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## **State Department and Related Agencies: FY2003 Appropriations and FY2004 Request**

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# State Department and Related Agencies FY2003 Appropriations and FY2004 Request

## Summary

State Department appropriations are within the Commerce, Justice, State (CJS) appropriation.

The President sent his FY2004 budget request to Congress on February 3, 2003, seeking a total of \$7,874.1 million for the Department of State and \$563.5 million for international broadcasting.

The House Appropriations Committee reported its FY2004 CJS appropriation (as yet unnumbered) on July 16, 2003. The bill would provide \$7,857.4 million for State and \$563.5 for broadcasting in FY2004. The total of \$8,420.9 million is \$223.3 million below the President's FY2004 request. The bill may go to the floor the week of July 21<sup>st</sup>.

The Senate is expected to take up FY2004 CJS appropriations before its August recess.

The 108<sup>th</sup> Congress passed, and the President signed on February 20th, an FY2003 omnibus funding package (H.J.Res. 2, P.L. 108-7) of 11 appropriations bills, including that of CJS. It provides total new budget authority of \$7,394.0 million for the Department of State (\$138.2 million of which is mandatory) and \$506.6 million for international broadcasting (all of which is discretionary). These figures and others provided in this report do not reflect the 0.65% across-the-board rescission also included in this consolidated budget.

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# State Department and Related Agencies FY2003 Appropriations and FY2004 Request

## Background

Budgets for the Department of State and the Broadcasting Board of Governors (BBG), as well as U.S. contributions to United Nations (U.N.) International Organizations, and U.N. Peacekeeping, are within the Commerce, Justice, State and Related Agency (CJS) appropriations. Intertwined with the annual appropriations process is the biannual Foreign Relations Authorization that, by law, Congress must pass prior to the State Department's expenditure of its appropriations. (For details on the history and the most recent foreign relations authorization Act, P.L. 107-228, see CRS Report RL31046, *Foreign Relations Authorization, FY2003: An Overview*.)

On February 3, 2003 the Administration sent its FY2004 budget request to Congress. The FY2004 request for the Department of State totals \$8,080.7 million and for international broadcasting it is \$563.2 million. Throughout February, March, and April 2003, Secretary of State Colin Powell testified before the House and Senate Appropriations Committees on the State Department budget request. The House Appropriations Full Committee reported its CJS FY2004 appropriation bill July 16, 2004. **Table 1** provides regular and supplemental State Department and related agencies' appropriations for FY2002, FY2003 and FY2004.

## State Department

The State Department's mission is to advance and protect the worldwide interests of the United States and its citizens through the staffing of overseas missions, the conduct of U.S. foreign policy, the issuance of passports and visas, and other responsibilities. Currently, the State Department coordinates with the activities of 50 U.S. government agencies and organizations in operating more than 250 posts in over 180 countries around the world. The Department's staff size has increased, largely because of the integration of Arms Control and Disarmament Agency (ACDA) and the U.S. Information Agency (USIA) into State. Highlights follow.

### Administration of Foreign Affairs

*Diplomatic and Consular Programs (D&CP)* — The D&CP account funds overseas operations (e.g., motor vehicles, local guards, telecommunications, medical), activities associated with conducting foreign policy, passport and visa applications, regional bureaus, under secretaries, and post assignment travel. Beginning in FY2000, the State Department's Diplomatic and Consular Program

account included State's salaries and expenses, as well as the technology and information functions of the former USIA, and the functions of the former ACDA.

For FY2003, the Bush Administration requested \$3,936.8 million for D&CP level, an 8% increase from the FY2002 appropriation, not including the supplementals for this account. The 108<sup>th</sup> Congress enacted the House-recommended level of \$3,822.3. The funding supports the hiring and training of 399 new Foreign and Civil Service employees. Congress designated \$292.7 million in this account to be available only for public diplomacy programs and \$553 million for ongoing costs involved with worldwide security upgrades. Some justify the total amount being lower than the President's request because this account had also received post-September 11<sup>th</sup> supplementals totaling \$183.5 million.

