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State, Foreign Operations, and Related Programs: FY2014 Budget and Appropriations

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Summary

On April 10, 2013, the Obama Administration submitted to Congress its budget request for FY2014. The request for State, Foreign Operations, and Related Programs totaled \$51.84 billion, which was about 2% below the FY2013 post-sequester estimated funding level of \$52.88 billion. Within the request, \$3.81 billion was designated as Overseas Contingency Operations (OCO) funding, which was 68% below FY2013-estimated OCO funding of \$11.92 billion. Of the total request, \$16.88 billion was for State Department Operations and related agencies, a 5.8% decline from the FY2013 funding estimate of \$17.86 billion. About \$34.95 billion was for Foreign Operations, a 0.2% decrease from the FY2013 estimate of \$35.02 billion. After enacting appropriations for FY2014 with continuing resolutions in late 2013-early 2014, Congress completed action on, and the President signed, the Consolidated Appropriations Act (H.R. 3547/P.L. 113-76) in mid-January 2014.

This report provides a brief overview of the FY2014 State Department, Foreign Operations and Related Programs funding request, as well as top-line analysis of House and Senate State-Foreign Operations appropriations proposals, enacted continuing resolutions, and the Consolidated Appropriations Act, 2014 (P.L. 113-76). It does not provide information or analysis on specific provisions in the House and Senate legislation.

Tables in **Appendix A** and **Appendix B** provide side-by-side account-level funding data for FY2013, the FY2014 request, House- and Senate-proposed totals, and the enacted FY2014 funding levels in the Consolidated Appropriations Act (H.R. 3547/P.L. 113-76). The FY2013 funding data used as a point of comparison throughout this report represent post-sequestration estimates provided by the Department of State and reflect across-the-board rescissions.

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Consolidated Appropriations Act, 2014

On January 17, 2014, the President signed into law the Consolidated Appropriations Act, 2014 (H.R. 3547/P.L. 113-76), which provides full-year funding for FY2014, including the foreign affairs budget. Tables in **Appendix A** and **Appendix B** have been updated to show a comparison of the enacted FY2014 appropriations law with FY2013 post-rescission funding levels, the President's FY2014 request, and House- and Senate-recommended levels.

On October 16, 2013, after 16 days of a government shutdown resulting from an appropriations lapse, Congress passed the Continuing Appropriations Act, 2014 (H.R. 2775); the President signed it into law (P.L. 113-46) on October 17, 2013. (**Appendix C** provides information on the impact of government shutdown on the Department of State and Foreign Aid.) The continuing resolution (CR) continued FY2013 funding levels, including previous sequestration and rescission reductions, until January 15, 2014. H.J.Res. 106 (P.L. 113-73), approved by the House and Senate on January 15, extended the CR through January 18, allowing extra time for legislative consideration of an omnibus appropriation bill.

The Budget Control Act and State-Foreign Operations Appropriations

Sequestration required by the Budget Control Act of 2011 (BCA, P.L. 112-25, amended by the American Taxpayer Relief Act of 2012, P.L. 112-240), together with an additional 0.032% across-the-board rescission resulting from Section 3004 of the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), reduced FY2013 Department of State and Foreign Operations discretionary funding by an estimated 2% from the enacted level. As determined by the BCA, for some Department of State, U.S. Agency for International Development (USAID), and foreign aid activities, sequestration and rescissions were applied at the account level, such as USAID Operating Expenses. For others, such as Development Assistance (DA), Foreign Military Financing (FMF), Economic Support Fund (ESF), and Global Health Programs (GHP), reductions were at the country allocation level. Overseas Contingency Operations (OCO) funds were subject to sequester, but did not count toward spending caps. This report uses FY2013 post-sequester funding estimates.

The sequestration process could have been triggered after January 15, FY2014, if Congress had not either enacted appropriations legislation that was consistent with budget caps or repealed or amended the BCA. On December 12 and 18, 2013, respectively, the House and Senate agreed to the Bipartisan Budget Act (BBA, H.J.Res. 59, P.L. 113-67), which established less stringent spending caps for FY2014 and FY2015 than the BCA, potentially easing the way for an appropriations agreement for both years. However, the BBA did not repeal the BCA sequestration process. For FY2014, Congress passed the Consolidated Appropriations Act, FY2014, that funded the government within the revised statutory limits and avoided sequestration. For more detail, see CRS Report R42994, *The Budget Control Act, Sequestration, and the Foreign Affairs Budget: Background and Possible Impacts*, by (name redacted).

FY2014 State-Foreign Operations Overview

The Administration's FY2014 request of \$51.84 billion for State, Foreign Operations, and Related Programs represented about 1.4% of the total budget request for FY2014. It was 5.3% less than the FY2013 request and about 2% less than the FY2013 post-sequester funding estimate. (Unless otherwise noted, all of the FY2013 funding levels in this report reflect estimated funding levels after both sequestration and across-the-board rescissions are applied.)

The Consolidated Appropriations Act, FY2014, provides total funding of \$49.16 billion for State, Foreign Operations, and Related Programs, a 7% reduction when compared with FY2013

estimates and 5.2% less than the President's FY2014 request. The total enacted amount includes \$42.64 billion in core funds (for ongoing expenditures) and \$6.52 billion in Overseas Contingency Operations (OCO) funds for temporary, extraordinary expenditures in frontline states of Iraq, Afghanistan, and Pakistan, as well as other congressional priorities.

The State Department and related agencies request of \$16.88 billion (including the mandatory Foreign Service Retirement and Disability Fund) represented a decline of 5.5% from the estimated FY2013 funding level of \$17.86 billion. For FY2014, Congress enacted a \$15.86 billion in total funding for the State Department and related agencies, representing a decline of 11.2% from the FY2013 estimated level and 6% below the President's FY2014 request.

Within State-Foreign Operations, about \$34.95 billion was requested for foreign operations accounts, which was a 0.2% decrease from the FY2013 estimated funding of \$35.02 billion. The FY2014 foreign operations request had sought to include funding for Food for Peace programs that traditionally are funded through the Department of Agriculture appropriation. As a result, the FY2014 request for Agriculture programs within the 150 budget would have decreased dramatically from the FY2013 post-sequestration funding of \$1.54 billion to \$185 million.

The FY2014-enacted foreign operations budget totals \$33.72 billion, 3.7% below the FY2013 estimated funding and 3.5% below the President's FY2014 request. Congress did not agree to fund the Food for Peace program within the State-Foreign Operations appropriations.

Overseas Contingency Operations

Since FY2012, the Administration's international affairs budget has distinguished between what it has interchangeably called "core," "base," or "enduring" funding, and funding to support "overseas contingency operations" (OCO), described in budget documents as "extraordinary, but temporary, costs of the Department of State and USAID in Iraq, Afghanistan, and Pakistan."¹ Congress has adopted this approach, but has defined OCO more broadly. In each of the last three years, Congress has appropriated more OCO funding than requested, and for a broader range of countries and activities. For example, within the international affairs budget in FY2012, the Obama Administration requested \$8.7 billion for OCO, and Congress enacted \$11.2 billion. In FY2013, the Administration requested \$8.2 billion for OCO, but Congress enacted \$11.9 billion. The FY2014 request continues this pattern. Of the total funding requested for State-Foreign Operations in FY2014, \$3.8 billion was designated as OCO, while Congress appropriated \$6.5 billion (net rescissions of \$426 million).

Congressional Action

On July 25, 2013, the Senate Appropriations Committee passed its FY2014 State-Foreign Operations spending bill, S. 1372. The House Appropriations Committee approved H.R. 2855, a State-Foreign Operations appropriations bill for FY2014, on July 30, 2013. The House bill included \$40.78 billion in spending, net of rescissions, or about 21.3% below the FY2014 request and 22.9% below the FY2013 funding estimate. The Senate bill totaled \$49.49 billion, which was 4.5% less than requested and 6.4% less than FY2013 funding (see **Table 1** below). On January 13, 2014, after extensive negotiations, appropriations leaders reached a spending agreement and

¹ From Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2014, p. 97.

introduced a Consolidated Appropriations Act, 2014 (an amendment to H.R. 3547). The conferenced bill was approved by the House on January 15 and by the Senate the next day. The President signed it into law (P.L. 113-76) on January 17, 2014.

