

# Department of State, Foreign Operations, and Related Programs: FY2018 Budget and Appropriations

(name redacted)

Specialist in Foreign Policy

(name redacted)

Specialist in Foreign Assistance Policy

(name redacted)

Analyst in Foreign Affairs

September 27, 2017

Congressional Research Service

7-....

[www.crs.gov](http://www.crs.gov)

R44890

## Summary

The 115<sup>th</sup> Congress is considering FY2018 funding levels for the Department of State, Foreign Operations, and Related Programs (SFOPS). President Donald J. Trump submitted his FY2018 budget request to Congress on May 23, 2017. The request seeks \$40.25 billion (-30% compared with FY2017 enacted) for SFOPS, including Overseas Contingency Operations (OCO) funds. Of this total, \$13.20 billion (-27% compared with FY2017 enacted) would be for the Department of State Operations and related programs. For Foreign Operations, the FY2018 request includes \$27.05 billion (-31% compared with FY2017 enacted). The total OCO funds in the request amount to \$12.02 billion (-42% below FY2017 enacted, including the FY2017 supplemental; excluding the supplemental, it would be -21%). OCO funds are important in the budget request since these funds do not count against the discretionary spending limits imposed by the Budget Control Act of 2011 (P.L. 112-25).

Prominent issues in the SFOPS request include, among others, a reduction in annual appropriations for diplomatic security, contributions to international organizations and international peacekeeping, and educational and cultural exchange programs; a proposal to consolidate several bilateral foreign aid programs into one new account called the Economic Support and Development Fund (ESDF); proposed elimination of some foreign operations entities, such as the Trade and Development Agency and the Inter-American Foundation; and a 44% reduction in humanitarian assistance, including a zeroing out of the P.L. 480 (Food for Peace) foreign food aid program.

The FY2018 appropriations for Defense (DOD) and/or nondefense could affect SFOPS funding in FY2018 because of the discretionary spending limits set by the Budget Control Act of 2011 (P.L. 112-25). For FY2018, the caps for enduring or base funds are set at \$549 billion for defense and \$516 billion for nondefense (including SFOPS). Exceeding these caps could lead to congressional action. Congress may seek to avert sequestration by amending or repealing the BCA, or passing a bipartisan budget agreement to raise OCO-designated funding for both DOD and SFOPS, as it did in FY2015. (For more detail on defense FY2018 budget issues, see CRS Report R44866, *FY2018 Defense Budget Request: The Basics*.)

On July 24, 2017, the House Committee on Appropriations reported H.R. 3362, the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018. The bill would provide \$47.5 billion in discretionary and mandatory funding for FY2018, including \$12.02 billion for OCO (the same as requested). The total House funding level reflects a \$7.3 billion (+18%) increase over the Administration request.

On September 7, 2017, the Senate Committee on Appropriations reported S. 1780 with a total of \$51.35 billion in discretionary and mandatory funding for FY2018, including \$20.79 billion (the same as the FY2017 enacted level) for OCO. This bill would provide 42% more OCO funds than either the request or the House bill. The Senate SFOPS total funding level is \$11.1 billion (22%) more than the Administration request and \$3.8 billion (7%) more than the House bill.

On September 7 and 8, 2017, the Senate and House respectively passed the Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (H.R. 601; P.L. 115-56). As signed by the President on September 8, 2017, the act provides government funding (a continuing resolution, or CR) at the FY2017 rate, reduced by 0.6791%, through December 8, 2017.

This report will be updated as congressional action on the foreign affairs budget occurs.

## Contents

|   |    |
|---|----|
| Introduction .....  | 1  |
| Congressional Action .....  | 2  |
| FY2018 Budget Request for State, Foreign Operations, and Related Programs (SFOPS) .....                           | 3  |
| Department of State and Related Programs .....  | 3  |
| Worldwide Security Protection .....   | 5  |
| Embassy Security, Construction, and Maintenance .....   | 6  |
| Contributions to International Organizations and Contributions for International<br>Peacekeeping Activities ..... | 7  |
| Educational and Cultural Exchange Programs.....   | 10 |
| Foreign Operations.....   | 10 |
| Key Foreign Operations Issues .....   | 13 |
| Economic Support and Development Fund .....   | 13 |
| Proposed Agency Eliminations .....  | 14 |
| Possible Impact on Key Sectors.....   | 14 |

## Figures

|   |    |
|---|----|
| Figure 1. Aid by Region, FY2018 Request ..... | 12 |
|---|----|

## Tables

|   |    |
|---|----|
| Table 1. State-Foreign Operations Appropriations, FY2009-FY2018.....  | 2  |
| Table 2. Status of State-Foreign Operations Appropriations, FY2018 .....  | 3  |
| Table 3. State Department and Related Agencies: Select Accounts .....   | 5  |
| Table 4. Foreign Operations and Foreign Aid by Appropriations Type, FY2016, FY2017,<br>and FY2018 Request and Legislation ..... | 11 |
| Table 5. Top Recipients of U.S. Foreign Assistance, FY2016 and FY2018 Request.....  | 13 |
| Table 6. Humanitarian Assistance by Account, FY2017 Enacted and FY2018 Request.....   | 16 |

|  |    |
|--|----|
| Table A-1. State Department, Foreign Operations, and Related Agencies Appropriations,<br>FY2016 Actual and FY2017 Enacted and FY2018 Request and Congressional Action..... | 19 |
| Table B-1. International Affairs Budget FY2016, FY2017, and FY2018 .....   | 27 |

## Appendixes

|   |    |
|---|----|
| Appendix A. SFOPS Appropriations, FY2016-FY2018 ..... | 19 |
| Appendix B. International Affairs Budget.....         | 27 |
| Appendix C. Glossary .....                            | 28 |

## **Contacts**

|                                  |    |
|----------------------------------|----|
| Author Contact Information ..... | 29 |
|----------------------------------|----|

## Introduction

The 115<sup>th</sup> Congress is considering FY2018 appropriations measures for the Department of State, Foreign Operations, and Related Programs (SFOPS). On May 23, 2017, the Trump Administration submitted its FY2018 budget request to Congress. The SFOPS total requested for FY2018 (including Overseas Contingency Operations funds, otherwise known as OCO) is \$40.25 billion, 30% below the enacted FY2017 SFOPS funding level of \$57.53 billion. For State Operations and Related Programs, the request is \$13.20 billion, 27% below the enacted level of \$18.09 billion. For Foreign Operations, the FY2018 request is \$27.05 billion, 31% below the FY2017 enacted level of \$39.44 billion. (For a comparison of the FY2018 SFOPS request with past funding levels, see **Table 1** below. For account-by-account details regarding the FY2018 request, FY2016 actuals, and comparison with FY2017 enacted funding levels, see **Table A-1**.)

The SFOPS FY2018 request seeks a total of \$12.0 billion in OCO funds for FY2018, representing a 42% reduction compared with the FY2017 enacted OCO level.<sup>1</sup> The Trump Administration would expand the designation of OCO funds from short-term, temporary war-related costs as requested by the Obama Administration to include longer-term, core costs for countries vital to U.S. national interests; for extraordinary activities that are critical to U.S. national security objectives; for preventing, addressing, or recovering from natural and manmade crises; and for securing State Department and USAID global operations.<sup>2</sup>

### OCO and the Budget Control Act

Since FY2012, SFOPS funding has been divided into enduring (regular or base) funds and Overseas Contingency Operations (OCO) funds used primarily for war or counterterrorism-related expenditures that do not count against discretionary spending caps imposed by the Budget Control Act of 2011 (BCA, P.L. 112-25). In 2015, Congress passed the Bipartisan Budget Act of 2015 (BBA, P.L. 114-74) that increased discretionary spending limits above previous BCA levels and set higher defense and foreign affairs OCO minimums for FY2016 and FY2017 to provide budget certainty. The BBA resulted in some SFOPS enduring funds being designated as OCO. From FY2015 to FY2016, SFOPS funds appropriated for OCO-designated activities increased by \$3.5 billion (or 200%), while enduring (base-budget) funds declined by \$3.0 billion (23%).

The Administration's broader FY2018 request to fund the government as a whole would breach defense discretionary spending caps but not the caps for nondefense (that includes SFOPS) required by the Budget Control Act of 2011 (BCA, P.L. 112-25). If Congress passes defense and/or nondefense budgets that exceed the BCA caps, congressional action will be necessary to avoid sequestration. Congress might opt to amend or repeal the BCA prior to appropriating the higher funds, or designate more funds as OCO for defense or foreign affairs, if nondefense caps become more restrictive.<sup>3</sup> Without amending the BCA, repealing it, or designating more funds as OCO, breaching only the defense caps, for example, could lead to sequestration (across-the-board reductions) for defense, but not for nondefense accounts, if they remain below the caps.

<sup>1</sup> The FY2017 OCO funding level includes \$4.3 billion from P.L. 114-254 that Congress appropriated December 10, 2016. The FY2017 OCO funding level represents a record high, compared with all other years beginning in FY2012 when the Department of State first requested these contingency funds.

<sup>2</sup> Information provided on page 10 of the Department of State briefing material May 23, 2017.

<sup>3</sup> Some Members have suggested that an amendment of the BCA could lower the spending caps for the nondefense category, possibly resulting in even greater funding constraints on foreign affairs spending in FY2018. To avoid that outcome, some have suggested that Congress pass a new bipartisan budget agreement that could raise nondefense spending caps and/or OCO minimums for a limited number of years.

**Table I. State-Foreign Operations Appropriations, FY2009-FY2018**

(in billions of current U.S. dollars)

|             | FY09  | FY10  | FY11  | FY12  | FY13  | FY14  | FY15  | FY16  | FY17<br>Enacted | FY18<br>Request | FY18<br>House | FY18<br>Senate |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------|-----------------|---------------|----------------|
| Enduring \$ | 50.30 | 49.44 | 48.80 | 41.80 | 39.75 | 42.91 | 41.01 | 37.97 | 36.74           | 28.23           | 36.80         | 30.57          |
| OCO/Supp \$ | 1.83  | 2.34  | 0.00  | 11.20 | 10.82 | 6.52  | 11.89 | 14.89 | 20.79           | 12.02           | 12.18         | 20.79          |
| Total       | 52.13 | 51.78 | 48.80 | 53.00 | 50.57 | 49.43 | 52.90 | 52.86 | 57.53           | 40.25           | 48.97         | 51.35          |

**Sources:** Congressional Budget Justification Department of State and Foreign Operations, Fiscal Year 2018; P.L. 115-31; P.L. 114-254; H.R. 3362 and S. 1780. CRS appropriations reports; and CRS calculations.

**Notes:** Supp=emergency supplemental funds, largely used for Iraq and Afghanistan before the OCO designation was first used in FY2012. FY2015 OCO/Supp includes \$9.37 billion for OCO and \$2.53 billion for emergency Ebola funds. OCO/Supp \$ for FY2017 includes \$4.3 billion within P.L. 114-254 and \$16.485 billion within P.L. 115-31. FY18 House total does not reflect rescissions of prior year funds. Numbers may not add due to rounding. FY18 House and Senate are committee-passed funding levels.

## Congressional Action

On September 7 and 8, 2017, the Senate and House respectively passed the Continuing Appropriations Act, 2018, and Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (H.R. 601; P.L. 115-56). As signed by the President on September 8, 2017, the act provides continuous government funding (continuing resolution, or CR) at the FY2017 level, reduced by 0.6791%, through December 8, 2017.

On September 7, 2017, the Senate Committee on Appropriations reported its State, Foreign Operations, 2018 bill (S. 1780), with a total of \$51.35 billion in discretionary and mandatory funding for FY2018 (\$6.2 billion more than the FY2018 request), including \$20.79 billion for OCO (the same as FY2017 enacted). As compared with the request and the House bill, the Senate bill includes 42% more OCO funds. OCO funds could be significant in negotiating the final omnibus or consolidated bill because of the potential for sequestration. The Senate SFOPS total funding level is \$11.1 billion (22%) more than the Administration request and \$3.8 billion (7%) more than the House bill.