In the FY2004 budget, the Administration requested \$4,163.5 million for D&CP, a 9% increase, not including past supplementals and FY2003 rescissions. Secretary of State Colin Powell testified before Congress in early 2003 that the emphasis continues to be on new hiring and security. The House Appropriations Committee set this account level at \$4,100.0 million for FY2004.

*Embassy Security, Construction and Maintenance (ESCM)* — This account supports the maintenance, rehabilitation, and replacement of overseas facilities to provide appropriate, safe, secure and functional facilities for U.S. diplomatic missions abroad. Congress originally had enacted \$640 million for this account for FY1999. However, following the embassy bombings in Africa in August 1998, Congress agreed to more than \$1 billion (within a supplemental funding bill) for the *Security and Maintenance account* by establishing a new subaccount referred to as *Worldwide Security Upgrades*.

Post 9/11 emergency supplemental funding for ESCM totaled \$52.85 million — \$34.9 million for security improvements at U.S. embassy compounds and \$18 million for emergency egress projects.

The President's FY2003 request for ESCM totaled \$1,305 million, an increase of \$92 million in ongoing operations and compound security over FY2002, but a decline of \$61 million in worldwide security funding. State Department officials noted that the post 9/11 emergency supplemental was still in the pipeline for the worldwide security account during the FY2003 budget year. The final FY2003 appropriated amount for ESCM was a total of \$1,263.5, of which \$755 was for bricks-and-mortar-type worldwide security upgrades.

For FY2004, the President requested \$653 million for regular ESCM expenditures and \$861.4 million for worldwide security upgrades, for a total account level of \$1,514.4, a 20% increase over FY2003. The funds would go toward embassy compound construction in Berlin, and security construction of new embassy compounds and USAID facilities, as well as acquisition of sites for future activities. The House bill would provide \$532.9 million for regular ESCM expenditures in FY2004 and \$861.4 million for worldwide security upgrades.

*Educational and Cultural Exchanges* — This account funds programs authorized by the Mutual Educational and Cultural Exchange Act of 1961, such as

the Fulbright Academic Exchange Program, as well as leadership programs for foreign leaders and professionals. Government exchange programs came under close scrutiny in past years for being excessive in number and duplicative. By a July 1997 executive order, the Office of U.S. Government International Exchange and Training Coordination was created. For the FY2002 budget, Congress passed \$237 million, including \$118 million for the Fulbright programs.

The Bush Administration requested \$245.3 million for exchanges in FY2003 — a 3.5% increase over the current enacted level. Congress passed \$245.3 million to support the traditional exchanges, including \$123 million for the Fulbright Program, as well as enhanced exchanges emphasizing Muslim and Arab populations.

The FY2004 request for Educational and Cultural Exchanges totals \$345.3 million which includes a transfer of \$100 million from Freedom Support Act (FSA) and Support for Eastern European Democracy (SEED) programs which were formerly within the foreign operations appropriation. Since that \$100 million will continue to be used to focus on Russia and New Independent States (NIS) exchanges, the request for exchanges already administered within the Department of State is the same as the FY2003 enacted level. The House level for FY2004 exchange programs is identical to the request.

*The Capital Investment Fund (CIF)* — CIF was established by the Foreign Relations Authorization Act of FY1994/95 (P.L. 103-236) to provide for purchasing information technology and capital equipment which would ensure the efficient management, coordination, operation, and utilization of State's resources. In FY1998 Congress approved a 250% increase in this fund, from \$24.6 million in FY1997 to \$86 million in FY1998.

For FY2003 the Administration requested \$177 million for CIF, a decline of 14.7% from the FY2002 enacted level of \$203 million. The Administration cited a more than doubling of this account from FY2001 to FY2002 and contended that the request for FY2003 was in line with what they could use effectively. Congress approved \$183.3 million and the conferees noted they expect an additional \$86 million in expedited passport fees to be allocated to this account in FY2003.

For FY2004, the Administration requested \$157 million in addition to the allocation of an estimated \$114 million in expedited passport fees for CIF. The House bill would provide \$142 million.

