

Comparison of House and Senate Funding Levels for the FY24 International Affairs Budget

SEPTEMBER 15, 2023

Executive Summary

In today's world, marked by ever increasing global crises, instability abroad poses a direct threat to the security and economic well-being of every American. From strategic competition with the People's Republic of China (PRC), to Russia's war in Ukraine, to historic humanitarian crises, the stakes could not be higher for U.S. global leadership and our ability to advance America's interests and values abroad.

Recognizing the magnitude of global threats and the imperative for U.S. leadership to address them, the Administration's budget request for Fiscal Year (FY) 2024 <u>included</u> a significant \$9.3 billion (15%) increase for the International Affairs Budget (IAB) compared to the FY23 non-emergency enacted level. The USGLC welcomed the Administration's budget request with Liz Schrayer, President and CEO <u>saying</u>, "The Administration's budget proposal to strengthen America's diplomacy and development tools is both smart and strategic."

The House and Senate Appropriations Committees' respective proposed funding levels fall short of the Administration's request. The House proposes a steep \$7.2 billion (12%) cut from the FY23 non-emergency enacted level, while the Senate level is a more modest \$1.2 billion (2%) lower than the FY23 non-emergency enacted level.

The Senate proposal, in part, reflects spending levels agreed to under the May <u>deal</u> to raise the debt ceiling. However, the Senate also proposed an additional \$3.25 billion in emergency humanitarian and economic assistance funding to help cover base budget needs for FY24, offsetting some of its base cut compared to the FY23 non-emergency enacted level. Meanwhile, the House opted to constrain non-defense discretionary funding—which includes the International Affairs Budget—even more tightly than required under the deal.

INTERNATIONAL AFFAIRS BUDGET SNAPSHOT

| FY23 Enacted* | FY24 Request** | FY24 House^ | FY24 Senate^^ |
|----------------|----------------|----------------|----------------|
| \$61.6 billion | \$70.9 billion | \$54.4 billion | \$60.3 billion |

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

**Reflects Congressional Budget Office's re-estimate of the Administration's request and excludes \$11.6 billion in emergency funding for Ukraine and other emerging crises.

^Assumes the enactment of \$11.1 billion in rescissions of prior-year Environmental Protection Agency (EPA) funding.

^^Excludes \$3.25 billion in emergency funding.

In addition to its FY24 budget request, the Administration submitted a \$40.1 billion FY24 emergency supplemental funding request in August. It includes \$11.6 billion for the International Affairs Budget primarily for: Ukraine and Ukraine-related needs, countering PRC and Russian influence globally and in the developing world, and efforts in the Western Hemisphere to address immigration.

There is a legacy of strong, bipartisan support in Congress for strengthening America's development and diplomacy tools funded through the International Affairs Budget. As negotiations on FY24 spending bills continue, the USGLC urges Congress to fund the FY24 International Affairs Budget at no less than the current FY23 level of \$61.6 billion as the absolute floor, while also providing the additional emergency funding requested by the Administration that is needed to meet the urgent threats to America's economic and security interests.

The following analysis is a comparison of the House and Senate proposals alongside the Administration's request for the FY24 International Affairs Budget.

I. Select Highlights of Similarities and Differences Between Senate and House Versions

Reflecting differences between the parties controlling the House and Senate, FY24 funding levels for international affairs agencies, accounts, and programs differ significantly in a range of important areas. In both cases—especially the House bill, but also in the Senate bill—the levels are below those included in the request, in part reflecting the tight budget constraints included in the budget deal agreed to after the request was submitted. However, there are also some notable areas of similarity. Select highlights of these similarities and differences are included in the chart below, with additional details in the later analysis. Unless otherwise noted, comparisons are to the FY23 non-emergency enacted levels.

Similarities

- **Bilateral HIV/AIDS:** Both the House and Senate maintain funding at the FY23 enacted levels for bilateral HIV/AIDS programs, a slight \$25 million (1%) increase compared to the request.
- Embassy Security Construction and Maintenance: Both chambers fully fund the Administration's request, providing a \$55 million (3%) increase.
- **Democracy Fund:** The House and the Senate both hold funding for this program flat at its FY23 enacted level, a \$65 million (22%) increase from the request.
- Other Security Assistance: Although the House and Senate differ significantly on Foreign Military Financing (FMF), they provide similar levels of funding for other international security programs, which are funded near the requested levels.
- Food for Peace: The Senate fully funds the Administration's request, representing a \$50 million (3%) increase from the enacted FY23 level, while the House includes a slight \$10 million (0.6%) cut.
- Millenium Challenge Corporation: The Senate holds funding flat for this program, while the House includes a slight \$25 million (3%) reduction.