Table 1. Status of State-Foreign Operations Appropriations, FY2014
(funding in billions of current U.S. dollars)

302(b) Allocations ^a		Committee Action		Floor Action		Conference/Agreement			Public Law
House	Senate	House H.R. 2855	Senate S. 1372	House	Senate	House H.R. 3547	Senate H.R. 3547	Agreement	P.L. 113-76
5/21/13	6/20/13	7/30/13	7/25/13			1/15/14	1/16/14		1/17/14
\$40.78	\$47.87	\$40.78	\$49.49			\$49.16	\$49.16		\$49.16

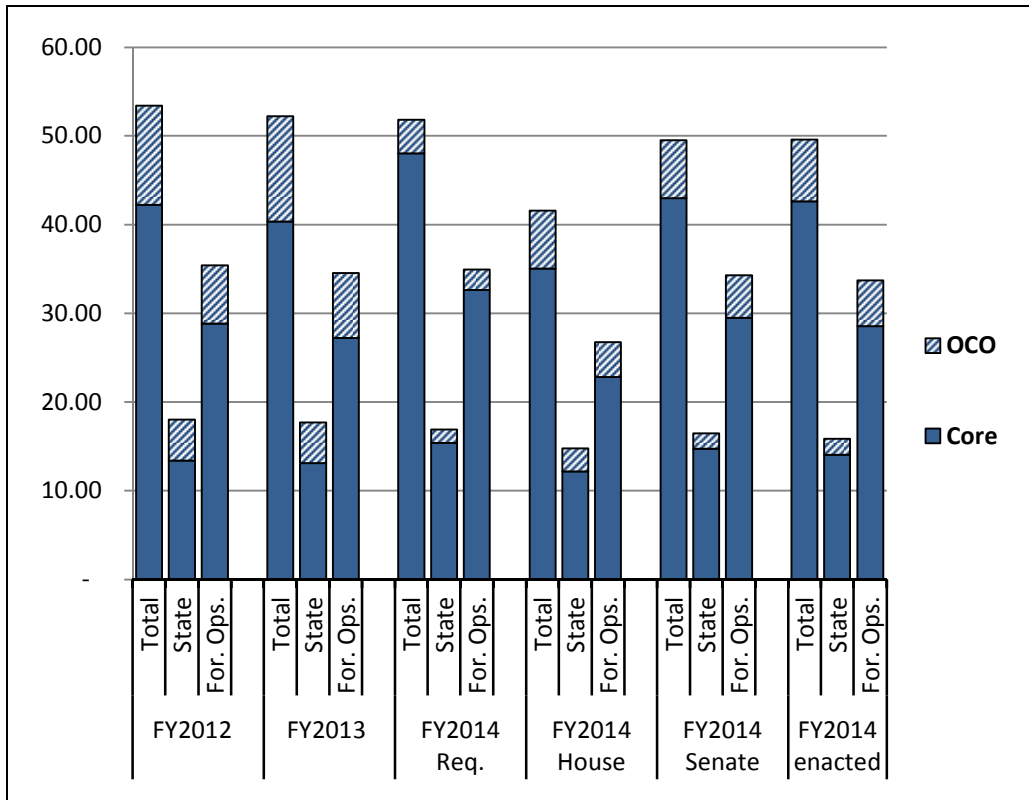
a. The Congressional Budget and Impoundment Control Act of 1974 established a congressional budget process. The act, as amended, includes a requirement that the House and Senate allocate funds to the Appropriations Committee, which are then divided among the 12 subcommittees, as required by Section 302(b).

The Consolidated Appropriations Act, 2014 (P.L. 113-76), total funding of \$49.16 billion for State Department, Foreign Operations and Related Programs is less than 1% below the Senate-proposed FY2014 level of \$49.49 billion, but is 20.5% above the House-proposed total of \$40.78 billion. For State Department operations and related programs, the enacted funding level of \$15.86 billion is 3.6% below the Senate-proposed level of \$16.46 billion, but 7.3% greater than the House-proposed total of \$14.78 billion. The foreign operations FY2014-enacted funding level of \$33.72 billion is 1.7% below Senate-proposed level of \$34.29 billion and 26% above the House-proposed level of \$26.77 billion. Congress designated a total of \$6.9 billion (before rescissions) for OCO funds, of which \$1.8 billion is for State operations and related programs and \$5.1 billion is for foreign operations (see **Figure 1** below). Account level data for each proposal are available in **Appendix A**.

The steepest cuts in the House bill would have been applied to the foreign operations accounts (-23.4% from the request and -23.6% from the FY2013 estimate), though State Department accounts also would have been reduced significantly (-12.4% from the request and -17.2% from the FY2013 estimate). The Senate bill, in contrast, proposed relatively minimal reductions to foreign operations accounts (-1.9% from the request and -2.1% from the FY2013 estimate), but somewhat larger cuts for the State Department and related programs (-2.5% from the request and -7.8% from FY2013). Both the House and Senate bills designated about \$6.5 billion as OCO funding, or 71% more than the \$3.8 billion requested as OCO for FY2014.

Figure I. State & Foreign Operations Appropriations, FY2012, FY2013, FY2014 Request and the FY2014 House and Senate Proposals

(in billions of current U.S. dollars)



Source: FY2012 data are from the FY2014 CBJ; FY2013 data are from tables provided to CRS by the State Department; FY2014 House data are from H.Rept. 113-185; FY2014 Senate data are from S.Rept. 113-81. FY2014 enacted data are from P.L. 113-76.

FY2014 State Operations Overview

The Department of State and Related Agency accounts include funding for the personnel, operations, and programs of the Department of State; U.S. participation in international organizations, such as the United Nations, as well as small commissions such as the International Boundary and Water Commission between the United States and Mexico; U.S. government, non-military-international broadcasting; and several U.S. non-governmental agencies whose purposes also help promote U.S. interests abroad, and other U.S. commissions and interparliamentary groups more directly related to U.S. foreign policy initiatives, such as the U.S. Commission on International Religious Freedom.

Funds for embassy construction, leasing or purchasing land for embassies, and embassy security activities are also included. Within State Department operations, two subaccounts contain the bulk of the overall embassy security funding: Worldwide Security Protection (WSP) within the Diplomatic and Consular Programs (D&CP) account and Worldwide Security Upgrades (WSU) within the Embassy Security, Construction and Maintenance (ESCM) account. WSP provides funding for salaries, maintenance, and software for embassy protection, whereas WSU provides

funds for the brick-and-mortar type of security, as well as for construction of secure new compounds.

The Administration’s FY2014 request sought \$16.88 billion for the State Department and Related Agency accounts, a significant decrease from FY2013 levels that was largely attributable to a large reduction in requested OCO Iraq operations funds, as the U.S. presence and footprint in that country were reduced.

The Consolidated Appropriations Act of 2014 aligns with the request in that it generally provides a boost for the topline “enduring” or non-emergency operating accounts of the Department of State, while reducing emergency (OCO) funding significantly from FY2013 levels as U.S. presence in the frontline states of Iraq, Afghanistan, and Pakistan continues to be reduced. For example, Diplomatic and Consular Programs (D&CP—the department’s operating account) sees an overall reduction of 17.2% from FY2013 levels and 5.7% less than the Administration requested. However, the act provides 1.9% more in base (or enduring) D&CP appropriations than in FY2013 (see **Table 2** below).

Table 2. State Department & Related Programs: Total Funding and Select Accounts
(in billions of current U.S. dollars)

	FY2013 Estimate Post- Sequestration & Rescissions (P.L. 113-6)	FY2014 Request	2014 Consolidated Appropriations Act (P.L. 113-76)	% change, FY2013 to FY2014 funding levels
Total, State & Related Programs (of which OCO)	17.86 (4.59)	16.88 (1.50)	15.86 (1.82)	-11.2%
Diplomatic and Consular Programs	9.66	8.48	8.0	-17.2%
(of which OCO)	(3.18)	(1.20)	(1.39)	(-56.2%)
Embassy Security Construction and Maintenance	2.82	2.65	2.67	-5.1%
(of which OCO)	(1.24)	(0.25)	(0.28)	
Educational and Cultural Exchange Programs	0.57	0.56	0.57	0%
Contributions to Int. Organizations/Peacekeeping	3.39	3.67	3.10	-8.3%
International Broadcasting	0.71	0.73	0.73	2.8%

Source: Department of State, FY2014 Congressional Budget Justification Executive Summary; CRS calculations.

Note: Figures may not match those in other tables due to rounding.