Supporting comparatively strong funding levels for SFOPS, the Senate committee report (S.Rept. 115-152) refers to the President's SFOPS proposed reductions for FY2018 as "unjustified cuts" and states that "battlefield technology and firepower cannot replace diplomacy and development." The report also includes statements that would limit the Administration's discretion with respect to foreign affairs programs, such as setting minimum levels for Foreign Service and Civil Service positions that the appropriations are intended to support, and restates the Congressional Budget and Impoundment Control Act of 1974 (CBICA; title X of P.L. 93-344) that "limits the authority of the administration to reduce or withhold funding provided in the law by action or inaction."<sup>4</sup>

On July 24, 2017, the House Appropriations Committee reported H.R. 3362 (H.Rept. 115-253), a FY2018 SFOPS proposal that would provide \$35.50 billion for enduring funds and \$12.02 billion for OCO, totaling \$47.52 billion.<sup>5</sup> While the bill would provide \$7.3 billion more than the

<sup>4</sup> S.Rept. 115-152 - Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2018, September 7, 2017, pp. 6, 13, and 15.

<sup>5</sup> This figure is calculated from \$48.8 billion in new budget authority minus rescissions of \$1.3 billion from funds appropriated in prior years.

President’s request, it represents a \$10 billion (17%) decline compared with FY2017 total enacted. Overall, the House committee’s bill proposes \$1.24 billion (3%) less for enduring funds than the FY2017 enacted budget and \$8.8 billion (42%) less for OCO funds. Compared with the Senate bill, the House funding levels would be \$3.8 billion (7%) less. The House Appropriations committee report states: “Military power alone cannot solve all the [challenges and emerging crises throughout the world], especially over the long term. Advancing United States national interests also requires effective diplomatic engagement and foreign assistance.” At the same time, the committee recognizes resources are limited, and it supports steps to reduce waste, inefficiency, and duplication, and to press other nations to do more<sup>6</sup> (see **Table 2**).

**Table 2. Status of State-Foreign Operations Appropriations, FY2018**

(funding in billions of current U.S. dollars)

| 302(b) Allocations |        | Committee Action |         | Floor Action |        | Conference/Agreement |        |           | Public Laws |   |
|--------------------|--------|------------------|---------|--------------|--------|----------------------|--------|-----------|-------------|---|
| House              | Senate | House            | Senate  | House        | Senate | House                | Senate | Agreement |             |   |
| 7/17               | —      | 7/24/17          | 9/7/17  | —            | —      | —                    | —      | —         | —           | — |
| \$47.37            | —      | \$47.52          | \$51.35 | —            | —      | —                    | —      | —         | —           | — |

**Notes:** 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 approve a budget resolution that becomes the basis for the allocation of funds to the Appropriations Committee that are then divided among the 12 subcommittees, as required by Section 302(b). Neither the House nor the Senate has passed a budget resolution; however, in July the House did provide interim suballocations. This table shows the House committee-recommended total budget authority that includes \$35.35 billion for enduring, ongoing funds and \$12.02 billion for OCO. The Senate recommended levels include \$30.57 billion for enduring and \$20.79 billion for OCO.

## FY2018 Budget Request for State, Foreign Operations, and Related Programs (SFOPS)

The Trump Administration’s FY2018 budget request reflects a departure from past Administration budget proposals for the Department of State, Foreign Operations, and Related Programs (SFOPS). Discussion of some key changes follows.

### Department of State and Related Programs

The Administration proposes to cut funding for the State Department and Related Agency category<sup>7</sup> by 27% from FY2017 enacted levels, to \$13.20 billion.<sup>8</sup> Base funding would decrease

<sup>6</sup> H.Rept. 115-253 - State, Foreign Operations, and Related Programs Appropriations Bill, 2018, July 24, 2017, p. 4.

<sup>7</sup> The Department of State and Related Programs appropriation includes State Operations, Contributions to International Organizations and International Peacekeeping Operations, Function 300 International Commissions, International Broadcasting, State-related Commissions, and Other Commissions. It also includes mandatory payments to the Foreign Service Retirement and Disability Fund, which the Department of State excluded from its FY 2018 request calculation.

<sup>8</sup> The Department of State’s FY2018 Congressional Budget Justification uses FY2017 estimate calculations that are based on the annualized continuing resolution calculation for FY2017 (P.L. 114-223). In contrast, CRS’s FY2017 enacted calculations reflect the appropriations provided through the Further Continuing and Security Assistance Appropriations Act, 2017, (P.L. 114-254); and the Consolidated Appropriations Act, FY2017 (P.L. 115-31).



under the proposal by 19%, while OCO funding would decrease by 21%. Cuts are proposed in areas such as Capital Security Cost Sharing (CSCS) and Maintenance Cost Sharing (MCS) program contributions,<sup>9</sup> contributions to international organizations, contributions for international peacekeeping activities, and educational and cultural exchange programs. Department of State officials have said that although combined funding for bureaus within the Department of State that lead planning and implementation of diplomatic security-related activities (the Bureau of Diplomatic Security [DS] and the Bureau of Overseas Building Operations [OBO]) would decline by approximately 13% relative to the FY2017 estimated level, the level of resources available to these bureaus would increase by 11% when one accounts for adjustments to CSCS and MCS program payments.<sup>10</sup> The department's flexibility to make these adjustments owes in part to congressional decisions to provide "no-year" appropriations, or appropriated funds that the Department of State is authorized to carry forward beyond the fiscal year for which they were appropriated, to the department's key diplomatic security accounts.

Among the top-line accounts, the Diplomatic and Consular Programs (D&CP) account, the State Department's main operations account, would decline by 14% to \$8.26 billion. The Embassy Security, Construction, and Maintenance (ESCM) account would total \$1.14 billion, a 62% decrease from the FY2017 enacted level. Other noteworthy reductions in the proposal include significant cuts in "Related Programs" accounts, which fund a number of nongovernmental institutions (see **Table 3**). For example, the FY2018 request seeks to end direct appropriations for the Asia Foundation and the East-West Center (the department maintains that these organizations will remain eligible to compete for federal grant funding opportunities and receive private sector contributions). The request also looks to cut the direct appropriation for the National Endowment for Democracy by 39% from the FY2017 enacted level (see **Table 3**).<sup>11</sup>

H.R. 3362, the House committee bill, would provide \$15.52 billion in new appropriations for the State Department and Related Agency category (not reflecting rescissions of prior year funds). This comprises approximately 18% more than requested and 14% less than FY2017 enacted funding. About 27% of the State Department and Related Agency funding would be designated for OCO. The appropriations report accompanying the committee bill makes note of ongoing Administration efforts to reorganize the Department of State, asserting that "it is essential that Congress be provided detailed information regarding any reorganization plan prior to its implementation."<sup>12</sup>

---

<sup>9</sup> The Government Accountability Office notes that the Capital Security Construction Program began in fiscal year 1999 to fund the replacement of embassies that did not meet security standards. The Capital Security Construction Program is funded through direct appropriations to State and contributions from other U.S. agencies with overseas staff—received under the Capital Security Cost-Sharing Program. Congress established this cost-sharing program in FY2005 to provide additional funding for the Capital Security Construction Program. In FY2012, the Capital Security Construction Program was expanded to include the Maintenance Cost Sharing (MCS) program. According to the Department of State, the intended use of MSC is to "protect the investment made in existing facilities and properly maintain and extend the useful life of existing facilities that contain an overseas presence" and fund "the salary and support costs for the Department's cadre of professional facility managers at posts." For more information, see Government Accountability Office, *Embassy Construction: State Needs to Better Measure Performance of Its New Approach*, GAO-17-296, March 16, 2017; and U.S. Department of State, *Congressional Budget Justification: Fiscal Year 2012: Department of State Operations*, Vol. 1, February 18, 2011, p. 436.

<sup>10</sup> Briefing conducted by the Department of State for the United States House of Representatives, May 23, 2017.

<sup>11</sup> U.S. Department of State, *Congressional Budget Justification: Fiscal Year 2018: Department of State, Foreign Operations, and Related Programs*, May 23, 2017, pp. 18-19.

<sup>12</sup> U.S. Congress, House Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018*, report to accompany H.R. 3362, 115<sup>th</sup> Cong., 1<sup>st</sup> session, H.Rept. 115-253, p. 10.



The Senate committee bill, S. 1780, would provide \$15.69 billion in new appropriations for the State Department and Related Agency Category. This comprises approximately 19% more than the Administration's request and 13% less than FY2017 enacted funding. In addition, the bill would provide around 1% more funding than the House committee bill. If enacted, S. 1780 would designate approximately 25% of the State Department and Related Agency funding contained therein for OCO. Like the House committee report, the Senate committee report accompanying S. 1780 discusses efforts to reorganize the Department of State. The report expresses concern that "the process by which the Department of State and USAID intend to reorganize lacks clarity" and that "the administration has a predetermined outcome for the reorganization or redesign."<sup>13</sup>

**Table 3. State Department and Related Agencies: Select Accounts**

(in billions of current U.S. dollars)

|  | FY2016<br>Actual | FY2017<br>Enacted | FY2018<br>Request | % change<br>(FY17 to<br>FY18<br>request) | FY2018<br>House<br>(H.R. 3362) | FY2018<br>Senate<br>(S. 1780) |
|--|------------------|-------------------|-------------------|--|--------------------------------|-------------------------------|
| Diplomatic & Consular Programs               | 8.18             | 9.61              | 8.26              | -14%                                     | 8.43                           | 8.58                          |
| Embassy Security, Construction & Maintenance | 2.22             | 3.01              | 1.14              | -62%                                     | 2.31                           | 2.06                          |
| Intl. Orgs / Peacekeeping                    | 3.91             | 3.27              | 2.19              | -33%                                     | 2.67                           | 2.83                          |
| Intl. Broadcasting                           | 0.75             | 0.79              | 0.69              | -13%                                     | 0.77                           | 0.79                          |
| Educational and Cultural Exchanges           | 0.59             | 0.63              | 0.29              | -55%                                     | 0.59                           | 0.63                          |
| Related Programs                             | 0.24             | 0.24              | 0.12              | -50%                                     | 0.22                           | 0.24                          |

**Source:** CRS calculations based on Department of State, FY2018 Congressional Budget Justification, H.R. 3362 and S. 1780. Calculations may differ due to rounding.

## Worldwide Security Protection

The Worldwide Security Protection (WSP) request within D&CP is the primary source of funding for DS. DS's responsibilities include but are not limited to developing and implementing security programs to protect all personnel at every U.S. diplomatic mission; protecting the Secretary of State, the U.S. Ambassador to the United Nations, and foreign dignitaries below the head-of-state level who visit the United States; investigating passport and visa fraud; conducting personnel security investigations; and issuing security clearances.<sup>14</sup>

Under the Administration's proposal, which totals \$3.76 billion, funding for WSP would decline 19% from the FY2017 enacted level. When one excludes FY2017 supplemental funding, this proposal marks an increase of 1.1%. The Department of State maintains that congressional action to fully fund WSP with "no-year" appropriations has created an ample pipeline of unobligated funds. It adds that a large share of the difference between the FY2018 request and FY2017 figure owes to nonrecurrent OCO expenditures.<sup>15</sup> However, the department cautions that the increasing

<sup>13</sup> U.S. Congress, Senate Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2018*, report to accompany S. 1780, 115<sup>th</sup> Congress, 1<sup>st</sup> Session, S.Rept. 115-152, p. 12.