Differences

- **Development Assistance:** The House cuts funding by \$1.4 billion (31%), while the Senate includes a much more modest \$390 million (9%) reduction.
- **Humanitarian Assistance:** Both chambers cut funding, the House by \$364 million (5%) and the Senate by \$221 million (3%). But the Senate also provides \$2.5 billion in emergency funding.
- USAID Operating Expenses: The House cuts this funding by \$529 million (30%), while the Senate provides a \$53 million (3%) boost.
- International Organizations: The House cuts funding for assessed contributions by \$1.2 billion (83%), while the Senate provides a \$185 million (13%) increase.
- International Financial Institutions: The House cuts funding by \$705 million (31%), while the Senate provides a \$284 million (13%) boost.
- Development Finance Corporation: Like the request, the Senate includes a \$40 million (4%) boost, while the House makes a \$229 million (23%) cut.
- **UN Peacekeeping:** The House makes a \$213 million (14%) cut, while the Senate holds funding flat.
- Climate Change: The House eliminates funding for the Clean Technology Fund, while the Senate includes a \$25 million (20%) increase.
- Foreign Military Financing: The House boosts funding by \$650 million (11%), while the Senate makes a \$160 million (3%) cut.

II. Notable Programs and Policy Issues

Global Health Programs

Both the House and Senate reduce funding for Global Health Programs compared to both the FY23 enacted level and the Administration's request, but the House cut is steeper. Altogether, the House cuts Global Health accounts by \$542 million (5%), while the Senate includes a \$293 million (3%) reduction. A few areas to note:

- ▶ Both the House and Senate hold funding for bilateral **PEPFAR** flat at the FY23 enacted level, \$25 million (1%) above the Administration's request.
- ▶ Consistent with the Administration's request, the House includes \$2 billion for the U.S. contribution to the

Global Fund. By contrast, the Senate provides \$1.65 billion, though the bill expresses the intention to fully fund the U.S. contribution to the Global Fund once other donors meet their commitments.

The Senate holds funding for **Global Health Security** flat at \$900 million. Although the House leaves the amount for this account unspecified, it clearly represents a major cut—even if Global Health Security were to receive the entire \$409 million in Global Health funding left unallocated by the House, its funding would fall \$491 million (55%) below the FY23 enacted level. The House argues that existing unobligated prior year funds are sufficient to cover FY24 requirements.

▶ The House caps funding for Family Planning at \$461 million, \$147 million (24%) below the enacted FY23 level, while the Senate provides a \$28 million (5%) increase and includes funding for the **United Nations**Population Fund (UNFPA). The House bill prohibits funding for UNFPA and reinstates the Mexico City Policy, also known as the Global Gag Rule.

GLOBAL HEALTH*

| | FY23 Enacted | FY24 Request | FY24 House | FY24 Senate |
|--|-----------------|-----------------|-----------------|-----------------|
| Bilateral PEPFAR | \$4.4 billion | \$4.37 billion | \$4.4 billion | \$4.4 billion |
| Global Fund | \$2 billion | \$2 billion | \$2 billion | \$1.65 billion |
| USAID HIV/ AIDS | \$330 million | \$330 million | \$330 million | \$330 million |
| Malaria | \$795 million | \$780 million | \$800 million | \$795 million |
| Tuberculosis | \$395 million | \$359 million | \$395 million | \$395 million |
| Maternal/Child Health | \$910 million | \$910 million | \$910 million | \$920 million |
| Vulnerable Children | \$30 million | \$30 million | \$33 million | \$30 million |
| Nutrition | \$160 million | \$160 million | \$173 million | \$160 million |
| Family Planning* | \$608 million | \$677 million | \$461 million** | \$635 million |
| Neglected Tropical Diseases (NTDs) | \$115 million | \$115 million | \$115 million | \$115 million |
| Global Health Security | \$900 million | \$1.25 billion | N/A | \$900 million |
| Health Reserve Fund | \$8 million | \$10 million | N/A | \$10 million |
| Global Health Workers Initiative | \$0 | \$20 million | N/A | \$20 million |
| Unallocated | \$0 | \$0 | \$409 million | \$0 |
| Total | \$10.56 billion | \$10.93 billion | \$10.02 billion | \$10.27 billion |