## **International Organizations and Conferences**

In recent years, U.S. contributions to U.N. international organizations and peacekeeping activities have been complicated by a number of issues, such as the withholding of funds related to international family planning policies. Recently, some controversial issues have included: 1) the lack of agreement about the U.N.'s role in the current worldwide dispute on how to deal with Iraq; and 2) the loss of the U.S. seat on the U.N. Commission on Human Rights.

In past years, overdue U.S. arrearage payments had been an issue. Shortly after the September 11<sup>th</sup> terrorist attack and at a time when the U.S. government was

seeking U.N. support in its coalition to fight terrorism, however, Congress passed, and the President signed, legislation (S. 248/P.L. 107-46) which allowed the United States to make its second tranche (\$475 million) of arrearage payments to the U.N. (For more detail, see CRS Issue Brief IB86116, *U.N. System Funding: Congressional Issues*, by Vita Bite.)

*Contributions to International Organizations (CIO)* — CIO provides funds for U.S. membership in numerous international organizations and for multilateral foreign policy activities that transcend bilateral issues, such as human rights. Maintaining a membership in international organizations, the Administration argues, benefits the United States by advancing U.S. interests and principles while sharing the costs with other countries. Payments to the U.N. and its affiliated agencies, the Inter-American Organizations, as well as other regional and international organizations are included in this account.

For CIO's FY2003 budget, the Bush Administration requested \$891.4 million (a 4.9% increase over FY2002 enacted). The level would have provided full funding of U.S. regular contributions to the 43 international organizations, as well as the U.S. share of U.N. building renovations. The final enacted level was \$866 million.

For FY2004 President Bush requested \$1,010.5 million for international organizations, nearly 17% greater than the FY2003 enacted level. About half of the \$144.5 million increase is for rejoining UNESCO. The House Appropriations Committee agreed with the President's request and would provide \$1,010.5 million.

*Contributions to International Peacekeeping Activities (CIPA)* — The United States supports multilateral peacekeeping efforts around the world through payment of its share of the U.N. assessed peacekeeping budget. Congress approved \$844 million for this account for FY2002. The President's FY2003 request for CIPA was \$726 million, a nearly 14% decline from the FY2002 enacted level. The final enacted level was the House-recommended level of \$673.7 million.

For FY2004, the President requested \$550.2 million for CIPA. Depending on events, particularly with Iraq, some believe the Administration may include CIPA in a supplemental request in FY2003 and/or FY2004. (For more detail on international peacekeeping, see CRS Issue Brief IB90103, *United Nations Peacekeeping: Issues for Congress*, by Marjorie Ann Browne.) The House bill would provide the same amount as the request for FY2004.

## International Commissions

The *International Commissions* account includes the U.S.-Mexico Boundary and Water Commission, the International Fisheries Commissions, the International Boundary Commission, the International Joint Commission, and the Border Environment Cooperation Commission. The final FY2002 enacted level equals \$60.5 million. The Administration's FY2003 request — \$67.3 million — amounts to a 11.2% increase over FY2002. The FY2003 enacted level was \$57.5 million. The FY2004 request is for a 25% increase to \$71.7 million. The House full committee, however, would set the FY2004 funding at \$57.1 million — just below the FY2003 level.

## Related State Department Appropriations

*The Asia Foundation* — The Asia Foundation is a private, nonprofit organization that supports efforts to strengthen democratic processes and institutions in Asia, open markets, and improve U.S.-Asian cooperation. The Foundation receives both government and private sector contributions. Government funds for the Asia Foundation are appropriated to, and pass through, the State Department. Congress funded The Asia Foundation at \$9.3 million for FY2002. The FY2003 request would raise the funding slightly to \$9.4 million. The Senate recommended increasing the FY2003 funding level of The Asia Foundation to \$10.3 million; the House bill set a similar funding level — \$10.4 million. The final enacted level was \$10.4 million.

The FY2004 request is \$9.3 million. The House bill would provide the current level — \$10.4 million — in FY2004.