<sup>14</sup> U.S. Department of State, "About Diplomatic Security," <https://www.state.gov/m/ds/about/overview/index.htm>.

<sup>15</sup> U.S. Department of State, *Congressional Budget Justification: Fiscal Year 2018: Department of State, Foreign Operations, and Related Programs*, May 23, 2017, pp. 149-151; Briefing conducted by the Department of State for the (continued...)

percentage of recurring DS operations at overseas facilities funded in the WSP account through OCO may present future year challenges, as it anticipates that OCO funding will be significantly reduced in the years ahead. With regard to non-OCO funds, the Administration's \$871 million request for DS funds through WSP comprises a \$46.4 million net decrease reflecting "prior-year efficiencies" and does not make mention of future efficiencies to be realized.<sup>16</sup>

H.R. 3362 and S. 1780 would each appropriate a total of \$3.76 billion for WSP, which is equal to the Administration's request. The proportions of enduring funds (\$1.38 billion) and OCO funds (\$2.38 billion) provided in each bill also mirror the Administration's request. Both bills would maintain the status of WSP as a no-year appropriation for both OCO and non-OCO funds, meaning that the Department of State could carry forward any balance of unobligated FY2018 appropriated funds for expenditure in subsequent fiscal years.

### **Embassy Security, Construction, and Maintenance**

The ESCM account is the primary source of funding for OBO. OBO's responsibilities include but are not limited to setting the department's priorities for the design, construction, acquisition, maintenance, and use of diplomatic mission properties.<sup>17</sup> One key funding area within ESCM is the Worldwide Security Upgrades (WSU) allocation, which is used in part to meet the Department of State's share of obligations to the CSCS and MCS programs.

Like WSP, Congress has provided no-year appropriations for ESCM and, by extension, WSU. The Administration's \$1.14 billion request for ESCM constitutes a 62% decrease relative to the FY2017 enacted figure of \$3.01 billion. However, the department intends to draw on its balance of unobligated funds to increase actual ESCM total direct obligations from an estimated \$2.2 billion in FY2017 to \$2.3 billion in FY2018.<sup>18</sup>

Within ESCM, the department seeks to carry forward \$618.4 million in funds that Congress previously appropriated for WSU in FY2017 to meet its FY2018 CSCS and MCS obligations. The department maintains that these carry-over funds, requested new funds totaling \$337.7 million for this purpose for FY2018, and additional funds provided through Machine Readable Visa (MRV) fees will be sufficient to meet its required share of contributions to CSCS and MCS. According to the department, other agencies with overseas staff under Chief of Mission authority will contribute an additional \$1.1 billion, bringing total contributions to \$2.2 billion, which is the annual level the Benghazi Accountability Review Board recommended.<sup>19</sup>

H.R. 3362 would appropriate a total of \$2.31 billion for ESCM, or approximately 103% more than the Administration's FY2018 request. While the Administration does not request any OCO funds for the ESCM account, H.R. 3362 would provide \$71.78 million for OCO. With regard to WSU, the bill would provide \$1.49 billion, or over \$1.1 billion more than what the Administration is requesting. The appropriations report accompanying H.R. 3362 notes that the

---

(...continued)

United States House of Representatives, May 23, 2017.

<sup>16</sup> Ibid.

<sup>17</sup> U.S. Department of State, "About OBO," <https://overseasbuildings.state.gov/about>.

<sup>18</sup> Office of Management and Budget, *A New Foundation for American Greatness – President's Budget FY2018*, May 23, 2017, Appendix: Department of State and Other International Program, <https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/sta.pdf>, p. 771.

<sup>19</sup> Briefing conducted by the Department of State for the United States House of Representatives, May 23, 2017; U.S. Department of State, *Congressional Budget Justification: Fiscal Year 2018: Department of State, Foreign Operations, and Related Programs*, May 23, 2017, pp. 155-156.

committee recommendation does not include the Administration-requested authority to use prior year funds to augment its CSCS contribution for the Department of State. The committee instead recommends that the department obligate no less than \$956.152 million made available for ESCM in this legislation for its CSCS and MCS obligations. As with WSP, the funds provided under ESCM would comprise a no-year appropriation.<sup>20</sup>

S. 1780 would provide a total of \$2.06 billion for ESCM. This comprises approximately 81% more than the Administration's FY2018 request and 11% less than the House committee bill. Despite appropriating less total funds for ESCM than the House committee bill, S. 1780 would designate far more monies (\$158.82 million, compared to \$71.78 million in the House committee measure) for OCO. Within this amount, the Senate committee measure provides \$1.30 billion for WSU, or over \$900 million more than the Administration's request. The appropriations report accompanying S. 1780 includes funding recommendations for several programs and activities funded by ESCM, including \$1.12 billion for CSCS and MCS obligations.<sup>21</sup> This indicates that, as with the House committee measure, this bill conflicts with the department's intended approach of using prior-year funds to account for a significant proportion of its FY2018 CSCS and MCS contributions. Among other provisions, the appropriations report also calls for making available at least \$160.5 million of MCS program funds for the compound renovation project at Embassy Moscow and \$32 million of such funds for an American Center at Embassy Moscow.<sup>22</sup> As in the House committee bill, all funds provided under this measure would comprise no-year appropriations.

### **Contributions to International Organizations and Contributions for International Peacekeeping Activities**

Within the Department of State and Related Programs Appropriation, funds are provided to international organizations through the Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Activities (CIPA) accounts. In previous years, requests for these accounts have included itemized lists of intended U.S. contributions to international organizations and international peacekeeping activities. However, the department has yet to clarify how much it intends to contribute to individual entities in FY2018. Therefore, its FY2018 request includes aggregate figures divided only into enduring and OCO requests.

**CIO.** The Administration's request for the CIO account totals \$996 million, a 27% decrease from the FY2017 enacted level of \$1.36 billion. The department states that inherent in this request is the expectation that organizations to which the United States contributes will cut costs and distribute funding burdens more evenly across member states. The budget request notes that the department will lead an interagency review of U.S. contributions to international organizations, adding that priority will be given to organizations that "most directly support U.S. national security interests" and "American prosperity." The request also provides three means through which the department is considering significantly reducing U.S. contributions to international

---

<sup>20</sup> U.S. Congress, House Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018*, report to accompany H.R. 3362, 115<sup>th</sup> Cong., 1<sup>st</sup> session, H.Rept. 115-253, pp. 21-23.

<sup>21</sup> U.S. Congress, Senate Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2018*, report to accompany S. 1780, 115<sup>th</sup> Congress, 1<sup>st</sup> Session, S.Rept. 115-152, p. 23.

<sup>22</sup> Ibid.

organizations: (1) reducing the levels of international organizations' budgets, including through cooperating with key allies that have supported previous efforts to limit budget growth; (2) reducing the U.S. assessment rate; and/or (3) possibly not paying U.S. assessments in full.<sup>23</sup>

H.R. 3362 would provide \$1.17 billion for CIO, which marks a 17% increase relative to the Administration's FY2018 request and a 14% decrease from the FY2017 enacted figure. The appropriations report states the committee's expectation that the Secretary of State prioritize payments for organizations whose work promotes human health and international security, which the committee says includes the North Atlantic Treaty Organization (NATO) and the International Atomic Energy Agency (IAEA).<sup>24</sup> The report notes the committee's disappointment with "the ascension to the UNHRC [United Nations Human Rights Council] of countries with poor human rights records." This is reflected in a measure in H.R. 3362 requiring the Secretary of State to determine and report to the Committees on Appropriations that the UNHRC is taking significant steps to increase transparency in the election of members for funds appropriated under this act to be made available in support of the UNHRC. This measure also requires the Secretary of State to report to the committees that U.S. participation in the UNHRC is in the national security interest of the United States and that it is taking significant steps to remove Israel as a permanent agenda item.<sup>25</sup>

S. 1780 would provide \$1.45 billion for CIO. This figure comprises an approximately 46% increase when compared to the Administration's FY2018 request, a 7% increase relative to the FY2017 enacted figure, and a 24% increase from the House committee measure. The appropriations report notes "the importance of United States engagement with international organizations, including the United Nations, the Organization for Economic Cooperation and Development, and the World Trade Organization" and states the committee's view that "fully meeting U.S. commitments to such organizations, combined with robust engagement to promote transparency and accountability to member states, is important to U.S. security and economic interests."<sup>26</sup> The report also calls on the Secretary of State to provide a cost-benefit analysis of each contribution made to an international organization receiving \$5 million or less in the most recent report of U.S. contributions to international organizations.<sup>27</sup> The committee states that such analysis shall include information regarding "(1) the extent to which the U.S. contribution and the mission of such organization align with the U.S. national interest; (2) the efficacy and cost effectiveness of the operations and programs conducted by such organization; and (3) whether the organization conducts or funds programs and activities similar to other organizations included in the report, and the extent of any such overlap."<sup>28</sup> Like H.R. 3362, S. 1780 includes a measure requiring the Secretary of State to determine and report to the Committees on Appropriations that U.S. participation in the UNHRC is in the national security interest of the United States and that the UNHRC is taking significant steps to remove Israel as a permanent agenda item before funds

<sup>23</sup> U.S. Department of State, *Congressional Budget Justification: Fiscal Year 2018: Department of State, Foreign Operations, and Related Programs*, May 23, 2017, p. 181.

<sup>24</sup> U.S. Congress, House Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018*, report to accompany H.R. 3362, 115<sup>th</sup> Cong., 1<sup>st</sup> session, H.Rept. 115-253, p. 25.

<sup>25</sup> See Sec. 7048 (c) of H.R. 3362

<sup>26</sup> U.S. Congress, Senate Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2018*, report to accompany S. 1780, 115<sup>th</sup> Congress, 1<sup>st</sup> Session, S.Rept. 115-152, p. 25.

<sup>27</sup> These reports are submitted to Congress pursuant to section 4(b) of the United Nations Participation Act (22 U.S.C. 287b(b)).

<sup>28</sup> U.S. Congress, Senate Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2018*, report to accompany S. 1780, 115<sup>th</sup> Congress, 1<sup>st</sup> Session, S.Rept. 115-152, pp. 25-26.

appropriated under the act may be made available in support of the UNHRC. However, unlike H.R. 3362, this requirement does not include language mandating that the Secretary report that the UNHRC is taking significant steps to increase transparency in the election of members.<sup>29</sup> Language regarding the transparency issue was not included in the reporting requirement regarding the UNHRC in the Consolidated Appropriations Act, FY2017 (P.L. 115-31).

**CIPA.** The Administration's request for CIPA totals \$1.19 billion, a 37% decrease from the FY2017 enacted level of \$1.90 billion. The department asserts that because the United States will not have an opportunity to achieve a reduction in its U.N. peacekeeping assessment rate until December 2018,<sup>30</sup> reduced U.S. funding must be achieved through reductions in overall U.N. peacekeeping budget levels or reduced U.S. contributions. The department adds that while U.N. peacekeeping missions help achieve U.S. government objectives, these missions must be implemented in a more effective manner, enabling them to better "address conflicts, support political solutions, and meet the needs of the people they are intended to help." The request also includes a call to other permanent members of the U.N. Security Council to join the United States in a strategic review of each peacekeeping mission, and more equitable mission cost sharing among U.N. member states.<sup>31</sup>

H.R. 3362 would provide \$1.5 billion for CIPA. This is a 25% increase relative to the Administration's FY2018 request and a 22% decrease from the FY2017 enacted figure. The appropriations report notes that the committee recommendation provides the resources necessary to fund the assessed cost of peacekeeping missions at the statutory level of 25%. It also states the committee's concern about the scope, duration, and costs of U.N. peacekeeping missions and supports U.S. efforts to bring down costs while maintaining U.S. interests and international security.<sup>32</sup>

The Senate committee measure, S. 1780, would provide \$1.38 billion for CIPA. This figure constitutes an approximately 15% increase compared with the Administration's request, a 27% decrease from the FY2017 enacted figure, and an 8% decrease from H.R. 3362. As with the House committee measure, the appropriations report for S. 1780 states that the bill provides sufficient funds for contributions equal to the 25% statutory limitation on such contributions.<sup>33</sup>

---

<sup>29</sup> See §7048 (c) of S. 1780

<sup>30</sup> Assessed contributions are required dues, the payment of which is a legal obligation accepted by a country when it becomes a U.N. member. In the early 1990s, the U.S. rate of assessment was over 30%—a level that many U.S. policymakers found to be too high. Accordingly, in 1995 Congress set a limit of 25% on the funds authorized for any fiscal year after 1995. The 25% cap remains U.S. law; however, between FY2002 and FY2016, Congress enacted legislation to raise the cap temporarily so that U.S. contributions were closer to U.N. assessment levels. Congress did not enact a cap adjustment for FY2017 peacekeeping funding, and the U.S. cap returned to 25%. The Department of State's FY2018 budget request says that the United States would not contribute more than 25% to U.N. peacekeeping costs.