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

** Represents a cap on the amount that could be spent

Development and Economic Assistance

Both the House and Senate cut overall funding for development assistance compared to both the FY23 enacted level and the Administration's request. However, the House cut is significantly deeper. Notably:

- ▶ The House cuts funding for **Development Assistance** (DA) by \$1.4 billion (31%), while the Senate includes a \$390 million (9%) reduction.
- ▶ The House provides \$3.98 billion for the **Economic Support Fund** (ESF), including \$1 billion set aside for programs focused on countering the malign influence of the PRC. This represents a \$323 million (8%) cut for ESF from the FY23 enacted level. By comparison, the Senate includes only \$3.6 billion in non-emergency ESF funding, but also provides \$435 million in emergency funding.
- ▶ The House includes a \$270 million (54%) increase for **Assistance for Europe, Eurasia, and Central Asia** (AEECA), while the Senate holds non-emergency funding for AEECA flat. However, the Senate also includes \$250 million in emergency funding for the account.
- ▶ The two bills provide the same amounts for the **Democracy Fund**, while the Senate provides slightly more than the House for the **Millennium Challenge Corporation** (MCC) and the **Peace Corps**.

DEVELOPMENT AND ECONOMIC ASSISTANCE

| | FY23 Enacted* | FY24 Request** | FY24 House | FY24 Senate^^ |
|-----------------------------------|----------------|----------------|-----------------|----------------|
| Development Assistance (DA) | \$4.37 billion | \$5.43 billion | \$3.0 billion | \$3.98 billion |
| Economic Support Fund (ESF) | \$4.3 billion | \$5.39 billion | \$3.98 billion^ | \$3.59 billion |
| AEECA | \$500 million | \$1.05 billion | \$770 million | \$500 million |
| Democracy Fund | \$356 million | \$291 million | \$356 million | \$356 million |
| MCC | \$930 million | \$1.07 billion | \$905 million | \$930 million |
| Peace Corps | \$431 million | \$495 million | \$411 million | \$449 million |

^{*}Excludes \$17.8 billion in emergency funding for Ukraine, including \$4.5 billion provided in the September 2022 Continuing Resolution and \$13.3 billion provided in the FY23 Omnibus (including \$350 million, unrelated to Ukraine, for other AEECA countries).

^Includes \$1 billion provided in a new budget Title focused on countering China. ^^Excludes emergency funding provided in the bill for ESF (\$435 million) and AEECA (\$350 million).

Humanitarian Assistance

As in other areas, the House and Senate take significantly different approaches to humanitarian assistance. The House bill provides \$6.5 billion for humanitarian assistance, a \$364 million (5%) cut compared to FY23 and \$2.3 billion (26%) below the Administration's FY24 request. The Senate bill provides \$6.6 billion, a \$221 million (3%) cut from FY23. However, the Senate also includes \$2.5 billion in emergency funding for humanitarian assistance. Combined, the Senate total is still \$229 million below the FY23 enacted level including emergency funding, but

^{**}Excludes \$4.4 billion in emergency funding primarily for Ukraine (\$3.6 billion in ESF and \$779 million in AEECA) in the Administration's August 2023 supplemental request.

significantly higher than the non-emergency funding levels included in both the Administration's FY24 request and the House bill.

HUMANITARIAN ASSISTANCE

| | FY23 Enacted* | FY24 Request** | FY24 House | FY24 Senate^ |
|---------------------------------|----------------|----------------|----------------|----------------|
| Disaster Assistance (IDA) | \$3.91 billion | \$4.7 billion | \$3.91 billion | \$3.76 billion |
| Refugees (MRA) | \$2.91 billion | \$3.91 billion | \$2.55 billion | \$2.84 billion |
| Emergency Refugees (ERMA) | \$100,000 | \$100 million | \$0 | \$100,000 |
| Total | \$6.82 billion | \$8.71 billion | \$6.45 billion | \$6.6 billion |

^{*}Excludes \$2.5 billion in emergency funding provided in the FY23 Omnibus for Ukraine, including \$1.55 billion (unrelated to Ukraine) for use globally (\$638 million for disaster assistance and \$915 million for migration and refugees).

International Food Assistance

The House makes a slight cut to international food assistance programs provided through the Agriculture Appropriations bill compared to FY23 enacted levels, while the Senate bill provides a modest increase.

- ▶ The House cuts funding for the **Food for Peace program** by \$10 million (0.6%), while the Senate—consistent with the Administration's request—includes a \$50 million (3%) increase.
- ▶ The House reduces funding for the **McGovern-Dole International Food for Education and Child Nutrition Program** by \$3 million (1.4%), while the Senate includes a \$5 million (2%) boost, slightly more than requested by the Administration.