State Operations Key Issues

Diplomatic Security

The dangers to U.S. diplomats abroad were underscored by a number of attacks on U.S. facilities and personnel in recent years. These include the death of the U.S. Ambassador and three other U.S. personnel in an attack in Benghazi, Libya, on September 11, 2012; attacks on U.S. embassies in Egypt, Sudan, Tunisia, and Yemen, on the same day; the bombing of U.S. Embassy Ankara on February 1, 2012; and the death of U.S. Foreign Service Officer Anne Smedinghoff in Afghanistan on April 6, 2013.²

As a result, funding for the protection of U.S. government employees and facilities abroad has drawn particular scrutiny. In its report on the Benghazi attack, the State Department's Accountability Review Board urged State to work with Congress to increase resources for diplomatic security and allow for more flexibility in the application of those resources. In December 2012, the Secretary of State presented an Increased Security Proposal to Congress, which requested authority to transfer \$1.3 billion in OCO funds previously appropriated for Iraq operations towards diplomatic security needs. Of that, \$553 million would be for additional Marine security guards worldwide, \$130 million for 151 new diplomatic security personnel, and \$736 million for improved security at overseas facilities. While the transfer authority was not provided by the 112th Congress, Section 1707 of the Consolidated and Further Continuing Appropriations Act of 2013 (H.R. 933, P.L. 113-6) provided additional funding for diplomatic security (\$918 million for WSP, to remain available until expended; and \$1.3 billion for ESCM), while rescinding \$1.1 billion in unobligated balances from FY2012 OCO funds.

The Administration's FY2014 request sought to sustain the initiatives launched under the FY2013 Increased Security Proposal, including expansion of the Bureau of Diplomatic Security and further growth in the number of Marine Security Guard detachments deployed to diplomatic facilities. The request sought \$2.2 billion for construction of new secure diplomatic facilities, a combination of enduring funding, OCO funding, and other agency contributions. The request for ESCM of \$2.65 billion (including OCO), the State Department's second-largest administrative account, was 6% less than the FY2013 post-sequester estimate, but a 60.6% increase from the FY2012 actual level. Within this account, WSU funding would have decreased 15% from the FY2013 post-sequester estimate to \$1.61 billion, but 108% above the FY2012 funding level, while Ongoing Operations would increase by 18%. WSP funds, under D&CP, would have decreased by 3% from FY2013, to \$2.18 billion.

The Consolidated Appropriations Act, 2014 exceeds the Administration's request for ESCM of \$2.4 billion by \$25 million in OCO funds, to be used to harden high-risk posts. Of the total enacted ESCM funding of \$2.67 billion, \$1.6 billion is for WSU. P.L. 113-76 also provides a total of \$2.77 billion for Worldwide Security Protection (of which \$900.3 million are OCO funds), specifying that the \$585 million above the requested amount should be applied to the normalization of Iraq operations. When compared with FY2013 levels, however, the ESCM

² For more information on issues pertaining to diplomatic security, see CRS Report R43195, *Securing U.S. Diplomatic Facilities and Personnel Abroad: Legislative and Executive Branch Initiatives*, by (name redacted), and CRS Report R42834, *Securing U.S. Diplomatic Facilities and Personnel Abroad: Background and Policy Issues*, by (name redacted) and (name redacted).

account shows a reduction of 5.1% (or approximately \$145 million). WSP funds would grow by \$517 million or 23% over FY2013 levels.

Management and Human Resources of the Department of State

Many observers suggest that the Department of State chronically faces significant personnel shortfalls, a situation worsened in recent years by a growing number of overseas positions to fill. The ranks of mid-level Foreign Service officers (FSOs) are particularly thin, forcing junior personnel to serve in assignments meant for personnel of higher rank.³ In the past few years, to address this deficiency as well as the need to better train its employees, the State Department increased hiring under its Diplomacy 3.0 initiative, growing the FS by approximately 18%; however, hiring slowed significantly in FY2011-FY2012 due to budget constraints.

The Administration's FY2014 request sought to grow its Human Resources account (under Diplomatic & Consular Programs) to a total of \$2.60 billion.⁴ While it planned 186 new positions altogether for FY2014, 151 of these were to be funded by consular fees and devoted to meeting increasing visa demand. The remaining 35 new positions (30 Foreign Service, 5 Civil Service) for which State sought appropriated funding were to be focused on the "re-balance" to Asia and to staffing the Secretary's Office of the Coordinator for Cyber Issues. As a point of comparison, the State Department had requested appropriations for 121 new positions in its FY2013 request and for 133 in its FY2012 request.

Among its additional initiatives to address workforce needs, the department sought \$81.4 million in FY2014 funding to provide an overseas comparability pay (OCP) adjustment intended to bring the base pay of Foreign Service personnel posted overseas to levels comparable to their Foreign Service colleagues serving in Washington, DC, who receive locality pay. OCP advocates argue that the discrepancy affects morale and retention of FSOs and acts as a financial disincentive to serve overseas, including by its cumulative impact on retirement pay. The requested funding would have provided a third and final tranche of the OCP adjustment; two-thirds of the gap was addressed through prior year funding. The department's similar FY2013 request for the OCP adjustment was not supported by Congress.

The 2014 Consolidated Appropriations Act provides \$2.36 billion for the Human Resources account, or 9.2% less than was requested.⁵ The act explicitly does not fund the new positions requested by the department, directing the Secretary instead to reassign vacant or lower-priority positions to meet these higher priorities (and signaling a willingness to consider requests by the Secretary to redirect funds for additional positions).⁶ The act also prohibits implementation of the third phase of OCP, while allowing previous OCP adjustments to continue.⁷

³ U.S. Government Accountability Office, *Department of State: Foreign Service Midlevel Staffing Gaps Persist Despite Significant Increases in Hiring*, GAO-12-721, June 2012, p. 1, <http://www.gao.gov/assets/600/591595.pdf>.

⁴ FY2013 post-sequestration levels are not available for this account.

⁵ Explanatory Statement, p. 5.

⁶ Explanatory Statement, p. 7.

⁷ Explanatory Statement, p. 5.

Expeditionary Diplomacy and Key Regional Initiatives

Reduced Resources for the Frontline States

The Administration's FY2014 budget request envisioned sharply reduced State Operations resources for the frontline states of Iraq, Afghanistan, and Pakistan.⁸ In Iraq, the Department of State became the lead agency for all U.S. programs after the departure of U.S. military forces in late 2011. An initially ambitious presence was rapidly drawn down since then; the request indicated intent to further reduce the State Department's footprint and hand over additional sites to the Iraqi government. Including foreign assistance, the Administration requested \$1.18 billion for its activities in Iraq, including \$650 million in Ongoing Operations OCO funding. The request sought \$2.4 billion less than the FY2012 actual level.

The U.S. presence in Afghanistan is also rapidly evolving as the international combat mission is slated to end in 2014. The President's overall budget request for Afghanistan was \$3.1 billion, including \$2.2 billion in assistance and \$900 million to support decreasing numbers of civilian personnel under the State Department presence. Ongoing operations OCO funding under the request would have decreased by \$710 million from FY2012 levels. Funds requested for Pakistan, including foreign assistance, totaled \$1.3 billion. OCO funding for Ongoing Operations (\$0.04 billion) would have decreased by 61% compared to FY2012 funding.

The Consolidated Appropriations Act of 2014 provides \$491 million in D&CP/OCO funding for ongoing operations for the three frontline states of Afghanistan, Pakistan, and Iraq. When combined with \$419 million in unobligated FY2013D &CP appropriations, appropriators judge that the total of nearly \$910 million should be sufficient to meet operational costs in these countries. The combined total operational funding represents 43% less than what the Administration requested. The act also rescinds \$427 million in prior year unobligated D&CP balances from the frontline states' accounts due to reduced diplomatic and development footprints in there.

The "Rebalancing" to Asia

In the fall of 2011, the Obama Administration announced its intent to expand and intensify the already significant U.S. role in the Asia-Pacific, particularly in Southeast and South Asia. Goals underpinning this "rebalancing"—or "pivot"—to Asia include tapping into the economic dynamism of the region and influencing the development of the Asia-Pacific's norms and rules, particularly as China's regional influence grows. To this end, the Administration has, among other actions, announced new military deployments to and partnerships with Australia, Singapore, and the Philippines; joined the East Asia Summit; and secured progress in negotiations with 10 other nations to form a Trans-Pacific Strategic Economic Partnership (TPP) free trade agreement.

With some critics suggesting that the "rebalancing" has, to date, been overly focused on military deployments and initiatives, the FY2014 request emphasized the State Department's role in resourcing the re-balancing to Asia. In addition to a 7% increase in foreign assistance to the region, compared to FY2012, the department sought 29 new positions (of which 22 were to be Foreign Service) with the intention of deploying additional Economic and Political/Military

⁸ FY2013 post-sequester country allocations are not available.

officers at key posts across Asia. The request sought \$420 million for operations in support of initiatives such as new facilities in China, Laos, Papua New Guinea, and Burma.