<sup>31</sup> U.S. Department of State, *Congressional Budget Justification: Fiscal Year 2018: Department of State, Foreign Operations, and Related Programs*, May 23, 2017, p. 184.

<sup>32</sup> U.S. Congress, House Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018*, report to accompany H.R. 3362, 115<sup>th</sup> Cong., 1<sup>st</sup> session, H.Rept. 115-253, pp. 28-29.

<sup>33</sup> U.S. Congress, Senate Committee on Appropriations, *Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2018*, report to accompany S. 1780, 115<sup>th</sup> Congress, 1<sup>st</sup> Session, S.Rept. 115-152, p. 26.



## **Educational and Cultural Exchange Programs**

The Administration's FY2018 budget request for the Educational and Cultural Exchange Programs account totals \$285 million, a 55% reduction from the FY2017 enacted level of \$634 million. The department notes that these programs help build strategic relationships and networks between American citizens and people in other countries to advance U.S. foreign policy goals.

According to the Department of State, the FY2018 request is intended to be more narrowly targeted toward specific foreign policy goals, avoid duplication, and focus on "core programs" including the Fulbright program. The request calls for federal funding for the Fulbright program to total \$125.6 million, a 47% reduction from the FY2017 enacted level of \$240 million.<sup>34</sup> Some Members of Congress have expressed concern that this request could significantly curb or even zero out federal funding for additional unspecified congressionally mandated exchange programs.

H.R. 3362 would provide \$590.9 million for Educational and Cultural Exchange Programs, including no less than \$236 million for the Fulbright program. This marks a 107% increase relative to the Administration's FY2018 request and a 7% reduction compared to the FY2017 enacted level. It also includes language provided in past appropriations laws requiring that any substantive modifications from the prior fiscal year to programs funded by this act under this heading shall be subject to prior consultation with, and the regular notification procedures of, the Committees on Appropriations.

S. 1780 would provide \$634.1 million for Educational and Cultural Exchange Programs, which is equal to the FY2017 enacted figure. Furthermore, it marks an increase of 122% relative to the Administration's request and 7% more than the House committee measure. Of these funds, S. 1780 sets aside no less than \$240 million for the Fulbright program. Unlike H.R. 3362, S. 1780 provides that a portion of the Fulbright awards from the Eurasia and Central Asia regions shall be designated as Edmund S. Muskie Fellowships. Similar provisions designating a portion of Fulbright awards as such have been included in recent appropriations bills, as enacted.<sup>35</sup> Like the House committee bill, this measure includes language requiring the department to engage with the Committees on Appropriations prior to enacting substantive modifications from the prior fiscal year to programs funded under this heading of this act.

## **Foreign Operations**

The Foreign Operations accounts fund a range of activities encompassing bilateral economic aid, humanitarian assistance, security assistance, and export promotion programs. Together with two international food aid accounts appropriated through the Agriculture appropriation (P.L. 480 Title II Food for Peace and the McGovern-Dole Food for Education accounts), Foreign Operations accounts comprise the foreign assistance component of the international affairs budget.

For FY2018, the Administration is requesting \$27.05 billion for Foreign Operations, about 31% less than the FY2017 enacted funding level. Of this total, \$7.95 billion is designated as OCO (29%).

The House committee bill, H.R. 3362, includes \$33.46 billion in new appropriations for Foreign Operations (not reflecting rescissions of prior year funds), about 24% more than requested and

---

<sup>34</sup> U.S. Department of State, *Congressional Budget Justification: Fiscal Year 2018: Department of State, Foreign Operations, and Related Programs*, May 23, 2017, pp. 165-166.

<sup>35</sup> See P.L. 115-31, P.L. 114-113, and P.L. 113-235.

15% less than the FY2017 enacted funding. About 24% of the Foreign Operations funding would be designated as OCO.

The Senate committee bill, S. 1780, includes \$35.66 billion in new appropriations for Foreign Operations (not reflecting rescissions of prior year funds), about 32% more than requested and 10% less than the FY2017 enacted funding. About 47% of the Foreign Operations funding would be designated as OCO.

**Table 4** shows Foreign Operations and foreign aid funding (foreign operations plus food aid) by type for FY2016, FY2017 enacted, the FY2018 request and FY2018 pending legislation.

**Table 4. Foreign Operations and Foreign Aid by Appropriations Type, FY2016, FY2017, and FY2018 Request and Legislation**

(in millions of current U.S. dollars)

|  | FY2016<br>actual | FY2017<br>enacted | FY2018<br>request | %<br>change,<br>FY17 to<br>FY18<br>request | FY2018<br>House<br>(H.R.<br>3362) | FY2018<br>Senate<br>(S.<br>1780) |
|--|------------------|-------------------|-------------------|--|-----------------------------------|----------------------------------|
| <b>USAID Administration</b>  | 1,527            | 1,632             | 1,412             | -13.5%                                     | 1,517                             | 1,603                            |
| <b>Bilateral Economic Assistance</b><br>(excludes humanitarian assistance) | 18,553           | 19,076            | 12,756            | -33.1%                                     | 16,751                            | 17,905                           |
| <b>Humanitarian Assistance</b><br>(excludes P.L. 480 food aid)             | 5,910            | 7,837             | 5,254             | -33.0%                                     | 5,931                             | 6,294                            |
| <b>Security Assistance</b>   | 8,831            | 9,380             | 7,093             | -24.4%                                     | 8,756                             | 8,293                            |
| <b>Multilateral Assistance</b>   | 2,627            | 2,110             | 1,480             | -29.9%                                     | 878                               | 1,878                            |
| <b>Export Promotion</b>  | -454             | -590              | -946              | n.a.                                       | -372                              | -310                             |
| <b>Foreign Operations Total</b>  | <b>36,995</b>    | <b>39,443</b>     | <b>27,049</b>     | <b>-31.4%</b>                              | <b>33,460<sup>a</sup></b>         | <b>35,661</b>                    |
| P.L. 480, Title II and McGovern-Dole (Ag<br>approps)                       | 1,917            | 1,667             | 0.00              | -100%                                      | 1,602                             | 1,807                            |
| <b>Foreign Aid Total, Function 150</b>                                     | <b>38,912</b>    | <b>41,110</b>     | <b>27,049</b>     | <b>-34.2%</b>                              | <b>35,062<sup>a</sup></b>         | <b>37,468</b>                    |

**Source:** FY2018 Department of State, Foreign Operations, and Related Programs; Congressional Budget Justification; H.R. 3362 and H.R. 3268; S. 1780; CRS calculations. Note that P.L. 480 and McGovern-Dole are part of the 150 function, but are not within SFOPS appropriations.

**Notes:** The Humanitarian Assistance category includes the International Disaster Assistance, Migration & Refugee Assistance, and Emergency Refugee & Migration assistance accounts.

a. Does not reflect rescissions of prior year funds.

Every major category of foreign assistance would be reduced from FY2017 levels under the FY2018 request. Bilateral economic assistance and humanitarian assistance (not including food aid) would both be reduced by about a third overall from FY2017 levels, and multilateral aid cut about 30%. Security assistance and USAID administrative accounts would be subject to proportionately lighter cuts (-24% and -14%, respectively). Several accounts would be merged, eliminated, or funded only to cover close-out expenses, as discussed below.

The House bill would reduce funding compared to FY2017 in every category as well, though the cuts would generally be less than those proposed in the budget request. An exception is multilateral assistance, for which the House bill includes \$877 million, a 58% cut from the FY2017 appropriation and 41% less than the budget request.



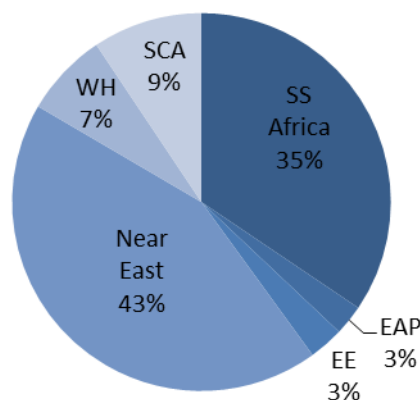
The Senate committee proposal would provide more funding than requested by the Administration, but less than enacted for FY2017, in every aid category. Most notably, the bilateral assistance funding in the Senate bill exceeds the Administration's request by 40%. The Senate funding levels also exceed the House funding for every aid category except for security assistance.

Under the FY2018 request, foreign assistance funding levels would decline in every region, with proposed cuts ranging from 60% in Europe and Eurasia to 11% in the Near East. The proportional share of aid for each region would not change significantly, though the Near East would replace Africa as the top regional recipient of foreign assistance, as aid to Africa would decline by 35%. Aid to the East Asia and Pacific regions would be cut nearly in half (46%) from FY2016 estimates, while aid to South and Central Asia would be cut by about 30% and Western Hemisphere by 36%. The request numbers, however, do not include humanitarian assistance, which may alter the regional breakdown once allocated.

The FY2018 budget request would continue to emphasize strategic allies in the Middle East (Israel, Egypt, and Jordan) and major global health and development partners in Africa. Ukraine and Pakistan, both among the top 10 recipients in FY2016, would not be among the top 10 aid recipients under the FY2018 request. Iraq would rejoin the top-10 list, even while receiving less assistance than in FY2016. Among top aid recipients, most would receive less assistance than they were allocated in FY2016. A few countries would receive more aid under the FY2018 proposal than in FY2016, including Botswana, Cote D'Ivoire, Lesotho, Namibia, Swaziland, Libya, and Syria.

**Table 5** compares country allocations for the top 10 aid recipients in FY2016 to those who would be top recipients under the FY2018 request.

**Figure 1. Aid by Region, FY2018 Request**



**Notes:** WH = Western Hemisphere; SCA = South Central Asia; EE = Europe and Eurasia; EAP = East Asia and Pacific; SS Africa = Sub-Saharan Africa.

**Table 5. Top Recipients of U.S. Foreign Assistance, FY2016 and FY2018 Request**  
(millions)

| FY2016         |         | FY2018 Req.    |         |
|----------------|---------|----------------|---------|
| 1. Israel      | 3,100.0 | 1. Israel      | 3,100.0 |
| 2. Egypt       | 1,456.3 | 2. Egypt       | 1,381.3 |
| 3. Jordan      | 1,275.0 | 3. Jordan      | 1,000.0 |
| 4. Afghanistan | 1,036.4 | 4. Afghanistan | 782.8   |
| 5. Ukraine     | 659.2   | 5. Kenya       | 639.4   |
| 6. Pakistan    | 632.2   | 6. Tanzania    | 535.3   |
| 7. Kenya       | 631.1   | 7. Nigeria     | 419.1   |
| 8. Tanzania    | 587.0   | 8. Uganda      | 436.4   |
| 9. Nigeria     | 578.0   | 9. Zambia      | 428.9   |
| 10. Ethiopia   | 516.1   | 10. Iraq       | 347.9   |

**Source:** Data for both **Figure 1** and **Table 5** are from FY2018 budget roll-out documents provided by the State Department. Does not include administrative funds, MCC, humanitarian assistance, or food aid.