AGRICULTURE APPROPRIATIONS INTERNATIONAL PROGRAMS

| | FY23 Enacted* | FY24 Request | FY24 House | FY24 Senate |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Food for Peace/PL 480 Title II | \$1.75 billion | \$1.8 billion | \$1.74 billion | \$1.8 billion |
| McGovern- Dole | \$243 million | \$243 million | \$240 million | \$248 million |
| Total | \$1.99 billion | \$2.04 billion | \$1.98 billion | \$2.05 billion |

^{*}Excludes \$50 million and \$5 million, respectively, in emergency funding for the Food for Peace and McGovern-Dole programs.

^{**}Excludes \$2.5 billion in emergency funding primarily for Ukraine (\$1.3 billion for disaster assistance and \$1.2 billion for migration and refugees) included in the Administration's August 2023 supplemental request.

^Excludes emergency funding provided in the bill for IDA (\$1.09 billion) and MRA (\$1.37 billion).

Peacekeeping

The House bill slashes funding for **United Nations** (UN) **Peacekeeping** by \$213 million (14%), while the Senate bill holds funding flat at the FY23 enacted level. Neither bill waives the 25% statutory cap on U.S. financial contributions to UN peacekeeping, meaning that the U.S. would continue to accrue arrears, which now total approximately \$1.28 billion.

The House bill, consistent with the request, reduces funding for **non-UN Contributions for International Peacekeeping Activities** by \$40 million (9%), while the Senate provides a slightly deeper \$45 million (10%) cut for these programs.

PEACEKEEPING

| | FY23 Enacted | FY24 Request | FY24 House | FY24 Senate |
|----------------------|----------------|----------------|----------------|----------------|
| UN Operations (CIPA) | \$1.48 billion | \$1.94 billion | \$1.27 billion | \$1.48 billion |
| Non-UN Ops (PKO) | \$461 million | \$420 million | \$420 million | \$415 million |
| Total | \$1.94 billion | \$2.36 billion | \$1.69 billion | \$1.9 billion |

International Security Assistance

The House provides \$9.7 billion for international security assistance programs, \$729 million (8%) above the FY23 enacted level, while the Senate includes \$8.8 billion, \$118 million (1%) below FY23. Of note:

- ▶ For **Foreign Military Financing (FMF)** by far the largest security assistance account the House bill provides \$6.7 billion, including \$500 million for Taiwan, and the Senate bill provides \$5.9 billion.
- ▶ The House provides a \$106 million (8%) increase, and the Senate provides a \$75 million (5%) increase in funding for **International Narcotics Control and Law Enforcement** (INCLE) as compared to the FY23 enacted level.
- Both bills provide the requested levels of funding for Nonproliferation, Anti-Terrorism, Demining and Related (NADR) programs, and International Military Education and Training (IMET).

Multilateral Assistance and International Organizations

The House and Senate take dramatically different approaches to funding for international financial institutions and other multilateral organizations.

- ▶ The House slashes funding for **Contributions to International Organizations**—which covers the cost of U.S. assessed contributions to the UN and other international organizations—by \$1.19 billion (83%) while the Senate includes a 13% (\$185 million) increase compared to the FY23 enacted level.
- ▶ Funding for **International Organizations and Programs**—the source of U.S. voluntary contributions to UN-affiliated and other international entities—is eliminated entirely in the House bill, while the Senate bill includes a much more modest 8% (\$40 million) cut from the FY23 enacted level.
- ▶ The House cuts funding for U.S. contributions provided through the Treasury Department to **International Financial Institutions** (IFIs) by \$705 million (31%). By contrast, the Senate provides a \$284 million (13%) increase, with most of the additional funding going to the Treasury International Assistance Program, which is designed to allow the Treasury Department to rapidly respond to emerging requirements at IFIs through the new Economic Resilience Initiative.

U.S. International Development Finance Corporation

Under the House bill, the **Development Finance Corporation** (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 is a \$229 million (23%) cut compared to the FY23 enacted level and \$269 million (26%) below the Administration's FY24 request. By contrast, the Senate fully funds the request and increases funding for administrative expenses, program costs, and other expenses by \$40 million (4%) for a total of \$1.05 billion.