As noted above, the 2014 Consolidated Appropriations Act does not fund the new positions requested by the Administration for FY2014, including those for the Asia rebalance. The act directs the Secretary instead to seek to reassign vacant or lower-priority positions to meet these higher priorities. The act further calls for the Secretary to submit, on behalf of the interagency, an “integrated, multi-year planning and budget strategy for a rebalancing of United States policy in Asia that links United States interest in the region with the necessary resources and personnel required for implementation, management, and oversight of such strategy.”⁹

FY2014 Foreign Operations Overview

The Foreign Operations budget funds most traditional foreign aid programs, including bilateral economic aid, multilateral aid, security assistance, and export promotion programs. It has not traditionally funded food aid. Funding for U.S. Agency for International Development (USAID) operations is also part of the foreign operations budget.

The FY2014 request of \$34.95 billion for these programs was almost level with the FY2013 estimated funding. However, this total included funding for food aid programs that are not currently funded through foreign operations accounts. The FY2014 request for total foreign assistance, including both foreign operations and food aid accounts, was about 4% below the FY2013 estimate. Congress did not accept the proposed food aid changes and enacted an FY2014 foreign operations appropriation of \$33.72 billion, a 3.7% cut from the FY2013 funding level. Breaking the request down by appropriations title shows proposed shifts in foreign assistance programming, and congressional response, at the broad level (**Table 3**):

- Bilateral Economic Assistance, including funding for independent agencies, made up about 64.5% of the FY2014 foreign assistance request, and would have increased such assistance by about 3% over FY2013 estimates. Much of the proposed growth could be attributed to changes in food aid funding and a proposed new \$580 million Middle East North Africa Incentive Fund (MENA IF). The FY2014 appropriation provides \$22.08 billion for bilateral economic assistance, just slightly below FY2013 funding, and does not include a MENA IF or adopt proposed changes in food aid.
- Security assistance accounted for about 24% of the proposed foreign aid budget, representing a 6% cut from the FY2013 post-sequester estimate. Almost every security assistance account would have been reduced compared to FY2013 estimates. However, total enduring security assistance funds would have increased 11% from FY2013, while OCO funds would have decreased by 60%, reflecting an Administration effort to shift security assistance away from OCO for frontline states and into enduring activities. The FY2014-enacted appropriation provides a total of \$8.51 billion for security assistance, slightly less than the request, but with 34% more funding than the request designated as OCO.

⁹ P.L. 113-76, Section 7043.

- Multilateral aid made up about 9% of the foreign aid budget request, and would have increased by about 11% over FY2013-estimated levels. Congress enacted a much smaller increase for FY2014, about 3% over FY2013, for a total of \$2.96 billion.

Table 3. Foreign Aid by Appropriations Title, FY2012 Actual–FY2014 Enacted
(in millions of current U.S. dollars)

	FY2012 Actual	FY2013 post- sequester estimate	FY2014 Request	FY2014 Enacted (P.L. 113-76)	% change, FY2013 to FY2014 Enacted
USAID Administration	1,528.00	1,450.80	1,571.34	1,313.21	-9.5%
Bilateral Economic Aid	22,194.80	22,133.45	22,770.42	22,084.99	-0.2%
Security Assistance	9,749.59	9,070.95	8,524.39	8,510.45	-6.2%
Multilateral Aid	2,966.29	2,879.84	3,196.44	2,960.75	+2.8%
Export Promotion, net	(1,015.44)	(513.72)	(1,117.44)	(1,147.39)	-123%
Total Foreign Operations	35,423.24	35,021.32	34,945.55	33,722.01	-3.7%
+ Food Aid from Ag bill	1,650.00	1,536.55	185.13	1,651.13	+7.5%
Total Foreign Aid	37,073.24	36,557.87	35,130.68	35,373.14	-3.3%

Source: FY2014 International Affairs Budget, Executive Summary; CRS calculations.

Notes: FY2012 data do not reflect rescissions. Independent agencies and Treasury Department accounts are counted under Bilateral Economic Assistance. Table does not include the International Trade Commission and the Foreign Claims Settlement Commission, which were included in the Foreign Operations total in FY2014 budget request materials.

Many of the top 10 recipients of foreign assistance would have been the same under the FY2014 request as in FY2013 (**Table 4**). The top recipient list is dominated by strategic allies in the Middle East and Southeast Asia, as well as top global health program recipients in Africa. Under the request, Israel would have continued to be the top U.S. aid recipient, at \$3.1 billion, a \$157 million increase over FY2013 funding. Afghanistan would have again ranked second among recipients, though with a slightly smaller allocation compared to FY2013. Egypt and Pakistan would both continue to be top recipients of security assistance, though aid disbursements may be impacted by restrictions related to the current events. Together, the top 10 recipients would account for about 37% of total bilateral economic and security assistance funds in both FY2013 and the FY2014 budget proposal.

Full country allocations for the FY2014-enacted appropriation are not yet available, but some account allocations are specified in the FY2014 explanatory statement. For example, Congress designated \$3.1 billion of FY2014 Foreign Military Financing (FMF) funding for Israel.

Table 4. Top 10 Recipients of U.S. Foreign Assistance, FY2013 Estimate and FY2014 Request

(in millions of current U.S. dollars)

FY2013 Estimate		FY2014 Req. Est.	
1. Israel	2,943	1. Israel	3,100
2. Afghanistan	2,246	2. Afghanistan	2,200
3. Egypt	1,688	3. Egypt	1,600
4. Pakistan	1,076	4. Pakistan	1,200
5. Jordan	740	5. Nigeria	693
6. Nigeria	700	6. Jordan	671
7. Iraq	590	7. Iraq	573
8. Tanzania	551	8. Kenya	564
9. Ethiopia	519	9. Tanzania	553
10. South Africa	514	10. Uganda	456

Source: FY2014 data from the Executive Summary, International Affairs Budget, FY2014. FY2013 data are from the Foreign Assistance “Dashboard” at <http://www.foreignassistance.gov>.

Note: Funding levels include OCO funds. Enacted FY2014 allocations by country are not yet available.

Foreign Operations Key Issues

Support for Middle East and North Africa Transitions

Political transitions and unrest in the Middle East and North Africa may have significant implications for U.S. national security goals, including protecting global oil supplies, enhancing intelligence/military cooperation, ensuring military access and force projection, and promoting Arab-Israeli peace. The rise of new leaders in the region represents both risks and opportunities, as the Administration and lawmakers consider how to respond in a manner that best promotes U.S. strategic interests and democratic values.

For FY2013, the Administration had requested an appropriation of \$770 million (of which \$700 million was new funding) to create a new Middle East North Africa Incentive Fund (MENA IF) that would provide flexible resources to meet diverse and rapidly evolving needs in the region. Congress neither authorized nor appropriated any MENA IF funding in the FY2013 continuing resolutions. In the 112th Congress, House and Senate Foreign Operations Appropriations bills differed over MENA IF. A Senate bill (S. 3241) would have funded it at \$1 billion for MENA IF, while a corresponding House measure (H.R. 5857) would not fund it at all, proposing instead \$200 million for Middle East response spending. Some lawmakers expressed significant reservations about the broad spending authorities sought by the Administration’s MENA-IF proposal as well as assisting some entities that would have been likely candidates for MENA IF assistance.

For FY2014, the Administration again requested funding for a MENA IF. The request called for \$580 million, of which \$105 million would be for the existing Middle East Partnership Initiative and USAID Middle East Regional Office. The Administration request did not specify how the funds would be allocated, but explained that they would be used to support interventions such as “support to Syrian opposition, humanitarian assistance, Enterprise Funds, and loan guarantees” that are already being funded in the region through reallocations of existing funds, “at great opportunity cost.” The MENA IF, the Administration asserted, would increase flexibility and transparency with respect to these activities, and “begin to address the imbalance between our security and economic assistance in the region.” The FY2014 House bill provided no funds for a MENA IF account, but noted that OCO funds may be used for stabilization and response efforts in the MENA region, in addition to Iraq, Pakistan, and Afghanistan. The Senate legislation did not include a MENA IF account either, but recommended \$575 billion for a Complex Foreign Crisis Fund (a modified version of the existing Complex Crisis Fund), which incorporated some of the authorities requested for a MENA IF. P.L. 113-76, the FY2014 appropriations legislation, does not include funding for a MENA IF account or additional funding or authorities for the Complex Crisis Fund for MENA response. The explanatory statement accompanying the bill,¹⁰ however, notes that OCO funds may be used for stabilization and response efforts in the Middle East and North Africa.

Overseas Contingency Operations

As described earlier, since FY2012, the Administration’s international affairs budget has distinguished between what it has interchangeably called “core,” “base,” or “enduring,” funding and funding to support “overseas contingency operations” (OCO), described in budget documents as “extraordinary, but temporary, costs of the Department of State and USAID in Iraq, Afghanistan, and Pakistan.”¹¹ In FY2012, Congress increased foreign operations funds designated as OCO by 52% over the requested level, including funds for Somalia, Yemen, and Kenya. The FY2013 full-year CR included unrequested OCO funds for disaster assistance and migration and refugees assistance, without language restricting it by country. Nearly half of FY2013 OCO funding for foreign operations was allocated for activities outside of Iraq, Afghanistan, and Pakistan.

