactic has already provoked strong opposition from Democrats.

Collectively, the SFOPS allocation would be reduced by \$18.3 billion (31%) compared to the FY23 enacted levels, with cuts broken down as follows:

- ▶ \$7.2 billion (12%) for SFOPS programs and accounts.
- ▶ \$11.1 billion rescission of previously appropriated funds for the Environmental Protection Agency (EPA). Absent this non-SFOPS rescission, SFOPS funding itself would have to be cut by a further 19% to achieve the \$18.3 billion in savings required under the House 302(b) allocation.

### STATE-FOREIGN OPERATIONS SNAPSHOT

FY23 Enacted*	FY24 Request	FY24 House
\$59.7 billion	\$68.6 billion	\$52.5 billion**

\* Excludes \$21.1 billion in primarily Ukraine-related emergency funding

\*\* Assumes the enactment of \$11.1 billion in rescissions of prior-year EPA funding

USGLC released a [statement](#) calling such deep cuts to the topline “dangerous to our national security and economic interests” and “undermining America’s ability to compete and win” against China.

As the FY24 appropriations process moves forward, USGLC urges Congress and the Administration to fund the International Affairs Budget at no less than the current level as the absolute floor while also being prepared to provide additional supplemental resources necessary to respond to unprecedented emergency needs, such as standing with our Ukrainian allies against Putin’s war of aggression.

## Select Highlights

We will share additional details when the House Appropriations Committee (HAC) releases its report accompanying the SFOPS bill ahead of the full committee markup. In the interim, the [bill text](#) and [committee summary](#) provide important insights into funding priorities. However, with a deep 12% cut to the topline, most programs and accounts would see their funding reduced.

Unless otherwise noted, all comparisons are to FY23 non-emergency enacted levels.

- ▶ **Development and Economic Assistance:** The bill cuts most of the major development and economic assistance accounts. Notably:
  - ▶ Development Assistance (DA) is reduced by \$1.4 billion (31%).
  - ▶ The Economic Support Fund (ESF) is cut by \$323 million (8%) to \$3.9 billion. Within this lower amount, the HAC bill sets aside \$1 billion to be focused on countering the malign influence of the People's Republic of China.
  - ▶ The Millennium Challenge Corporation and Peace Corps receive more modest cuts of \$25 million (3%) and \$20 million (5%), respectively.
  - ▶ Assistance to Europe, Eurasia, and Central Asia (AEECA) gets an increase of \$270 million (54%), while the Democracy Fund is held flat at its enacted FY23 level.
- ▶ **Global Health:** The bill reduces overall funding for Global Health Programs by \$542 million (5%). But it holds bilateral funding for the U.S. President's Emergency Plan for AIDS Relief (PEFPAR) flat at its FY23 enacted level.
- ▶ **Humanitarian Assistance:** The bill provides \$6.5 billion for humanitarian assistance, a \$364 million (5%) cut compared to the FY23 enacted level, but \$2.3 billion (26%) below the Administration's FY24 request.
- ▶ **Development Finance Corporation (DFC):** The DFC receives a total of \$776 million, including \$769 million for administrative and program costs and \$7 million for the agency's Inspector General. This represents a cut of \$229 million (23%) compared to the FY23 enacted level.
- ▶ **Peacekeeping:** The House cuts funding for United Nations (UN) peacekeeping by \$213 million (14%). The U.S. has already accrued \$1.2 billion in arrears on its UN peacekeeping assessments due to Congressional enforcement of a 25% cap on U.S. financial contributions since FY17. The allocation for the Contributions for International Peacekeeping Activities (CIPA) account in the House bill doesn't even reach the 25% cap or address any of our arrears, which would cause a substantial increase in U.S. debt to UN peacekeeping if enacted. Meanwhile, the House bill also includes a \$40 million (9%) reduction for non-UN peacekeeping programs.
- ▶ **UN and Other International Organizations:** The House bill makes significant cuts to both US assessed and voluntary contributions to the UN and other international organizations. The former, provided through the Contributions to International Organizations (CIO) account, is cut by \$1.2 billion (83%), eliminating funding for the UN regular budget and other key initiatives. Funding for the latter, provided through the International Organization and Programs (IO&P) account, is eliminated entirely. The bill also includes language prohibiting funding for the World Health Organization (WHO) and UN Population Fund (UNFPA).
- ▶ **International Financial Institutions (IFIs):** The House bill cuts funding for U.S. contributions to the World Bank and other IFIs by \$705 million (31%) and provides no funding for the Green Climate Fund or the Clean Technology Fund.
- ▶ **International Security Assistance:** One of the few areas to receive an increase in the House bill is funding

for security assistance, which is boosted by \$729 million (8%). Most of this growth is in Foreign Military Financing (FMF), which is increased by \$650 million (11%).

## II. Senate Appropriations Committee Approves FY24 302(b) Subcommittee Allocations

Also last week, the Senate Appropriations Committee approved its 302(b) allocations for its 12 FY24 spending bills on a party-line vote of 15-13, including the SFOPS bill that funds the vast majority of the International Affairs Budget.

Senate Appropriators provided a total of **\$58.4 billion** for SFOPS – a **\$1.34 billion (2.2%) decrease compared to the FY23 enacted level** and **\$10.2 billion (15%)** below the Administration’s FY24 budget request.

### STATE-FOREIGN OPERATIONS BUDGET SNAPSHOT

FY23 Enacted*	FY24 Request	FY24 House	FY24 Senate
\$59.7 billion	\$68.6 billion	\$52.5 billion**	\$58.4 billion

\* Excludes \$21.1 billion in primarily Ukraine-related emergency funding

\*\* Assumes the enactment of \$11.1 billion in rescissions of prior-year EPA funding. Absent such a rescission, the SFOPS bill would have to be cut by an additional \$11.1 billion to meet the SFOPS subcommittee’s \$41.4 billion 302(b) allocation approved by the full House Appropriations Committee.

USGLC released a [statement](#) noting that “we understand the Senate’s approach to come close to sustaining resources for America’s development and diplomacy programs” given the allocations abide by the bipartisan spending deal that caps overall spending at near current levels while also making clear that “America’s interests are on the line... Now is not the time to pull back from our role in the world.”

## III. Senate Appropriations Committee Approves FY24 Agriculture Appropriations Bill

Finally, last week the Senate Appropriations Committee approved its version of the FY24 Agriculture Appropriations bill via voice vote, bypassing a subcommittee markup. The bill maintains funding for two important international food assistance programs in the midst of a global food crisis. Specifically, the bill includes:

- ▶ **\$1.8 billion for Food for Peace**, a \$50 million (3%) increase from the FY23 non-emergency enacted level.
- ▶ **\$248 million for the McGovern-Dole International Food for Education and Child Nutrition Program**, an increase of \$5 million (3%) compared to the FY23 non-emergency enacted level.

In both cases, the increases would have the effect of sustaining total (emergency plus non-emergency) funding for the programs at their FY23 levels.

### AGRICULTURE APPROPRIATIONS INTERNATIONAL PROGRAMS SNAPSHOT

	FY23 Enacted*	FY24 Request	FY24 House	FY24 Senate
<b>Food for Peace/PL 480 Title II</b>	\$1.75 billion	\$1.8 billion	\$1.74 billion	\$1.8 billion
<b>McGovern-Dole</b>	\$243 million	\$243 million	\$240 million	\$248 million
<b>Total</b>	\$1.99 billion	\$2.04 billion	\$1.98 billion	\$2.04 billion

\* Excludes \$50 million and \$5 million, respectively, in emergency funding for the Food for Peace/PL 480 Title II and McGovern-Dole programs.