III. Other Funding and Policy Priorities

- ▶ Food Security: The House bill holds funding to support the Global Food Security Strategy, Feed the Future, and research and development initiatives at USAID flat at the FY23 enacted level of \$1.01 billion, \$178 million (15%) below the Administration's request. The Senate bill includes a \$100 million (10%) increase for these programs, but still falls \$78 million short of the request.
- Climate Change: The House bill cuts funding to a range of programs aimed at addressing climate change. Among other things, it prohibits any funding for the **Green Climate Fund** (GCF) and the **Clean Technology Fund** (CTF), and includes no allocations for bilateral funding for adaptation, sustainable landscapes, or clean energy programs. By contrast, the Senate bill includes \$150 million for the CTF, a \$25 million (20%) increase from the FY23 enacted level, and a total of \$760 million for adaptation, sustainable landscapes, and clean energy programs, a \$45 million (6%) boost. Even the Senate bill, however, falls far short of the Administration's request for climate programs, which included, for example, \$800 million for the GCF and \$425 million for the CTF.
- Diplomatic Programs and USAID Operations: The House bill makes deep cuts to both the Diplomatic Programs (DP) account, which funds State Department staffing and operations for our diplomatic presence around the world, and USAID's Operating Expenses (OE) account, which covers the cost of USAID staffing and operations—cutting the former by \$648 million (7%) and the latter by \$529 million (30%). These cuts could significantly impact staffing levels at the State Department and USAID. The Senate, by contrast, includes a \$289 million (3%) increase for DP and a \$53 million (3%) increase for USAID OE. Even the Senate levels are significantly below the Administration's request, which called for increases of \$971 million (10%) and \$159 million (9%), respectively, for the two accounts.
- ▶ Competing with China: Consistent with the Administration's request, both the House and Senate provide \$400 million for the Countering PRC Influence Fund, a \$75 million (23%) increase from the FY23 enacted level. The House also fully funds the Administration's request for \$1.16 billion in other foreign assistance needed to implement the U.S. Indo-Pacific Strategy. In addition, the House includes \$1 billion in ESF funding provided through a new title—which is counted in the ESF total in the above table—to be focused specifically on countering the PRC and directs \$500 million in FMF and up to \$2 billion in new loans and loan guarantees for Taiwan. For its part, the Senate directs a total of \$1.9 billion in other foreign assistance funding towards the U.S. Indo-Pacific Strategy, \$100 million (6%) above FY23, but \$248 million (12%) below the Administration's request.

IV. What's Ahead

As Congress reconvenes following the August recess, only eleven legislative days are scheduled where both the House and Senate are in session before government funding expires on October 1st. As it stands, the House has only managed to pass one of its 12 appropriations bills on the floor by party-line vote. Meanwhile, the Senate—though able to advance its appropriations bills through committee on a bipartisan basis—has yet to pass any of those bills on the floor. With a few legislative days remaining before the end of the fiscal year, Members are considering packaging multiple bills together as a "minibus" to expedite floor consideration. A continuing resolution will likely be required to give Congress more time to debate full-year FY24 appropriations bills.

In the face of mounting global crises, it is imperative that Congress pass bipartisan appropriations bills that provide urgently needed new resources for development and diplomacy. This approach enables the United States to effectively address urgent challenges such as strategic competition with China, Russia's ongoing invasion of Ukraine, and escalating humanitarian crises, thereby improving peace and prosperity for all American families.

V. Additional Information and Resources

USGLC Analysis of the Administration's FY24 International Affairs Budget Request

▶ <u>As Global Instability Threatens American Interests</u>, <u>Budget Proposes Smart and Strategic Investments in Development and Diplomacy – USGLC</u>

House FY24 State-Foreign Operations Appropriations Bill & Report

- https://www.congress.gov/118/bills/hr4665/BILLS-118hr4665rh.pdf
- https://www.congress.gov/118/crpt/hrpt146/CRPT-118hrpt146.pdf

House FY24 Agriculture Appropriations Bill & Report

- https://www.congress.gov/118/bills/hr4368/BILLS-118hr4368rh.pdf
- https://www.congress.gov/118/crpt/hrpt124/CRPT-118hrpt124.pdf

Senate FY24 State-Foreign Operations Appropriations Bill & Report

- https://www.congress.gov/118/bills/s2438/BILLS-118s2438rs.pdf
- https://www.congress.gov/118/crpt/srpt71/CRPT-118srpt71.pdf

Senate FY24 Agriculture Appropriations Bill & Report

- https://www.congress.gov/118/bills/s2131/BILLS-118s2131rs.pdf
- https://www.congress.gov/118/crpt/srpt44/CRPT-118srpt44.pdf

VI. Account-by-Account Details

Download the account-by-account details here.