For FY2014, the Administration continued with its narrower approach for the use of OCO, requesting \$2.31 billion in foreign operations OCO funds, almost all for Iraq, Afghanistan, and Pakistan. This represented a 68% decline from the FY2013 estimated OCO funding of \$7.33 billion. In P.L. 113-76, Congress designated \$5.13 billion in FY2014 foreign operations funds as OCO, which is more than double the amount requested by the Administration but about 30% below FY2013 OCO funding. In keeping with its broader interpretation of OCO, Congress noted that the funds could be used for “contingency operations in Afghanistan, Pakistan and Iraq; stabilization and response efforts, including in the Middle East and North Africa; and other programs that address counterterrorism, counterinsurgency, and humanitarian crisis.”¹² Although country allocations for FY2014 are not yet available, the scaled down diplomatic and

¹⁰ The statement accompanying P.L. 113-76 was published in the Congressional Record on Wednesday, January 15, 2014 under the House subheading as “Book II.”

¹¹ From Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2014, p. 97.

¹² This is from the explanatory statement accompanying P.L. 113-76, which was published in the Congressional Record on Wednesday, January 15, 2014 under the House subheading as “Book II.”

development presence in Iraq and Afghanistan suggests that, as in FY2013, OCO funding will be used in FY2014 to support a broad range of humanitarian and security assistance activities in the Middle East, Africa, and Central Asia.

Table 5 compares requested and enacted foreign operations OCO for FY2012, FY2013, and FY2014.

Table 5. Overseas Contingency Operations Funding and Requests in Foreign Operations Accounts, FY2012, FY2013, and FY2014

(in millions of current U.S. dollars)

	FY2012 Req.	FY2012 Actual	FY2013 Req.	FY2013 Estimate	FY2014 Req.	FY2014 Enacted
Foreign Operations OCO, total	4,316.60	6,573.80	3,882.87	7,325.66	2,308.20	5,129.50
Iraq	2,000.00	1,170.50	1,750.00	528.00	500.00	n.a.
Afghanistan	1,216.60	2,162.80	1,237.87	2,191.00	1,445.00	n.a.
Pakistan	1,100.00	1,610.10	800.00	1,050.80	281.20	n.a.
Other	0.00	1,630.50	95.00	3,555.86	82.00	n.a.
OCO as % of total Foreign Ops funding	10.73%	18.25%	10.76%	21%	6.57%	15.2%

Source: FY2012 and FY2013 Congressional Budget Justifications, Regional Annex; FY2014 Budget Request; FY2013 estimates are from <http://www.foreignassistance.gov>; FY2014 enacted data is from P.L. 113-76.

Note: FY2014 country-level funding data are not yet available.

Food Aid Reform

The International Affairs budget has supported international food assistance for decades, primarily through the Food for Peace (donated U.S. agricultural commodities) and Food for Education (school feeding and maternal, infant, and child nutrition) programs. Unlike most foreign assistance, these programs have been authorized in farm bills and received funding through the Agriculture appropriations. In recent years, appropriations to these two programs totaled more than \$1.5 billion annually.

Development professionals have long raised concerns about the efficiency and effectiveness of U.S. food assistance, which is subject to several restrictions. With some exceptions, Food for Peace commodities must be bought from U.S. producers and shipped on U.S. vessels. In recent years, the U.S. Department of Agriculture operated a pilot project to evaluate local and regional procurement of food aid commodities, while USAID carried out cash-based food security assistance (local and regional purchase, cash vouchers, cash transfers) through the International Disaster Assistance program (up to \$300 million). While most U.S. food aid is used to provide emergency humanitarian relief, some food aid commodities are provided to U.S. nongovernmental organizations to be sold (“monetized”) on local or regional markets and the proceeds used for development programs related to hunger and nutrition. Critics contend that U.S. procurement and shipping requirements, together with monetization practices, make food aid highly inefficient and ineffective.

In the FY2014 budget, the Administration requested \$1.82 billion for international food aid in three accounts. Under the food aid reform, the Administration proposed to shift \$1.1 billion of Food for Peace funds to the International Disaster and Famine Assistance account for emergency food response. As proposed, 55% of this funding, about \$600 million, would still have been used in FY2014 to procure and ship U.S. produced commodities. Together with \$300 million of International Disaster and Famine Assistance (IDA) funds for cash-based food security programs, total emergency food aid would have been \$1.4 billion in FY2014. The Administration's budget also proposed to shift \$250 million to the Development Assistance (DA) account for a Community Development and Resilience Fund (CDRF). Feed the Future funding of \$80 million would have been used to augment the CDRF, making its total \$330 million. The CDRF would have effectively replaced the current \$400 million "safe box" for nonemergency development food aid provided in the 2008 farm bill. Presumably, U.S. nongovernmental organizations (NGOs) that currently carry out food aid programs would have participated in these CDRF programs. The Administration maintained that by removing cost inefficiencies of the Food for Peace program, such as monetization, the same level of nonemergency program activity would be supported and more people would be reached. Finally, the Administration's FY2014 budget proposed to create a new Emergency Food Assistance Contingency Fund (\$75 million) to provide emergency food assistance for unexpected and urgent food needs.

In the FY2014 appropriation, Congress rejected the proposed reforms to food aid funding and implementation practices. P.L. 113-76 continues to fund food aid through the traditional accounts in the agriculture appropriation, providing \$1.466 billion for the Food for Peace, Title II program and \$185.13 million for the McGovern-Dole Food for Education program, a 7.5% increase, in total, over the FY2013 funding.

Humanitarian Assistance

Humanitarian assistance is intended to save lives and meet basic human needs in the wake of natural disasters and conflicts. In FY2012, humanitarian assistance funding in the foreign operations accounts totaled \$4.56 billion.¹³ The FY2013 full-year continuing resolution increased funding over the FY2012 level for two key humanitarian assistance accounts. International Disaster & Famine Assistance (IDA) increased from \$1.10 billion to an estimated \$1.55 billion (post-sequester estimate), with the increased funds designated as OCO. The Migration and Refugee Assistance (MRA) account increased from \$1.98 billion to \$2.70 billion (post-sequester estimate), also with OCO funds. In addition, the Administration transferred \$200 million of previously appropriated OCO funds in the Pakistan Counterinsurgency Capability Fund to the MRA account (\$100 million) and IDA account (\$120 million) to respond to the crisis in Syria.

The Administration's FY2014 foreign operations budget included \$4.13 billion for humanitarian assistance accounts, including \$1.76 billion for MRA, \$2.05 billion for IDA, \$250 million for Emergency Refugee and Migration Assistance (of which \$200 million was specifically for Syria), and \$75 million for a new Emergency Food Assistance Contingency Fund (EFACF). Of the IDA funds, \$629 million were allocated to USAID's Office of Foreign Disaster Assistance to respond to natural disaster, civil strife, food security, and displaced populations. The remaining \$1.42 billion was designated for Food for Peace activities currently funded through the Agriculture

¹³ The Food for Peace foreign food aid program, funded through the agricultural appropriations, is also generally considered to be humanitarian aid.

appropriation (see Food Aid above). In total, the humanitarian assistance request was about 27% below the FY2013 post-sequester estimate, due in part to \$250 million in food aid being moved to the Development Assistance account.

The FY2014 appropriation, P.L. 113-76, provides \$1.80 billion for IDA, \$3.06 billion for MRA, and \$50 million for ERMA. As discussed above, the legislation did not adopt proposed reforms to food aid programs, provided no funding for the proposed EFACF, and continued to appropriate food assistance through agriculture accounts. In total, the foreign operations accounts included \$4.91 billion in humanitarian assistance, a nearly 15% increase over FY2013 funding and almost 19% more than the Administration requested. The explanatory statement describes the increase as intended to address acute humanitarian needs related to Syrian refugees in Jordan, Turkey, and Lebanon.

Ongoing Administration Initiatives

The Obama Administration introduced three major foreign assistance initiatives in 2009 and 2010—the Global Health Initiative, the Food Security Initiative (Feed the Future), and the Global Climate Change Initiative—which continued to be priorities in the FY2014 budget request.