The House committee bill does not provide comprehensive information on regional and country allocations, but does provide specific allocations for certain countries, including Israel (\$3.10 billion), Egypt (\$1.457 billion), Jordan (\$1.28 billion), and Colombia (\$336 million). The bill also provides \$615 million for the U.S. Strategy for Engagement in Central America.

The Senate committee bill and report specify assistance levels for many countries and regional funds, and country allocation for many accounts. Top recipients would include Israel (\$3.10 billion), Afghanistan (\$2.22 billion), Jordan (\$1.50 billion), Pakistan (\$1.41 billion), Egypt (\$1.082 billion), Ukraine (\$421 million), Colombia (\$391 million), and West Bank/Gaza (\$258 million). The Senate bill also includes \$600 million for the U.S. Strategy for Engagement in Central America and \$500 million for the ISIS Relief and Recovery Fund to assist ISIS-liberated communities in the Middle East and North Africa.

## Key Foreign Operations Issues

The Trump Administration is seeking several changes within the context of the FY2018 Foreign Operations budget. They include consolidating some bilateral foreign assistance programs, eliminating some programs/entities, and zeroing out funding for the P.L. 480 and McGovern-Dole foreign food aid programs.

## Economic Support and Development Fund

Under bilateral economic assistance, the Administration has proposed to eliminate the Development Assistance (DA), Economic Support Fund (ESF), Assistance to Europe, Eurasia, and Central Asia (AEECA), and Democracy Fund (DF)<sup>36</sup> accounts and replace them with a new Economic Support and Development Fund (ESDF) account. The Administration cites “improved ability to assess, prioritize and target development-related activities in the context of broader U.S.

<sup>36</sup> Administrations typically do not request funding for the Democracy Fund, explaining that democracy promotion activities are authorized under the DA and ESF accounts and an additional account is not needed.

strategic objectives”<sup>37</sup> as the reason for consolidation. Authorization language to clarify the authorities under which the new account would operate was not requested.

The proposed funding level for ESDF, \$4.938 billion, is more than 40% below the FY2017 funding for the accounts it would replace. Thirty-eight countries that received DA, ESF, or AEECA in FY2016 would no longer receive funding from these accounts or from ESDF under the FY2018 request.

The International Organizations & Programs (IO&P) account, which funds U.S. voluntary contributions to many U.N. entities, including UNICEF, U.N. Development Program, and U.N. Women, would also be zeroed out. Budget documents suggest that some unspecified activities currently funded through IO&P could receive funding through the ESDF.

The House committee bill maintains the ESF, DA, AEECA, and DF accounts, rejecting the proposed merger into an ESDF account and noting that the management review currently underway within the State Department and USAID should inform future account changes. The bill does not include funding for the IO&P account, but the committee notes that a contribution to UNICEF may be made through the Global Health Programs account.

The Senate committee rejects the requested account mergers entirely, noting in their report that “the establishment of the ESDF account has not been justified,” and uses the same foreign operations accounts as were used for FY2017. Funding for the IO&P account would increase by 7% under the Senate proposal compared to FY2017 funding.

## **Proposed Agency Eliminations**

The FY2018 request proposed the elimination of the following entities funded through foreign operations line items:

- Inter-America Foundation (IAF)
- U.S.-Africa Development Foundation (USADF)
- Overseas Private Investment Corporation (OPIC)
- Trade and Development Agency (TDA)

The Administration justifies the proposed eliminations on the basis of fiscal responsibility and prioritizing security investments. In each of these cases, funds are requested only for the orderly close-out of activities in FY2018.

Neither the House nor the Senate committee bills propose the elimination of any of these agencies, though the House bill proposes large reductions for IAF and USADF (-50% compared to FY2017 funding).

## **Possible Impact on Key Sectors**

Unlike previous administrations, the Trump Administration did not identify specific initiatives in its foreign assistance budget request. Rather, the request cited “priority areas” around which the budget request was formulated, including advancing U.S. national security, asserting U.S. leadership, fostering U.S. economic interests, and ensuring accountability to U.S. taxpayers. Despite this stated priority framework, aid sectors that have long made up the bulk of U.S.

---

<sup>37</sup> Congressional Budget Justification (CBJ), Department of State, Foreign Operations & Related Programs, FY2018, p.273.

foreign assistance would continue to do so. Foreign assistance in the global health, humanitarian, and security sectors together would comprise about 70% of the foreign aid budget request for FY2018, compared to 67% of FY2017 enacted funding.

### ***Global Health***

The Administration requested \$6.48 billion for global health programs in FY2018, a 26% reduction from the FY2017 funding level of \$8.72 billion, and authority to redirect \$322.5 million in prior year Ebola emergency funds to malaria and health security activities in FY2018. Every health subcategory would be reduced from the FY2017 enacted level:

**HIV/AIDS** (\$4,975 million, -17%). The request would eliminate funding implemented by USAID and provide \$1.1 billion to the Global Fund.

**Maternal & Child Health** (\$749.6 million, -8%). The request was level with FY2016 funding.

**Malaria** (\$424 million, -44%). The requested reprogramming of prior year Ebola funding would bring malaria funding to FY2016 levels.

**Tuberculosis** (\$178.4 million, -26%).

**Family Planning and Reproductive Health** (\$0, -100%). The request would eliminate assistance for family planning and reproductive health services (\$524 million in FY2017).

**Nutrition** (\$78.5 million, -37%).

**Other.** The request specifies no funding allocation for vulnerable children (\$23 million in FY2017) or for neglected tropical diseases (\$100 million in FY2017), and would reduce funding for pandemic/emerging health threats by 47% from the FY2017 enacted level (though seeking to use \$72.5 million in previously authorized Ebola funds for unspecified health security activities).

Overall, the Administration explains the reduction in global health aid as reflecting an effort to realign all foreign assistance with U.S. national security goals and to encourage other donors and partner countries to devote greater resources and political commitment to global health efforts.<sup>38</sup>

The House committee bill includes \$8.321 billion for global health, which is 4.6% less than the FY2017 enacted funding level and 28.4% higher than the Administration's request. It would continue funding for most health subsectors at a level similar to FY2017. The primary exception is reproductive health and family planning, for which the bill does not specify a GHP allocation but specifies in general provisions that no more than \$461 million in the bill (including from other accounts) may be used for reproductive health and family planning, about 20% less than funding for this purpose in FY2017. The House committee bill would also reduce funding for global health security, compared to FY2017, and does not specify a funding level for neglected tropical diseases. The bill authorizes the requested reprogramming of previously appropriated Ebola emergency funds for malaria and global health security programs.

The Senate committee bill includes \$8.59 billion for global health, which is 1.5% less than the FY2017 enacted funding level, 32.6% higher than the Administration's request, and 3.2% higher than the House proposal. It also proposes to reprogram \$120 million in prior year funds to support malaria and tuberculosis programs. With these reprogrammed funds included, the bill would continue funding for HIV/AIDS, nutrition, and malaria programs at the FY2017 funding level and

---

<sup>38</sup> CBJ, p. 243.

slightly boost allocations for maternal and child health, family planning and reproductive health, and tuberculosis programs compared to FY2017.

### *Humanitarian Assistance*

The Trump Administration's FY2018 budget request for humanitarian assistance totals \$5.25 billion, which is roughly 44% less than the FY2017 appropriated amount (\$9.30 billion—a record high) and about 20% of the total FY2018 foreign aid request. Humanitarian response to the Syria and Iraq crises and the threat of famines in Yemen, East Africa, and Nigeria would be priorities.

**Table 6. Humanitarian Assistance by Account, FY2017 Enacted and FY2018 Request**  
(in millions of current U.S. dollars)

| Account                                       | FY2017<br>Enacted | FY2018<br>Request | % change,<br>FY17-FY18 | FY2018<br>House<br>(H.R. 3362) | FY2018<br>Senate<br>(S. 1780) |
|---|-------------------|-------------------|------------------------|--------------------------------|-------------------------------|
| International Disaster Assistance             | 4,427.8           | 2,508.2           | -43.4%                 | 2,821.7                        | 3,133.2                       |
| Migration and Refugee Assistance              | 3,359.0           | 2,746.2           | -18.2%                 | 3,109.0                        | 3,110.3                       |
| Emergency Refugee and<br>Migration Assistance | 50.0              | 0.0               | -100.0%                | 0.0                            | 50.0                          |
| P.L. 480, Title II                            | 1,466.0           | 0.0               | -100.0%                | 1,400.0                        | 1,600.0                       |
| Total   | 9,302.8           | 5,254.4           | -43.5%                 | 7,330.7                        | 7,893.5                       |

**Source:** P.L. 114-254, P.L. 115-31, S. 1780, H.R. 3362; FY2018 budget documents.

**Notes:** The FY2017 appropriations specified that \$300 million in IDA funds were to be transferred to the P.L. 480, Title II account, making the IDA allocation \$4,127.8 million and P.L. 480 Title II funding \$1,650.0 million.

The request includes humanitarian assistance in only two accounts: \$2.746 billion for the Migration and Refugee Assistance (MRA) account and \$2.508 billion for the International Disaster Assistance (IDA) account. It provides zero funding for the Food for Peace (P.L. 480, Title II) and Emergency Refugee and Migration Assistance (ERMA) accounts. The request also includes broad OCO transfer authority (see **Table 6**).

Compared to the FY2017 appropriated amounts, the FY2018 request would decrease MRA by 18% and IDA by about 43% (39% when a required transfer of funds from IDA to P.L. 480, Title II is accounted for). State Department officials have indicated that they expect significant carry-over of previously appropriated funds into FY2018 due to the increased allocations and late enactment of the FY2017 appropriations. They have also suggested that the proposed funding reduction assumes that other donors will shoulder an increased share of the overall humanitarian assistance burden worldwide. The request continues a trend of annual humanitarian assistance requests being consistently and significantly lower than prior year appropriations.

**P.L. 480, Title II.** The FY2018 request provides no funding for the P.L. 480 Title II (Food for Peace) account funded through the Agriculture appropriation, which provides in-kind food aid from U.S. farmers. Instead, the request allocates \$1.1 billion within the IDA account for emergency food assistance. Funding food aid entirely through IDA, many believe, could improve program efficiency and flexibility by avoiding the commodity purchase and cargo preference requirements applied to P.L. 480. However, with P.L. 480 Title II funded at \$1.766 billion in FY2017 (including the \$300 million transfer from IDA), the \$1.1 billion earmark for emergency food assistance within IDA for FY2018 would be a cut of about 38%.

The House committee bill includes \$5.931 billion in humanitarian accounts, 24% less than the FY2017 enacted level and 13% more than the Administration's request. Like the request, the House committee bill did not include funding for the ERMA account. However, the House

agriculture appropriations committee bill, H.R. 3268, disregarded the requested eliminate of the P.L. 480 Title II account, proposing a funding level of \$1.4 billion for FY2018. Including P.L. 480, House committee legislation provides \$7.33 billion for humanitarian aid, which is 21% less than FY2017 funding and almost 40% more than the Administration's request.

The Senate SFOPS committee bill includes \$6.294 billion in humanitarian accounts, which is about 20% less than the FY2017 enacted level, 20% more than the Administration's request, and 6% more than the House proposal. The Senate committee bill does not zero out the ERMA account, instead providing \$50 million, level with FY2017 funding. The Senate agriculture appropriations committee bill, S. 1603, also disregarded the requested elimination of the P.L. 480 Title II account, providing \$1.60 billion for the program for FY2018. Including P.L. 480, Senate committee legislation provides \$7.89 billion for humanitarian aid, which is 15% less than FY2017 funding, 50% more than the Administration's request, and about 7% more than the House committee bill.