*National Endowment for Democracy (NED)* — The National Endowment for Democracy, a private nonprofit organization established during the Reagan Administration, supports programs to strengthen democratic institutions in more than 90 countries around the world. NED proponents assert that many of its accomplishments are possible because it is not a government agency. NED's critics claim that it duplicates U.S. government democracy programs and either could be eliminated or could operate entirely with private funding. The final FY2002 enacted level for NED was \$33.5 million. The FY2003 request for NED's funding level was \$36 million — a 7.5% increase over FY2002. The Senate recommended even more — \$46.5 million for NED to increase efforts to combat Islamic extremism in Muslim countries. The House bill agreed with the President's original request of \$36 million for NED in FY2003. Congress settled on \$41.7 million for FY2003.

The FY2004 funding request for NED is \$36 million. The House would provide \$42 million, however.

*East-West and North-South Centers* — The Center for Cultural and Technical Interchange between East and West (East-West Center), located in Honolulu, Hawaii, was established in 1960 by Congress to promote understanding and cooperation among the governments and peoples of the Asia/Pacific region and the United States. The Center for Cultural and Technical interchange between North and South (North-South Center) is a national educational institution in Miami, FL, closely affiliated with the University of Miami. It promotes better relations, commerce, and understanding among the nations of North America, South America and the Caribbean. The North-South Center began receiving a direct subsidy from the federal government in 1991. In FY2002, Congress provided \$14 million for the East-West Center, but no funds for the North-South Center. The FY2003 request was for \$14.3 million. Congress finally enacted \$17.9 million for the East-West Center's FY2003 budget and no funds for the North-South Center. The FY2004 funding request is for \$14.3 million. The House committee would not provide any funding for the East-West Center in FY2004.



## Broadcasting Board of Governors

The United States International Broadcasting Act of 1994<sup>1</sup> reorganized within USIA all U.S. government international broadcasting, including Voice of America (VOA), Broadcasting to Cuba, Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the newly-approved Radio Free Iraq and Radio Free Iran. The 1994 Act established the Broadcasting Board of Governors (BBG) to oversee all U.S. government broadcasting; abolished the Board for International Broadcasting (BIB), the administering body of RFE/RL; and recommended that RFE/RL be privatized by December 31, 1999. This recommendation was repealed by P.L. 106-113.

During the reorganization debate in 1999, the 105<sup>th</sup> Congress agreed that credibility of U.S. international broadcasting was crucial to its effectiveness as a public diplomacy tool. Therefore, Congress agreed not to merge broadcasting functions into the State Department, but to maintain the Broadcasting Board of Governors (BBG) as an independent agency as of October 1, 1999.

In addition to the annual FY2002 appropriation, and in response to the September 11<sup>th</sup> attack, Congress provided Emergency Response Funds (P.L. 107-38 and P.L. 107-117) which provide the BBG with \$28.65 million to support VOA broadcasts in Arabic, Farsi, Pashto, Dari, and Urdu, and RFE/RL broadcasts in Arabic, Farsi, Tajik, Turkmen, Uzbek, Kazakh, Krygyz, and Azeri in the coming year and \$19.2 million to establish a new Radio Free Afghanistan.

For FY2003, the Administration requested a total of \$507 million for international broadcasting, including \$467.9 million for broadcasting operations, \$13.7 million for capital improvements, and \$25.4 million for Cuba broadcasting. The final appropriation of \$506.6 million set funding near the President's request. After a rescission and a supplemental (P.L. 108-11) of \$30 million, the current enacted FY2003 funding level totals \$533.8 million.

The request for FY2004, however, is somewhat higher — \$563.5 million. The House Appropriations Committee agrees with that level.

## Visa Issuance and Homeland Security

The State Department traditionally has had sole authority to issue visas overseas. The Homeland Security Act of 2002 (H.R. 5005/P.L. 107-296, signed into law on November 25, 2002) now provides the Secretary of the Department of Homeland Security (DHS) with exclusive authority to: 1) issue regulations regarding administering and enforcing visa issuance, 2) impose upon any U.S. government employee, with consent of the head of his/her agency, any functions involved in visa issuance, 3) assign DHS employees to each overseas post where visas are issued, and 4) use the National Foreign Affairs Training Center to train DHS employees who will

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<sup>1</sup> Title III of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, P.L. 103-236.

be involved in visa issuance. The Act states that these authorities will be exercised through the Secretary of State. The Homeland Security Act of 2002 further provides the Secretary of State and consular officers with the authority to refuse visa applications. The Act stipulates that within one year after the Act is signed, the Secretary of DHS and the Secretary of State must report to Congress on implementation of visa issuance authorities and any proposals that are necessary to improve the activities surrounding visa issuance. Specifically regarding visa issuance in Saudi Arabia, the Act stipulates that upon enactment of the Act, the third party screening program in Saudi Arabia will terminate, but on-site personnel of the DHS shall review all visa applications prior to adjudication there.