- **Global Health Initiative.** The request included \$8.315 billion for global health programs, a 3% increase over the FY2013 post-sequester estimate. The FY2014 appropriation includes \$8.439 billion in the global health account, a 4.7% increase over FY2013 funding and 1.5% more than the FY2014 request. The sub-allocations outlined in the explanatory statement are similar to those in the request for the largest programs, such as HIV/AIDS, malaria, and maternal and child health, but differ notably for a few priorities: tuberculosis (+24%), neglected tropical disease (+18%), and nutrition (+21%).
- **Food Security Initiative.** Feed the Future (FtF) is the Administration’s food security initiative, designed to support long-term country-led agricultural growth and nutrition plans. For FY2014, the Administration requested a total of \$1.191 billion for Feed the Future across several appropriations account, a 9% increase over the FY2012 funding. (FY2013 data are not yet available.) Increased funding would be channeled to economic resilience activities in regions of Africa facing chronic food insecurity. A general provision in the FY2014 appropriations legislation provides that “not less than” \$1.1 billion appropriated through bilateral economic assistance accounts should be used for food security and agricultural development activities.
- **Global Climate Change Initiative (GCCCI).** The GCCCI would have decreased 2% from FY2012 funding (FY2013 data are not yet available), including a \$100 million transfer from ESF, under the Administration’s FY2014 request of \$837 million. Within that total, bilateral clean energy funding would have increased by 7% and adaptation programs by 1%, while sustainable landscapes funding would have been reduced by 10%. Total U.S. contributions to World Bank climate accounts would have decreased by 6% if the \$100 million ESF transfer to these funds is calculated into the FY2012 funding total.¹⁴ The FY2014 appropriation

¹⁴ These accounts include the Clean Technology Fund, Strategic Climate Fund, and Global Environment Fund (GEF), but only about half of GEF funding related to climate change and is included in the GCCCI funding calculation.

for GCCI programs is unclear, as the funding directives within the ESF and DA accounts, through which the majority of GCCI funding flows, do not mention climate activities.

Appendix A. State-Foreign Operations Appropriations, by Account

Table A-1. State Department, Foreign Operations and Related Agencies Appropriations, FY2013-FY2014

(in millions of current U.S. dollars)

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House	FY2014 Senate	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	H.R. 2855	S. 1372	Core	OCO	Total	
Title I. State, Broadcasting & Related Agencies, TOTAL	13,267.12	4,592.58	17,859.70	15,384.07	1,499.14	16,883.20	14,779.80	16,456.55	14,046.49	1,817.72	15,864.21	-11.2%
<i>Administration of Foreign Affairs, Subtotal</i>	8,957.40	4,496.37	13,453.77	10,678.23	1,499.14	12,177.37	11,355.91	11,824.17	9,947.76	1,723.90	11,680.66	-13.2%
Diplomatic & Consular Program <i>(of which Worldwide Security Protection)</i>	6,484.28 [1,341.21]	3,178.99 [909.38]	9,663.27 [2,250.59]	7,282.36 [1,791.17]	1,199.49 [390.96]	8,484.85 [2,182.13]	7,837.54 [2,182.14]	8,114.76 [2,767.52]	6,605.70 [1,867.25]	1,391.12 [900.27]	7,996.82 [2,767.52]	-17.2% [+11.3%]
Capital Investment Fund	56.37		56.37	76.90		76.90	76.90	76.90	76.90		76.90	+36.4%
Embassy Security, Construction & Maintenance <i>(of which Worldwide Security Upgrades)</i>	1,581.80 [669.53]	1,237.54 [1,227.03]	2,819.33 [1,896.56]	2,399.35 [1,614.00]	250.00	2,649.35 [1,614.00]	2,649.35 [1,614.00]	2,664.35 [1,320.45]	2,399.35 [1,614.00]	275.00	2,674.35 [1,614.00]	-5.1% [-14.9%]
Conflict Stabilization Operations		8.08	8.08	45.20		45.20	0.00	8.50		8.50	8.50	+5.1%
Ed. & Cultural Exchanges	553.68	14.82	568.50	562.66		562.66	451.34	603.63	560.00	8.63	568.63	< .1%

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House H.R. 2855	FY2014 Senate S. 1372	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	Total	Total	Core	OCO	Total	
Office of Inspector General	59.58	56.94	116.52	69.41	49.65	119.06	119.06	119.06	69.41	49.65	119.06	+2.2%
Representation Allowances	6.93		6.93	6.93		6.93	6.93	7.30	7.30		7.30	+5.3%
Protection of Foreign Missions & Officials	25.63		25.63	25.63		25.63	25.64	28.20	28.20		28.20	+10.0%
Emergency-Diplomatic & Consular Services	8.83		8.83	8.83		8.83	8.83	9.65	9.24		9.24	+4.6%
Repatriation Loans	1.37		1.37	1.37		1.37	1.37	1.70	1.54		1.54	+12.4%
Payment American Institute Taiwan	20.04		20.04	36.22		36.22	20.05	31.22	31.22		31.22	+55.8%
Foreign Service Retirement (mandatory)	158.90		158.90	158.90		158.90	158.90	158.90	158.90		158.90	—
<i>International Orgs, Subtotal</i>	<i>3,290.22</i>	<i>96.21</i>	<i>3,386.43</i>	<i>3,668.11</i>		<i>3,668.11</i>	<i>2,426.86</i>	<i>3,551.47</i>	<i>3,031.28</i>	<i>74.40</i>	<i>3,105.68</i>	<i>-8.3%</i>
Contributions to Int'l Orgs	1,376.33	96.21	1,472.54	1,573.45		1,573.45	746.03	1,456.81	1,265.76	74.40	1,340.16	-9.0%
Contributions, International Peacekeeping	1,913.89		1,913.89	2,094.66		2,094.66	1,680.83	2,094.66	1,765.52		1,765.52	-7.8%
<i>International Commission subtotal</i>	<i>112.96</i>		<i>112.96</i>	<i>120.96</i>		<i>120.96</i>	<i>111.71</i>	<i>132.96</i>	<i>125.92</i>		<i>125.92</i>	<i>+11.5%</i>
Int'l Boundary/U.S.-Mexico	68.78		68.78	77.02		77.02	68.92	80.82	77.44		77.44	+12.6%
American Sections	11.31		11.31	12.50		12.50	11.34	12.80	12.5		12.5	+10.5%

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House H.R. 2855	FY2014 Senate S. 1372	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	Total	Total	Core	OCO	Total	
International Fisheries	32.87		32.87	31.44		31.44	31.45	39.34	35.98		35.98	+9.5%
<i>International Broadcast, Subtotal</i>	<i>713.49</i>		<i>713.49</i>	<i>731.08</i>		<i>731.08</i>	<i>731.08</i>	<i>729.48</i>	<i>729.08</i>	<i>4.40</i>	<i>733.48</i>	<i>+2.8%</i>
Broadcasting Operations	706.82		706.82	722.58		722.58	724.08	721.48	721.08	4.40	725.48	+2.6%
Capital Improvements	6.67		6.67	8.50		8.50	7.00	8.00	8.00		8.00	+19.9%
<i>Related Approps, Subtotal</i>	<i>182.47</i>		<i>182.47</i>	<i>173.41</i>		<i>173.41</i>	<i>141.97</i>	<i>206.20</i>	<i>200.19</i>	<i>6.02</i>	<i>206.21</i>	<i>+13.0%</i>
Asia Foundation	16.14		16.14	17.00		17.00	13.00	17.00	17.00		17.00	+5.3%
U.S. Institute of Peace	29.04	7.99	37.03	35.69		35.69	10.71	37.00	30.98	6.02	37.00	-0.1%
Center for Middle East-West Dialogue-Trust & Program	0.80		0.80	0.09		0.09	0.09	0.09	0.09		0.09	-9%
Eisenhower Exchange Programs	0.48		0.48	0.40		0.40	0.40	0.40	0.40		0.40	-16.7%
Israeli Arab Scholarship Program	0.36		0.36	0.01		0.01	0.01	0.01	0.01		0.01	-1.0%
International Center	0.49		0.49	5.97		5.97	0.00				(0.52)a	+6.1%
East-West Center	15.86		15.86	10.80		10.80	0.00	16.70	16.70		16.70	+5.3%
National Endowment for Democracy	111.80		111.80	103.45		103.45	117.76	135.00	135.00		135.00	+20.8%
<i>Other Commissions subtotal</i>	<i>10.58</i>		<i>10.58</i>	<i>12.27</i>		<i>12.27</i>	<i>12.27</i>	<i>12.27</i>	<i>12.27</i>		<i>12.27</i>	<i>+16.0%</i>
Preservation of America's Heritage	0.57		0.57	0.69		0.69	0.69	0.69	0.69		0.69	+21.1%