### ***Security Assistance***

The FY2018 security assistance request totals \$7.093 billion, a 24% reduction from the FY2017 enacted funding level and about 26% of the total foreign aid request. The International Narcotics Control and Law Enforcement (INCLE) account would be reduced by 33%; Non-proliferation, Antiterrorism, Demining and Related (NADR) by 30%; and International Military Education and Training (IMET) by about 9%. In each of these cases, the Administration describes the proposed reductions as concentrating resources where they offer the most value and U.S. national security impact.

The Foreign Military Financing (FMF) account would be reduced by 19% compared to FY2017 enacted funding, with 95% of the request allocated to four countries: Israel (\$3.1 billion), Egypt (\$1.3 billion), Jordan (\$350 million), and Pakistan (\$100 million). These countries comprised 85% of FMF funding in FY2016. The remaining \$200.7 million would be for a global account to be allocated as necessary, on a grant or loan basis, to meet pressing security challenges. It is unclear what the terms of any FMF loans would be. This approach provides the department with additional flexibility and could potentially greatly reduce the number of countries receiving FMF assistance (from 56 in FY2016).

The Peacekeeping Operations (PKO) account, which is primarily used to support a U.N. logistical support operation in Somalia as well as U.S. training and equipment for African militaries, would see the biggest reduction under the request, down 54% from FY2017 enacted funding, though the figure is distorted by funds for the U.N. Support Office in Somalia (\$474 million in FY2017) being requested through the Contributions to International Peacekeeping Activities (CIPA) rather than PKO account, which happens every year. No funds were requested for the African Peacekeeping Rapid Response Partnership and the Security Governance Initiative (which totaled \$114 million in FY2017), but PKO-funded counterterrorism assistance to African countries would nonetheless increase under the proposal.

The House committee bill would provide \$8.756 billion in security assistance accounts, which is about 7% less than the FY2017 appropriation and 23% more than the Administration's request. Every account would see cuts from the FY2017 funding level. In contrast with the Administration's request, which specified FMF allocations to four countries, the House committee bill specifies the allocation of FMF funding to 21 countries and three regional funds, and does not include the requested authority for FMF loan assistance on a global basis.

The Senate committee bill includes \$8.293 billion for security assistance, about 12% less than the FY2017 funding. Cuts would be applied to all accounts except for International Military



Education and Training (IMET), which would be level funded. Total security assistance in the Senate committee bill is 17% more than the Administration request and about 5% less than the House committee level. The bill rejects the proposed Global Fund within the FMF account, as well as the proposed shift of FMF assistance from grants to loans. The accompanying report details FMF allocations to 54 countries and several regional funds.

### ***Proposed Funding Changes by Selected Objectives and Program Areas***

Foreign assistance is categorized in the Congressional Budget Justification by the objectives and program areas of the Foreign Assistance Framework, which identifies funding by purpose across multiple foreign aid accounts. Funding for most of these program areas would be cut under the FY2018 budget proposal compared to the FY2016 funding. Select examples of possible interest to Congress, listed in the order they appear in the Framework, include the following:

- Counterterrorism, \$315.4 million (-28%)
- Counternarcotics, \$373.9 million (-21%)
- Rule of Law & Human Rights, \$429.9 million (-46%)
- Basic Education, \$377.9 million (-46%),
- Trade & Investment, 113.7 million (-29%)
- Agriculture, \$499.8 million (-51%)
- Environment, \$185.3 million (-89%)
- Disaster Readiness, \$120.3 million (-62%)

For three program areas, requested FY2018 funding would exceed FY2016 levels:

- Conflict Mitigation & Reconciliation, \$631.7 million (+46%)
- Maternal and Child Health, \$839.6 million (+5%)<sup>39</sup>
- Program Design & Learning, \$1.0 million (+100%)

The House committee bill does not detail its foreign assistance proposal in accordance with the Foreign Assistance Framework categories, but specifies funding levels for several aid categories that are comparable to categories in the framework, including Democracy Programs (\$2,308.5 million), Counterterrorism (\$358.5 million), Basic Education (\$800.0 million), Higher Education (\$235 million), Food Security and Agricultural Development (\$1,000.6 million), Water and Sanitation (\$400.0 million), Biodiversity Conservation (\$265 million), and Microenterprise and Microfinance (\$265.0 million).

Major sector allocations in the Senate committee bill include Democracy Programs (\$2,309 million), Food Security and Agricultural Development (\$1,000.6 million), Basic Education (\$500 million), Environment Programs (\$893 million), Water and Sanitation (\$400 million), Microenterprise and Microfinance (\$265 million), and Higher Education (\$235 million).

---

<sup>39</sup> This differs slightly from the Maternal & Child Health allocations discussed in the global health section of this memo because the objective includes some funding outside of the Global Health Programs account.



## Appendix A. SFOPS Appropriations, FY2016-FY2018

**Table A-1. State Department, Foreign Operations, and Related Agencies Appropriations, FY2016 Actual and FY2017 Enacted and FY2018 Request and Congressional Action**

(in millions of current U.S. dollars)

|  | FY17 Enacted<br>(P.L. 114-<br>254+P.L. 115-<br>31) | FY2018 Request |            |            | % change FY2018<br>request total<br>compared to FY2017<br>enacted total | FY2018 House Committee<br>(H.R. 3362) |            |            | FY2018 Senate Committee<br>(S. 1780) |            |            |
|--|--|----------------|------------|------------|---|---------------------------------------|------------|------------|--------------------------------------|------------|------------|
|  | Total  | Enduring       | OCO        | Total      |   | Enduring                              | OCO        | Total      | Enduring                             | OCO        | Total      |
| Title I. State, Broadcasting & Related Agencies, TOTAL | 18,086.32  | 9,134.44       | 4,067.53   | 13,201.97  | -27.0%  | 11,337.08                             | 4,178.00   | 15,515.08  | 11,786.25                            | 3,906.25   | 15,692.53  |
| Administration of Foreign Affairs, Subtotal            | 13,652.08  | 7,031.58       | 3,044.07   | 10,075.65  | -26.2%  | 8,609.04                              | 3,115.85   | 11,724.89  | 8,468.69                             | 3,202.89   | 11,672.58  |
| Diplomatic & Consular Program                          | 9,610.04   | 5,283.79       | 2,975.97   | 8,259.76   | -14.1%  | 5,449.29                              | 2,975.97   | 8,425.26   | 5,604.73                             | 2,975.97   | 8,580.70   |
| (of which Worldwide Security Protection)               | [4,641.88]   | [1,380.75]     | [2,376.12] | [3,756.87] | [-19.1%]  | [1,380.75]                            | [2,376.12] | [3,756.87] | [1,380.75]                           | [2,376.12] | [3,756.87] |
| Capital Investment Fund                                | 12.60  | 15.00          | —          | 15.00      | +19.1%  | 15.00                                 | —          | 15.00      | 15.00                                | —          | 15.00      |
| Embassy Security, Construction & Maintenance           | 3,011.07   | 1,142.20       | —          | 1,142.20   | -62.1%  | 2,242.70                              | 71.78      | 2,314.48   | 1,898.48                             | 158.82     | 2,057.30   |
| (of which Worldwide Security Upgrades)                 | [358.70]   | [387.74]       | —          | [387.74]   | [+8.1%]   | [1,488.24]                            | —          | [1,488.24] | [1,302.84]                           | —          | [1,302.84] |
| Ed. & Cultural Exchanges                               | 634.14   | 285.00         | —          | 285.00     | -55.1%  | 590.90                                | —          | 590.90     | 634.14                               | —          | 634.14     |
| Office of Inspector General                            | 144.47   | 72.56          | 68.10      | 140.66     | -2.6%   | 73.87                                 | 68.10      | 141.97     | 77.63                                | 68.10      | 145.73     |
| Representation Expenses                                | 8.03   | 7.00           | —          | 7.00       | -12.8%  | 7.00                                  | —          | 7.00       | 8.03                                 | —          | 8.03       |
| Protection of Foreign Missions & Officials             | 30.34  | 30.89          | —          | 30.89      | +1.8%   | 30.89                                 | —          | 30.89      | 30.89                                | —          | 30.89      |

|   | FY17 Enacted<br>(P.L. 114-<br>254+P.L. 115-<br>31) | FY2018 Request |          |          | % change FY2018<br>request total<br>compared to FY2017<br>enacted total | FY2018 House Committee<br>(H.R. 3362) |          |          | FY2018 Senate Committee<br>(S. 1780) |        |          |
|---|--|----------------|----------|----------|---|---------------------------------------|----------|----------|--------------------------------------|--------|----------|
|   | Total  | Enduring       | OCO      | Total    |   | Enduring                              | OCO      | Total    | Enduring                             | OCO    | Total    |
| Emergency-Diplomatic & Consular Services            | 7.90   | 7.89           | —        | 7.89     | -0.1%   | 7.89                                  | —        | 7.89     | 7.89                                 | —      | 7.89     |
| Repatriation Loans                                  | 1.30   | 1.30           | —        | 1.30     | —   | 1.30                                  | —        | 1.30     | 1.30                                 | —      | 1.30     |
| Payment American Institute Taiwan                   | 31.96  | 26.31          | —        | 26.31    | -17.7%  | 30.56                                 | —        | 30.56    | 31.96                                | —      | 31.96    |
| International Chancery Center                       | 1.32   | 0.74           | —        | 0.74     | -43.9%  | 0.74                                  | —        | 0.74     | 0.74                                 | —      | 0.74     |
| Foreign Service Retirement (mandatory) <sup>a</sup> | 158.90   | 158.90         | —        | 158.90   | —   | 158.90                                | —        | 158.90   | 158.90                               | —      | 158.90   |
| International Orgs, Subtotal                        | 3,266.77   | 1,169.08       | 1,023.46 | 2,192.54 | -32.9%  | 1,604.56                              | 1,062.15 | 2,666.7  | 2,132.52                             | 698.56 | 2,831.10 |
| Contributions to Int'l Orgs                         | 1,359.21   | 900.19         | 96.24    | 996.43   | -26.7%  | 1,074.65                              | 96.24    | 1,170.89 | 1,352.76                             | 96.24  | 1,449.00 |
| Contributions, International Peacekeeping           | 1,907.56   | 268.89         | 927.22   | 1,196.11 | -37.3%  | 529.91                                | 965.91   | 1,495.82 | 779.76                               | 602.34 | 1,382.10 |
| International Commission subtotal (Function 300)    | 127.29   | 118.70         | —        | 118.70   | -6.7%   | 119.01                                | —        | 119.01   | 135.79                               | 0.00   | 135.79   |
| Int'l Boundary/U.S.-Mexico                          | 77.53  | 72.65          | —        | 72.65    | -6.3%   | 72.65                                 | —        | 72.65    | 77.53                                | —      | 77.53    |
| American Sections                                   | 12.26  | 12.18          | —        | 12.18    | -0.7%   | 12.18                                 | —        | 12.18    | 13.26                                | —      | 13.26    |
| International Fisheries                             | 37.50  | 33.87          | —        | 33.87    | -9.7%   | 34.18                                 | —        | 34.18    | 45.00                                | —      | 45.00    |
| International Broadcast, Subtotal                   | 785.61   | 685.15         | —        | 685.15   | -12.8%  | 769.73                                | —        | 769.73   | 793.05                               | 4.80   | 797.85   |
| Broadcasting Operations                             | 776.91   | 680.36         | —        | 680.36   | -12.4%  | 764.94                                | —        | 764.94   | 783.35                               | 4.80   | 788.15   |
| Capital Improvements                                | 9.7  | 4.79           | —        | 4.79     | -50.6%  | 4.79                                  | —        | 4.79     | 9.70                                 | —      | 9.70     |
| Related Approps, Subtotal                           | 242.10   | 122.85         | —        | 122.85   | -49.3%  | 221.48                                | —        | 221.48   | 241.95                               | 0.00   | 241.95   |