The Homeland Security Act of 2002 does not alter the current authority for the Department of State to use machine readable visa fees in its expenditures. State's total allocation of machine readable visa fees in FY2001 was \$395.3 million; in FY2002 it was \$443 million; the FY2003 estimate is \$635.6 million; and the FY2004 request is for \$736 million. The fees are typically used for State Department border security programs, technology, and personnel. Some are questioning whether the FY2003 estimate and the FY2004 request are attainable in these years where visa issuance is down and a war seems imminent.

**Table 1. State Department and Related Agencies Appropriations**  
(millions of dollars)

|   | <b>FY2002<br/>approps<br/>enacted</b> | <b>Post-9/11<br/>supps</b> | <b>FY2002<br/>supp<br/>(P.L. 107-<br/>206)</b> | <b>FY2003<br/>enacted</b> | <b>Supp.<br/>P.L. 108-11</b> | <b>FY2004<br/>request</b> | <b>House<br/>Bill</b> | <b>Senate<br/>Bill</b> |
|---|---------------------------------------|----------------------------|--|---------------------------|------------------------------|---------------------------|-----------------------|------------------------|
| <b>State Department</b>                         |                                       |                            |  |                           |                              |                           |                       |                        |
| Diplomatic & Consular Program                   | 3,630.0                               | 136.0                      | 47.5   | 3,822.3                   | 98.4                         | 4,163.5                   | 4,100.0               |                        |
| Public Diplomacy                                | (270.3)                               | (15.0)                     | (10.0)   | (292.7)                   |                              |                           |                       |                        |
| Worldwide Security Upgrades                     | (487.7)                               |                            |  | (553.0)                   |                              | (646.7)                   |                       |                        |
| Ed & cultural exchange prog. (USIA)             | 237.0                                 |                            | 15.0   | 245.3                     |                              | 345.3                     | 345.3                 |                        |
| Office of Inspector General                     | 29.0                                  |                            |  | 29.3                      |                              | 31.7                      | 29.8                  |                        |
| Representation allowances                       | 6.5                                   |                            |  | 6.5                       |                              | 9.0                       | 9.0                   |                        |
| Protec.-missions & officials                    | 9.4                                   |                            |  | 11.0                      |                              | 10.0                      | 10.0                  |                        |
| Embassy security/constr/maintenance             | 1,274.0                               | 52.9                       | 210.5  | 508.5                     | 149.5                        | 653.0                     | 532.9                 |                        |
| Worldwide security upgrades                     | (816.0)                               |                            |  | 755.0                     |                              | 861.4                     | 861.4                 |                        |
| Emergency-diplo. & consular services            | 6.5                                   | 51.0                       |  | 6.5                       | 50.0                         | 1.0                       | 1.0                   |                        |
| Repatriation loans                              | 1.2                                   |                            |  | 1.2                       |                              | 1.2                       | 1.2                   |                        |
| Payment American Inst. Taiwan                   | 17.0                                  |                            |  | 18.5                      |                              | 19.8                      | 18.8                  |                        |
| Foreign Service Retirement Fund                 | 135.6                                 |                            |  | 138.2                     |                              | 135.0                     | 135.0                 |                        |
| Capitol Investment Fund                         | 203.0                                 | 15.0                       |  | 183.3                     |                              | 157.0                     | 142.0                 |                        |
| <b>Total, Administration of Foreign Affairs</b> | <b>5,549.2</b>                        | <b>254.9</b>               | <b>273.0</b>                                   | <b>5,725.6</b>            | <b>297.9</b>                 | <b>6,387.9</b>            | <b>6,186.4</b>        |                        |
| <b>International Organ. &amp; Conf.</b>         |                                       |                            |  |                           |                              |                           |                       |                        |
| Contributions to international organizations    | 850.0                                 |                            | 7.0  | 866.0                     |                              | 1,010.5                   | 1,010.5               |                        |
| Contributions to international peacekeeping     | 844.1                                 |                            | 23.0   | 673.7                     |                              | 550.2                     | 550.2                 |                        |
| <b>Total International Organ. &amp; Conf.</b>   | <b>1,694.1</b>                        |                            | <b>30.0</b>                                    | <b>1,539.7</b>            |                              | <b>1,560.7</b>            | <b>1,560.7</b>        |                        |
| <b>Total International Commissions</b>          | <b>60.5</b>                           |                            |  | <b>57.5</b>               |                              | <b>71.7</b>               | <b>57.1</b>           |                        |