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House	FY2014 Senate	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	H.R. 2855	S. 1372	Core	OCO	Total	
Int'l Religious Freedom	2.77		2.77	3.50		3.50	3.50	3.50	3.50		3.50	+26.4%
Security & Cooperation Europe	2.31		2.31	2.58		2.58	2.58	2.58	2.58		2.58	+11.7
Cong.-Exec. on People's Republic of China	1.80		1.80	2.00		2.00	2.00	2.00	2.00		2.00	+11.1%
U.S.-China Economic and Security Review	3.13		3.13	3.50		3.50	3.50	3.50	3.50		3.50	+11.8%
FOREIGN OPERATIONS, TOTAL	27,695.66	7,325.66	35,021.32	32,637.35	2,308.20	34,945.55	26,774.75	34,289.45	28,592.40	5,129.6	33,722.01	-3.7%
Title II. Admin of Foreign Assistance	1,204.35	246.45	1,450.80	1,500.34	71.00	1,571.34	1,355.79	1,519.61	1,222.17	91.04	1,313.21	-9.5%
USAID Operating Expenses	1,037.07	242.18	1,279.25	1,328.20	71.00	1,399.20	1,183.65	1,349.67	1,059.23	81.00	1,140.23	-10.9%
USAID Capital Investment Fund	123.13		123.13	117.94		117.94	117.94	117.94	117.94		117.94	-4.2%
USAID Inspector General	44.15	4.27	48.42	54.20		54.20	54.20	52.00	45.00	10.04	55.04	+13.7%
Title III. Bilateral Economic Assistance	17,224.84	4,908.61	22,133.45	22,388.22	1,382.20	22,770.42	17,306.05	22,149.7	18,190.81	3,894.17	22,084.99	-0.2%
Global Health Programs (GHP), State + USAID	8,061.49		8,061.49	8,315.00		8,315.00	8,175.00	8,455.00	8,439.45		8,439.45	+4.7%
GHP (State Dept.)	[5,439.33]		[5,439.83]	[5,670.00]		[5,670.00]	[5,670.00]	[5,670.00]	[5,670.00]		[5,670.00]	[+4.2%]
GHP (USAID)	[2,621.25]		[2,621.66]	[2,645.00]		[2,645.00]	[2,505.00]	[2,785.00]	[2,769.45]		[2,769.45]	[+5.6%]

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House	FY2014 Senate	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	H.R. 2855	S. 1372	Core	OCO	Total	
Development Assistance	2,717.67		2,717.67	2,837.81		2,837.81	2,000.00	2,507.00	2,507.00		2,507.00	-7.8%
International Disaster Assistance (IDA)	799.46	750.93	1,550.39	2,045.00		2,045.00	929.00	1,615.00	876.83	924.17	1,801.00	+16.2%
Transition Initiatives	47.61	6.22	53.83	57.60		57.60	57.60	57.60	48.18	9.42	57.6	+7.0%
Complex Crises Fund	9.49	28.50	37.99	40.00		40.00	—	—	20.00	20.00	40.00	+5.3%
Complex Foreign Crises fund	—		—	—		—	—	575.00	—		—	—
Emergency Food Aid Contingency	—		—	75.00		75.00	—	—	—		—	—
Development Credit Authority –Admin	[40.00]		[40.00]	[40.00]		[40.00]	[40.00]	[40.00]	[40.00]		[40.00]	—
Development Credit Authority Subsidy	7.88		7.88	8.20		8.20	7.86	8.20	8.04		8.04	+2.0%
Economic Support Fund	2,573.59	3,008.94	5,582.53	4,076.05	1,382.20	5,458.25	2,909.09	4,491.40	2,982.97	1,656.22	4,639.19	-16.9%
Assistance for Europe; Eurasia & Central Asia (AEECA)	0.00		0.00b	0.00		0.00	0.00	0.00	0.00	0.00	0.00	—
Middle East and North Africa Incentive Fund	0.00		0.00	580.00		580.00	0.00	0.00	0.00	0.00	0.00	—
Democracy Fund	108.96		108.96	0.00		0.00	111.50	130.50	130.50		130.50	+19.8%
Migration & Refugee Assistance	1,590.14	1,114.02	2,704.16	1,760.96		1,760.96	1,985.13	2,900.00	1,774.65	1,284.36	3,059.01	+13.1%

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House	FY2014 Senate	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	H.R. 2855	S. 1372	Core	OCO	Total	
Emergency Refugee and Migration	25.82		25.82	250.00		250.00	25.83	50.00	50.00		50.00	+93.6
<i>Independent Agencies subtotal</i>	<i>1,258.57</i>		<i>1,258.57</i>	<i>1,319.10</i>		<i>1,319.10</i>	<i>1,081.52</i>	<i>1,336.50</i>	<i>1,329.70</i>		<i>1,329.7</i>	+5.7%
Inter-American Foundation	21.36		21.36	18.10		18.10	13.70	22.50	22.50		22.50	+5.3%
African Development Foundation	28.48		28.48	24.00		24.00	9.78	30.00	30.00		30.00	+5.3%
Peace Corps	356.00		356.00	378.80		378.80	356.14	385.00	379.00		379.00	+6.5%
Millennium Challenge Corporation	852.73		852.73	898.20		898.20	701.90	899.00	898.20		898.20	+5.3
<i>Department of Treasury, subtotal</i>	<i>24.16</i>		<i>24.16</i>	<i>23.50</i>		<i>23.50</i>	<i>23.50</i>	<i>23.50</i>	<i>23.50</i>		<i>23.50</i>	-2.7%
Treasury Department Technical Assistance	24.16		24.16	23.50		23.50	23.50	23.50	23.50		23.50	-2.7%
Debt Restructuring	—		—	—		—	—	—	—		—	—
Title IV. Int'l Security Assistance	6,900.35	2,170.60	9,070.95	7,669.39	855.00	8,524.39	8,144.39	8,191.09	7,366.06	1,144.39	8,510.45	-6.2%
International Narcotics Control & Law Enforcement	1,005.61	932.47	1,938.08	1,129.73	344.00	1,473.73	1,473.73	1,131.50	1,005.61	344.39	1,350.00	-30.3%
Nonproliferation, Anti-Terrorism, Demining	560.27	114.59	674.86	616.13		616.13	616.13	700.00	630.00	70.00	700.00	+3.7%
International Military Education & Training	100.43		100.43	105.57		105.57	105.57	105.00	105.57		105.57	+5.1

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House H.R. 2855	FY2014 Senate S. 1372	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	Total	Total	Core	OCO	Total	
Foreign Military Financing	4,946.53	1,046.61	5,993.14	5,445.96	511.00	5,956.96	5,907.06	5,865.00	5,389.28	530.00	5,919.28	-1.2%
Peacekeeping Operations	287.51	76.93	364.44	347.00		347.00	421.90	389.50	235.60	200.00	435.60	+19.5%
Pakistan Counterinsurgency Capability Fund (PCCF)	0.00		0.00	0.00		0.00	-380.00	0.00				—
Global Security Fund	0.00		0.00	25.00		25.00	0.00	0.00				—
Title V. Multilateral Assistance	2,879.84		2,879.84	3,196.44		3,196.44	1,151.44	3,546.49	2,960.75		2,960.75	+2.8%
World Bank: Global Environment Facility	124.84		124.84	143.75		143.75	0.00	143.75	143.75		143.75	+15.1%
International Clean Technology Fund	175.28		175.28	215.70		215.70	0.00	215.70	184.63		184.63	+5.3%
Strategic Climate Fund	47.37		47.37	68.00		68.00	0.00	68.00	49.90		49.90	+5.3%
World Bank: Int'l. Development Association	1,351.02		1,351.02	1,358.50		1,358.50	942.31	1,358.50	1,355.00		1,355.00	+0.3%
Int. Bank Recon & Dev	180.99		180.99	186.96		186.96	0.00	186.96	186.96		186.96	+3.3%
Inter-Amer. Dev. Bank - capital	107.34		107.34	102.02		102.02	0.00	102.02	102.00		102.00	-5.0%
IADB: Enterprise for Americas MIF	15.00		15.00	6.30		6.30	0.00	6.30	6.30		6.30	-58.0%

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House H.R. 2855	FY2014 Senate S. 1372	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	Total	Total	Core	OCO	Total	
IADB: Inter-American Investment Corporation	—		—	—		—	0.00	0.00				—
Asian Development Fund	94.94		94.94	115.25		115.25	74.54	115.25	109.85		109.85	+15.7%
Asian Development Bank – capital	101.19		101.19	106.59		106.59	0.00	106.59	106.59		106.59	+5.3%
African Development Fund	163.45		163.45	195.00		195.00	134.59	195.00	176.34		176.34	+7.9%
African Development Bank - capital	30.72		30.72	32.42		32.42	0.00	62.42	32.42		32.42	+5.5%
International Fund for Agricultural Development	28.48		28.48	30.00		30.00	0.00	30.00	30.00		30.00	+5.3%
Global Food Security Fund	128.17		128.17	135.00		135.00	0.00	135.00	133.00		133.00	+3.8%
IMF funding quota increase								315.00				—
International Organizations & Programs	331.05		331.05	320.65		320.65	0.00	355.70	344.02		344.02	+3.9%
Multilateral Debt Reliefc	—		—	175.30		175.30	0.00	145.30	—		—	—
Middle East North Africa Transition Fund	—		—	5.00		5.00	0.00	5.00	—		—	—
Title VI. Export Assistance	(513.72)		(513.72)	(1,117.04)		(1,117.04)	(1,182.92)	(1,117.44)	(1,147.39)		(1,147.39)	(123.3%)