|   | FY17 Enacted<br>(P.L. 114-<br>254+P.L. 115-<br>31) | FY2018 Request |     |        | % change FY2018<br>request total<br>compared to FY2017<br>enacted total | FY2018 House Committee<br>(H.R. 3362) |     |        | FY2018 Senate Committee<br>(S. 1780) |      |        |
|---|--|----------------|-----|--------|---|---------------------------------------|-----|--------|--------------------------------------|------|--------|
|   | Total  | Enduring       | OCO | Total  |   | Enduring                              | OCO | Total  | Enduring                             | OCO  | Total  |
| Asia Foundation   | 17.00  | —              | —   | —      | —   | 15.81                                 | —   | 15.81  | 17.00                                | —    | 17.00  |
| U.S. Institute of Peace   | 37.88  | 19.12          | —   | 19.12  | -49.5%  | 35.30                                 | —   | 35.30  | 37.88                                | —    | 37.88  |
| Center for Middle East-<br>West Dialogue-Trust &<br>Program       | 0.12   | 0.14           | —   | 0.14   | +16.7%  | 0.14                                  | —   | 0.14   | 0.14                                 | —    | 0.14   |
| Eisenhower Exchange<br>Programs                                   | 0.35   | 0.16           | —   | 0.16   | -54.3%  | 0.16                                  | —   | 0.16   | 0.16                                 | —    | 0.16   |
| Israeli Arab Scholarship<br>Program                               | 0.05   | 0.07           | —   | 0.07   | +40.0%  | 0.07                                  | —   | 0.07   | 0.07                                 | —    | 0.07   |
| East-West Center  | 16.70  | —              | —   | —      | —   | —                                     | —   | —      | 16.70                                | —    | 16.70  |
| National Endowment for<br>Democracy                               | 170.00   | 103.50         | —   | 103.50 | -39.1%  | 170.00                                | —   | 170.00 | 170.00                               | —    | 170.00 |
| Other Commissions,<br>Subtotal                                    | 12.47  | 7.08           | —   | 7.08   | -43.2%  | 13.25                                 | —   | 13.25  | 13.25                                | 0.00 | 13.26  |
| Preservation of America's<br>Heritage Abroad                      | 0.89   | 0.68           | —   | 0.68   | -24%  | 0.68                                  | —   | 0.68   | 0.68                                 | —    | 0.68   |
| International Religious<br>Freedom                                | 3.50   | 4.50           | —   | 4.50   | +28.6%  | 4.50                                  | —   | 4.50   | 4.50                                 | —    | 4.50   |
| Security & Cooperation in<br>Europe                               | 2.58   | 2.58           | —   | 2.58   | —   | 2.58                                  | —   | 2.58   | 2.58                                 | —    | 2.58   |
| Congressional-Exec<br>Commission on People's<br>Republic of China | 2.00   | 2.00           | —   | 2.00   | —   | 2.00                                  | —   | 2.00   | 2.00                                 | —    | 2.00   |
| U.S.-China Economic and<br>Security Review                        | 3.50   | 3.50           | —   | 3.50   | —   | 3.50                                  | —   | 3.50   | 3.50                                 | —    | 3.50   |

|  | FY17 Enacted<br>(P.L. 114-<br>254+P.L. 115-<br>31) | FY2018 Request |          |            | % change FY2018<br>request total<br>compared to FY2017<br>enacted total | FY2018 House Committee<br>(H.R. 3362) |          |            | FY2018 Senate Committee<br>(S. 1780) |           |            |
|--|--|----------------|----------|------------|---|---------------------------------------|----------|------------|--------------------------------------|-----------|------------|
|  | Total  | Enduring       | OCO      | Total      |   | Enduring                              | OCO      | Total      | Enduring                             | OCO       | Total      |
| FOREIGN OPERATION,<br>TOTAL                    | 39,442.57  | 19,099.52      | 7,949.93 | 27,049.45  | -31.4%  | 25,461.75                             | 7,997.91 | 33,459.66  | 18,782.65                            | 16,878.74 | 35,661.39  |
| Title II. Admin of Foreign<br>Assistance       | 1,631.77   | 1,272.77       | 139.06   | 1,411.83   | -13.5%  | 1,377.89                              | 139.06   | 1,516.95   | 1,441.99                             | 160.57    | 1,602.56   |
| USAID Operating Expenses                       | 1,361.69   | 1,045.79       | 136.56   | 1,182.33   | -13.2%  | 1,133.91                              | 136.56   | 1,270.47   | 1,189.61                             | 158.07    | 1,347.68   |
| USAID Capital Investment<br>Fund               | 199.99   | 157.98         | —        | 157.98     | -21.0%  | 174.99                                | —        | 174.99     | 183.38                               | —         | 183.38     |
| USAID Inspector General                        | 70.10  | 69.00          | 2.50     | 71.50      | +2.0%   | 69.00                                 | 2.50     | 71.50      | 69.00                                | 2.50      | 71.50      |
| Title III. Bilateral Economic<br>Assistance    | 26,911.93  | 11,391.05      | 6,619.68 | 18,010.73  | -33.1%  | 16,246.13                             | 6,435.11 | 22,681.24  | 15,773.27                            | 8,425.26  | 24,198.53  |
| Global Health Programs<br>(GHP), State + USAID | 8,724.95   | 6,480.50       | —        | 6,480.50   | -25.7%  | 8,321.00                              | —        | 8,321.00   | 8,590.00                             | —         | 8,590.00   |
| GHP (State Dept.)                              | [5,670.00]   | [4,975.00]     | —        | [4,975.00] | [-12.4%]  | [5,670.00]                            | —        | [5,670.00] | [5,670.00]                           | —         | [5,670.00] |
| GHP (USAID)                                    | [3,054.95]   | [1,505.50]     | —        | [1,505.50] | [-50.7%]  | [2,651.00]                            | —        | [2,651.00] | [2,920.00]                           | —         | [2,920.00] |
| Development Assistance                         | 2,995.47   | —              | —        | —          | —   | 2,780.97                              | —        | 2,780.97   | 2,890.00                             | —         | 2,890.00   |
| International Disaster<br>Assistance (IDA)     | 4,427.78 <sup>b</sup>                              | 690.26         | 1,817.94 | 2,508.20   | -43.4%  | 1,033.48                              | 1,788.20 | 2,821.68   | —                                    | 3,133.21  | 3,133.21   |
| Transition Initiatives                         | 122.83   | 30.00          | 62.04    | 92.04      | -25.1%  | 30.00                                 | 62.04    | 92.04      | 30.00                                | 37.00     | 67.00      |
| Complex Crises Fund                            | 30.00  | —              | —        | —          | —   | —                                     | —        | —          | 10.00                                | 20.00     | 30.00      |
| Development Credit<br>Authority—Admin          | 10.00  | 9.12           | —        | 9.12       | -8.8%   | 9.12                                  | —        | 9.12       | 10.00                                | —         | 10.00      |
| Development Credit<br>Authority Subsidy        | [50.00]  | [60.00]        | —        | [60.00]    | [+20.0%]  | [50.00]                               | —        | [50.00]    | [60.00]                              | —         | [60.00]    |

|  | FY17 Enacted<br>(P.L. 114-<br>254+P.L. 115-<br>31) | FY2018 Request |          |          | % change FY2018<br>request total<br>compared to FY2017<br>enacted total | FY2018 House Committee<br>(H.R. 3362) |          |          | FY2018 Senate Committee<br>(S. 1780) |          |          |
|--|--|----------------|----------|----------|---|---------------------------------------|----------|----------|--------------------------------------|----------|----------|
|  | Total  | Enduring       | OCO      | Total    |   | Enduring                              | OCO      | Total    | Enduring                             | OCO      | Total    |
| Economic Support Fund                              | 4,681.56   | —              | —        | —        | —   | 1,041.76                              | 2,353.67 | 3,395.43 | 912.58                               | 3,047.12 | 3,959.70 |
| Economic Support and<br>Development Fund           | —  | 2,229.35       | 2,708.80 | 4,938.15 | —   | —                                     | —        | —        | —                                    | —        | —        |
| Democracy Fund                                     | 210.50   | —              | —        | —        | —   | 210.50                                | —        | 210.50   | 210.50                               | —        | 210.50   |
| Assistance for Europe,<br>Eurasia and Central Asia | 902.34   | —              | —        | —        | —   | 691.57                                | —        | 691.57   | 269.41                               | 480.92   | 750.33   |
| Migration & Refugee<br>Assistance                  | 3,359.00   | 715.24         | 2,030.90 | 2,746.14 | -18.2%  | 877.80                                | 2,231.20 | 3,109.00 | 1,443.28                             | 1,667.01 | 3,110.29 |
| Emergency Refugee and<br>Migration                 | 50.00  | —              | —        | —        | —   | —                                     | —        | —        | 10.00                                | 40.00    | 50.00    |
| Independent Agencies<br>subtotal                   | 1,367.50   | 1,211.12       | —        | 1,211.12 | -11.4%  | 1,224.47                              | —        | 1,224.47 | 1,367.50                             | —        | 1,367.50 |
| Inter-American Foundation                          | 22.50  | 4.57           | —        | 4.57     | -79.7%  | 11.25                                 | —        | 11.25    | 22.50                                | —        | 22.50    |
| African Development<br>Foundation                  | 30.00  | 8.33           | —        | 8.33     | -72.2%  | 15.00                                 | —        | 15.00    | 30.00                                | —        | 30.00    |
| Peace Corps  | 410.00   | 398.22         | —        | 398.22   | -2.9%   | 398.22                                | —        | 398.22   | 410.00                               | —        | 410.00   |
| Millennium Challenge<br>Corporation                | 905.00   | 800.00         | —        | 800.00   | -11.6%  | 800.00                                | —        | 800.00   | 905.00                               | —        | 905.00   |
| Department of Treasury,<br>subtotal                | 30.00  | 25.46          | —        | 25.46    | -15.1%  | 25.46                                 | —        | 25.46    | 30.00                                | —        | 30.00    |
| Treasury Department<br>Technical Assistance        | 30.00  | 25.46          | —        | 25.46    | -15.1%  | 25.46                                 | —        | 25.46    | 30.00                                | —        | 30.00    |
| Title IV. Int'l Security<br>Assistance             | 9,379.60   | 5,901.49       | 1,191.19 | 7,092.68 | -24.4%  | 7,332.07                              | 1,423.74 | 8,755.81 | —                                    | 8,292.91 | 8,292.91 |