|   | <b>FY2002<br/>approps<br/>enacted</b> | <b>Post-9/11<br/>supps</b> | <b>FY2002<br/>supp<br/>(P.L. 107-<br/>206)</b> | <b>FY2003<br/>enacted</b> | <b>Supp.<br/>P.L. 108-11</b> | <b>FY2004<br/>request</b> | <b>House<br/>Bill</b> | <b>Senate<br/>Bill</b> |
|---|---------------------------------------|----------------------------|--|---------------------------|------------------------------|---------------------------|-----------------------|------------------------|
| <b>Related Appropriations</b>           |                                       |                            |  |                           |                              |                           |                       |                        |
| The Asia Foundation                     | 9.3                                   |                            |  | 10.4                      |                              | 9.3                       | 10.4                  |                        |
| National Endowment for Democracy        | 33.5                                  |                            |  | 42.0                      |                              | 36.0                      | 42.0                  |                        |
| East-West Center                        | 14.0                                  |                            |  | 18.0                      |                              | 14.3                      | -.-                   |                        |
| Eisenhower Exchange                     | 0.5                                   |                            |  | 0.5                       |                              | 0.5                       | 0.5                   |                        |
| Israeli Arab Scholarship                | 0.4                                   |                            |  | 0.4                       |                              | 0.4                       | 0.4                   |                        |
| <b>Total Related Appropriations</b>     | <b>57.7</b>                           |                            |  | <b>71.3</b>               |                              | <b>60.4</b>               | <b>53.3</b>           |                        |
| <b>Total State Department</b>           | <b>7,361.5</b>                        | <b>254.9</b>               | <b>303.0</b>                                   | <b>7,394.1</b>            |                              | <b>8,080.7</b>            | <b>7,857.4</b>        |                        |
| <b>International Broadcasting</b>       |                                       |                            |  |                           |                              |                           |                       |                        |
| Capital Improvements                    | 25.9                                  | 26.4                       | 7.7  | 12.7                      |                              | 11.4                      | 11.4                  |                        |
| Broadcasting Operations                 | 428.2                                 | 21.5                       | 7.4  | 468.9                     | 30.5                         | 525.2                     | 552.1                 |                        |
| Broadcasting to Cuba                    | 24.9                                  |                            |  | 25.0                      |                              | 26.9                      | -.-                   |                        |
| <b>Total International Broadcasting</b> | <b>479.0</b>                          | <b>47.9</b>                | <b>15.1</b>                                    | <b>506.6</b>              | <b>30.5</b>                  | <b>563.5</b>              | <b>563.5</b>          |                        |
| <b>TOTAL State &amp; Broadcasting</b>   | <b>7,840.5</b>                        | <b>302.8</b>               | <b>318.1</b>                                   | <b>7,900.7</b>            | <b>328.4</b>                 | <b>8,644.2</b>            | <b>8,420.9</b>        |                        |

**Note:** The FY2003 numbers in this table do not include the 0.65% across-the-board rescission included in P.L. 108-7.

\* H.R. 247 was introduced by Congressman Frank Wolf, Chairman of the House Appropriations Subcommittee on Commerce, Justice, and State to serve as a House baseline for CJS numbers in conference. No other congressional action occurred on the bill.