	FY2013 Estimate Post-Sequestration & Rescissions (P.L. 113-6)			FY2014 Request			FY2014 House	FY2014 Senate	2014 Consolidated Appropriations Act H.R. 3547			% change FY2014 as compared w/FY2013
	Core	OCO	Total	Core	OCO	Total	H.R. 2855	S. 1372	Total	Total	Total	Total
Export-Import Bank (net)	(354.35)		(354.35)	(959.50)		(959.50)	(984.50)	(959.90)	(969.40)		(969.40)	(173.6%)
Overseas Private Investment Corporation (net)	(206.84)		(206.84)	(220.20)		(220.20)	(245.91)	(220.20)	(233.06)		(233.06)	(7.8%)
Trade & Development Agency	47.47		47.47	62.66		62.66	47.49	62.66	55.07		55.07	+16.0%
STATE-FOREIGN OPERATIONS, TOTAL	40,762.78	11,918.24	52,881.02	48,033.41	3,807.34	51,828.75	41,554.55	50,746.00	42,638.89	6,947.32	49,586.21	-6.2%
<i>Add Ons/ Rescissions</i>				7.00		7.00	(772.63)	(1,254.00)	1.00d	(427.30)e	(426.30)	—
State-Foreign Ops Total, Net of Rescissions	40,762.78	11,918.24	52,881.02	48,026.41	3,807.34	51,835.75	40,781.92	49,492.00	42,639.89	6,520.02	49,159.91	-7.0%

Source: FY2013 data are from tables provided to CRS by the State Department; FY14 House data are from H.Rept. 113-185; Senate data are from S.Rept. 113-81; FY2014 Consolidated data is from H.R. 3547/P.L. 113-76.

Notes: Shaded columns indicate fiscal year totals. Figures in brackets are subsumed in the larger account above and are not counted against the total. Figures in parentheses are negative numbers. “Core” funding is also sometimes referred to as “base” or “enduring” funding in budget documents.

- a. The International center is funded through the D&CP account in the FY2014 consolidated appropriation.
- b. Although no funding was requested through the AEECA account for FY2013, funding for many programs and activities currently supported by this account was requested in the ESF, GHP and INCLE accounts.
- c. Includes Multilateral Debt Relief Initiative (MDRI) funds both for the World Bank IDA and the African Development Bank.
- d. This is the net add-on in Title VII reflecting an immigrant visa provision (§7034(o)), additional funding for a death gratuity, and a rescission of Export-Import Bank funds.
- e. This rescission in Title VIII is from prior D&CP OCO funding.

Appendix B. International Affairs (150) Function Account, FY2012-FY2014

Table B-1. International Affairs Budget, FY2012-FY2014
(in millions of current U.S. dollars)

	FY2012 Actual	FY2013 post sequestration/ rescission/ estimate ^a	FY2014 Request	House	Senate	FY2014 Consolidated P.L. 113-76	% change, FY2013 to FY2014
State-Foreign Operations, excluding commissions^b	53,296.54	52,757.48	51,702.52	40,657.94	49,346.77	49,021.72	-7.1%
Commerce-Justice-Science							
Foreign Claim Settlement Commission	2.00	1.90	2.22	2.10	2.20	2.10	+10.5%
Int'l Trade Commission	80.00	78.87	85.10	79.00	85.10	83.00	+5.2%
Agriculture							
P.L. 480 and McGovern-Dole	1,650.00	1,536.55	185.13 ^c	1,329.98	1,651.13	1,651.13	+7.5%
Total International Affairs (150)	55,028.54	54,374.80	51,974.97	42,069.02	51,085.20	50,757.75	-6.7%

Source: FY2014 International Affairs Congressional Budget Justification; State-Foreign Operations H.Rept. 113-185; S.Rept. 113-81; Commerce, Justice, Science H.Rept. 113-171; S.Rept. 113-78; Agriculture H.Rept. 113-116; S.Rept. 113-46; P.L. 113-76, and CRS calculations.

Notes: Click here and type the notes, or delete this paragraph

- a. FY 2013 funding levels in this column reflect funding estimates after sequestration and after the across the board rescissions required by Section 3004 of the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6).
- b. While funding for certain international commissions are appropriated in the State-Foreign Operations bill, they are not part of the International Affairs Function 150 Account.
- c. Reflects appropriation request for P.L. 480 title II grants to be within the FY2014 Foreign Operations request.

Appendix C. Government Shutdown Effects on the Department of State and Foreign Aid

FY2014 began on October 1, 2013, with a partial government shutdown because Congress had not passed any appropriations bills for FY2014 and could not agree to differing House and Senate terms for a continuing resolution (CR) to keep the government funded.¹⁵ State operations and foreign assistance programs generally continued to operate because of two-year funding for the Department of State's Diplomatic and Consular Programs account that funds salaries and expenses and the U.S. Agency for International Development's (USAID's) Operating Expenses account. In addition to residual FY2013 and prior year money, trust funds, fees, permanent appropriations, and the Working Capital Fund remained available.¹⁶ In contrast, the Office of Inspector General, the International Boundary and Water Commission, and reportedly the American Sections of the International Joint Commission and International Boundary Commission operate on single-year appropriations and did shut down until the CR became law.

Since the majority of foreign aid programs operate with multi-year or no-year funding, most foreign aid continued to flow. Activities within these programs, however, were limited by prohibitions on new grants and cooperative agreements as well as restrictions on travel, training, and representational events, among other things. These applied to programs such as State's global health activities, migration and refugee assistance, and democracy promotion funds.

A few foreign aid programs operate with single-year appropriations but, according to Department of State officials, were able to operate on FY2013 money. U.S. security assistance programs, including International Military Education and Training (IMET), Foreign Military Financing (FMF), and Peacekeeping Operations (PKO), with small exceptions, were funded only through FY2013. If there had been another significant gap in FY2014 funding, more immediate impacts might have been felt by the recipients of these programs, such as Israel, as might U.S. support to the peacekeeping mission in the Sinai, according to the Department of State.¹⁷ Multilateral assistance within the International Organizations and Programs (IO&P) account also typically is funded with one-year appropriations. A lack of FY2014 funding for this account could have delayed U.S. voluntary contributions to such international entities as the U.N. Children's Fund (UNICEF) and the U.N. Development Program (UNDP). If there had been another government shutdown and the balance of FY2013 funding were insufficient, these programs funded entirely through single-year appropriations would have shut down until a new appropriation was enacted or unless they were deemed by the relevant Chief of Mission to be necessary for the safety of human life or protection of government property or for the "conduct of foreign affairs essential to national security." A delay in FY2014 funding could have affected recipients of these programs immediately.

If another shutdown had occurred in FY2014 and funds lapsed, both the Department of State and USAID might have instituted procedures to cease operations other than "excepted" functions—

¹⁵ For general information about government shutdowns, see CRS Report RL34680, *Shutdown of the Federal Government: Causes, Processes, and Effects*, coordinated by (name redacted).

¹⁶ For more detail, contact (name redacted) at /redacted/@crs.loc.gov to obtain a general distribution memorandum, *Potential Impacts of a Lapse in Appropriations for the Department of State*, October 3, 2013.

¹⁷ Department of State, "Daily Press Briefing," press release, October 3, 2013, <http://www.state.gov/r/pa/prs/dpb/2013/10/215092.htm>.

those essential to national security, including the conduct of foreign affairs.¹⁸ Among other restrictions, a hiring freeze would have remained in place and new security investigations would have been suspended. The Foreign Service Institute would have closed and training would not have been authorized. In addition, the department would have restricted a number of allowances, including representation allowances (reimbursement for expenses while on official commission overseas), education allowances, and educational travel, unless the travel was necessary for human safety. In addition to those, unpaid allowances for non-excepted positions could also have included include post differential (such as hardship posts) and danger pay, according to the department.

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¹⁸ See State Department's *Guidance on Operations during a Lapse in Appropriations* at <http://www.state.gov/m/rls/2013/214862.htm> and *Guidance on USAID Operations during a Lapse in Appropriations* at http://www.usaid.gov/sites/default/files/documents/1868/GuidanceonUSAIDOperationsduringaLapseinAppropriation9_27_13.pdf.

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