|  | FY17 Enacted<br>(P.L. 114-<br>254+P.L. 115-<br>31) | FY2018 Request |        |          | % change FY2018<br>request total<br>compared to FY2017<br>enacted total | FY2018 House Committee<br>(H.R. 3362) |        |          | FY2018 Senate Committee<br>(S. 1780) |          |          |
|--|--|----------------|--------|----------|---|---------------------------------------|--------|----------|--------------------------------------|----------|----------|
|  | Total  | Enduring       | OCO    | Total    |   | Enduring                              | OCO    | Total    | Enduring                             | OCO      | Total    |
| International Narcotics<br>Control & Law Enforcement | 1,328.22   | 695.55         | 196.25 | 891.80   | -32.9%  | 848.14                                | 417.95 | 1,266.09 | —                                    | 1,275.09 | 1,275.09 |
| Nonproliferation, Anti-<br>Terrorism, Demining       | 970.45   | 312.77         | 365.84 | 678.61   | -30.1%  | 617.81                                | 220.58 | 838.45   | —                                    | 789.95   | 789.95   |
| International Military<br>Education & Training       | 110.30   | 100.16         | —      | 100.16   | -9.2%   | 105.16                                | —      | 105.16   | —                                    | 110.30   | 110.30   |
| Foreign Military Financing                           | 6,311.62   | 4,670.71       | 450.00 | 5,120.71 | -18.9%  | 5,625.86                              | 460.00 | 6,085.86 | —                                    | 5,620.21 | 5,620.21 |
| Peacekeeping Operations                              | 659.01   | 122.30         | 179.10 | 301.40   | -54.3%  | 135.04                                | 325.21 | 460.25   | —                                    | 497.35   | 497.35   |
| Title V. Multilateral<br>Assistance                  | 2,109.57   | 1,480.51       | —      | 1,480.51 | -29.8%  | 877.86                                | —      | 877.86   | 1,877.69                             | —        | 1,877.69 |
| World Bank: Global<br>Environment Facility           | 146.56   | 102.38         | —      | 102.38   | -30.1%  | —                                     | —      | —        | 136.56                               | —        | 136.56   |
| International Clean<br>Technology Fund               | —  | —              | —      | —        | —   | —                                     | —      | —        | —                                    | —        | —        |
| Strategic Climate Fund                               | —  | —              | —      | —        | —   | —                                     | —      | —        | —                                    | —        | —        |
| Green Climate Fund                                   | —  | —              | —      | —        | —   | —                                     | —      | —        | —                                    | —        | —        |
| North American<br>Development Bank                   | —  | —              | —      | —        | —   | —                                     | —      | —        | —                                    | —        | —        |
| World Bank: Int'l.<br>Development Association        | 1,197.13   | 1,097.01       | —      | 1,097.01 | -8.4%   | 658.66                                | —      | 658.66   | 1,097.01                             | —        | 1,097.01 |
| Int. Bank Recon & Dev                                | 5.96   | —              | —      | —        | —   | —                                     | —      | —        | —                                    | —        | —        |
| Inter-Amer. Dev. Bank—<br>capital                    | 21.94  | —              | —      | —        | —   | —                                     | —      | —        | —                                    | —        | —        |

|   | FY17 Enacted<br>(P.L. 114-<br>254+P.L. 115-<br>31) | FY2018 Request |     |          | % change FY2018<br>request total<br>compared to FY2017<br>enacted total | FY2018 House Committee<br>(H.R. 3362) |     |          | FY2018 Senate Committee<br>(S. 1780) |     |          |
|---|--|----------------|-----|----------|---|---------------------------------------|-----|----------|--------------------------------------|-----|----------|
|   | Total  | Enduring       | OCO | Total    |   | Enduring                              | OCO | Total    | Enduring                             | OCO | Total    |
| IADB: Enterprise for Americas MIF                                   | —  | —              | —   | —        | —   | —                                     | —   | —        | —                                    | —   | —        |
| Asian Development Fund  | 99.23  | —              | —   | —        | —   | —                                     | —   | —        | 47.40                                | —   | 47.40    |
| Asian Development Bank—capital                                      | —  | 47.40          | —   | 47.40    | —   | 47.40                                 | —   | 47.40    | —                                    | —   | —        |
| African Development Fund  | 214.33   | 171.30         | —   | 171.30   | -20.1%  | 109.39                                | —   | 109.39   | 171.30                               | —   | 171.30   |
| African Development Bank—capital                                    | 32.42  | 32.42          | —   | 32.42    | —   | 32.42                                 | —   | 32.42    | 32.42                                | —   | 32.42    |
| International Fund for Agricultural Development                     | 30.00  | 30.00          | —   | 30.00    | —   | 30.00                                 | —   | 30.00    | 30.00                                | —   | 30.00    |
| Global Agriculture and Food Security Program                        | 23.00  | —              | —   | —        | —   | —                                     | —   | —        | —                                    | —   | —        |
| International Organizations & Programs                              | 339.00   | —              | —   | —        | —   | —                                     | —   | —        | 363.00                               | —   | 363.00   |
| Central American and Caribbean Catastrophic Risk Insurance Facility | —  | —              | —   | —        | —   | —                                     | —   | —        | —                                    | —   | —        |
| Global Infrastructure Facility                                      | —  | —              | —   | —        | —   | —                                     | —   | —        | —                                    | —   | —        |
| Title VI. Export Assistance   | (590.30)   | (946.30)       | —   | (946.30) | —   | (372.20)                              | —   | (372.20) | (310.30)                             | —   | (310.30) |
| Export-Import Bank (net)  | (414.30)   | (652.20)       | —   | (652.20) | —   | (163.50)                              | —   | (163.50) | (139.00)                             | —   | (139.00) |
| Overseas Private Investment Corporation (net)                       | (251.00)   | (306.20)       | —   | (306.20) | —   | (279.20)                              | —   | (279.20) | (250.80)                             | —   | (250.80) |
| Trade & Development Agency  | 75.00  | 12.11          | —   | 12.11    | -83.9%  | 70.50                                 | —   | 70.50    | 79.50                                | —   | 79.50    |



|  | FY17 Enacted<br>(P.L. 114-254+P.L. 115-31) | FY2018 Request |           |           | % change FY2018 request total compared to FY2017 enacted total | FY2018 House Committee (H.R. 3362) |           |            | FY2018 Senate Committee (S. 1780) |           |           |
|--|--|----------------|-----------|-----------|--|------------------------------------|-----------|------------|-----------------------------------|-----------|-----------|
|  | Total                                      | Enduring       | OCO       | Total     |  | Enduring                           | OCO       | Total      | Enduring                          | OCO       | Total     |
| State, Foreign Ops & related Programs, TOTAL | 57,529.89                                  | 28,233.96      | 12,017.46 | 40,251.42 | -30.0%   | 36,798.83                          | 12,175.91 | 48,974.74  | 30,568.90                         | 20,785.00 | 51,353.92 |
| Add Ons/ Rescissions, net <sup>c</sup>       | (6.00)                                     |                |           |           |  | (1,294.91)                         | (156.91)  | (1,451.82) |                                   |           | 0.00      |
| State-Foreign Ops Total, Net of Rescissions  | 57,523.89                                  | 28,233.96      | 12,017.46 | 40,251.42 | -30.0%   | 35,503.92                          | 12,019.00 | 47,522.92  | 30,568.90                         | 20,785.00 | 51,353.92 |

**Source:** Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Fiscal Year 2018; P.L. 114-254 and P.L. 115-31; H.R. 3362 and H.Rept. 115-253; S. 1780 and CRS calculations.

**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. “Enduring” funding is also sometimes referred to as “base” or “ongoing” funding in budget documents. Numbers may not add due to rounding.

- This account is mandatory spending, so State Operations and SFOPS totals in this table differ from budget totals in the International Affairs Congressional Budget Justification that include only discretionary spending.
- Of this amount, the bill specifies that no less than \$300 million must be transferred to the P.L. 480 Title II (Food for Peace) account and \$1.5 million for USAID Operating Expenses.
- The Senate bill includes an FY2017 rescission of \$6 million is from ESF.

## Appendix B. International Affairs Budget

The International Affairs budget, or Function 150, includes funding that is not in the Department of State, Foreign Operations, and Related Programs appropriation: foreign food aid programs (P.L. 480 Title II Food for Peace and McGovern-Dole International Food for Education and Child Nutrition programs) are in the Agriculture Appropriations, and the Foreign Claim Settlement Commission and the International Trade Commission are in the Commerce, Justice, Science appropriations. In addition, the Department of State, Foreign Operations, and Related Programs appropriation measure includes funding for certain international commissions that are not part of the International Affairs Function 150 account.

**Table B-1. International Affairs Budget FY2016, FY2017, and FY2018**

(in millions of current U.S. dollars)

|  | <b>FY2016<br/>Estimate</b> | <b>FY2017<br/>Enacted</b> | <b>FY2018<br/>Request</b> | <b>% change<br/>FY2018<br/>request<br/>total<br/>compared<br/>to FY2017<br/>enacted<br/>total</b> | <b>FY2018<br/>House<br/>Committee</b> | <b>FY2018<br/>Senate<br/>Committee</b> |
|--|----------------------------|---------------------------|---------------------------|---|---------------------------------------|--|
| <b>State-Foreign Operations,<br/>excluding commissions<sup>a</sup></b> | 52,757.01                  | 57,390.14                 | 40,125.64                 | -30.1%  | 47,390.61                             | 51,204.86                              |
| <b>Commerce-Justice-Science</b>  |                            |                           |                           |   |                                       |  |
| Foreign Claim Settlement<br>Commission                                 | 2.37                       | 2.37                      | 2.41                      | +1.7%   | 2.37                                  | 2.41                                   |
| Int'l Trade Commission   | 88.84                      | 91.50                     | 87.62                     | -4.2%   | 92.50                                 | 91.50                                  |
| <b>Agriculture</b>   |                            |                           |                           |   |                                       |  |
| P.L. 480   | 1,716.00                   | 1,466.00                  | 0.00                      | -100%   | 1,400.00                              | 1,600.00                               |
| McGovern-Dole  | 201.63                     | 201.63                    | 0.00                      | -100%   | 201.62                                | 206.63                                 |
| Local/Regional Procurement   | —                          | —                         | —                         | —   | —                                     | —                                      |
| <b>Total International Affairs<br/>(150)</b>                           | <b>54,765.85</b>           | <b>59,151.64</b>          | <b>40,215.67</b>          | <b>-32.0%</b>   | <b>49,087.10</b>                      | <b>53,105.40</b>                       |

**Source:** Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Fiscal Years 2017 and 2018; P.L. 114-254; P.L. 115-31; H.R. 3362; H.R. 3268; S. 1780 and CRS calculations.

- a. Includes mandatory spending from the Foreign Service retirement account, and does not align with budget justification figures that only count discretionary spending. Funding for certain international commissions appropriated in the State-Foreign Operations bill are excluded here because they fall under function 300 of the budget, not function 150 (International Affairs).

## Appendix C. Glossary

|                 |  |
|-----------------|--|
| <b>AEECA</b>    | Assistance to Europe, Eurasia and Central Asia                 |
| <b>BBA</b>      | Bipartisan Budget Act of 2015, P.L. 114-74                     |
| <b>BCA</b>      | Budget Control Act of 2011, P.L. 112-25                        |
| <b>CIO</b>      | Contributions to International Organizations                   |
| <b>CIPA</b>     | Contributions to International Peacekeeping Activities         |
| <b>CSCS</b>     | Capital Security Cost Sharing                                  |
| <b>D&amp;CP</b> | Diplomatic and Consular Programs                               |
| <b>DA</b>       | Development Assistance   |
| <b>DS</b>       | State Department Bureau of Diplomatic Security                 |
| <b>ERMA</b>     | Emergency Refugee and Migration Assistance                     |
| <b>ESCM</b>     | Embassy Security, Construction and Maintenance                 |
| <b>ESDF</b>     | Economic Support and Development Fund                          |
| <b>ESF</b>      | Economic Support Fund  |
| <b>FMF</b>      | Foreign Military Financing                                     |
| <b>IDA</b>      | International Disaster Assistance                              |
| <b>IMET</b>     | International Military Education and Training                  |
| <b>INCLE</b>    | International Narcotics Control and Law Enforcement            |
| <b>IO&amp;P</b> | International Organizations and Programs                       |
| <b>MCS</b>      | Maintenance Cost Sharing                                       |
| <b>MRA</b>      | Migration and Refugee Assistance                               |
| <b>NADR</b>     | Non-proliferation, Antiterrorism, Demining and Related         |
| <b>OBO</b>      | State Department Bureau of Overseas Building Operations        |
| <b>OCO</b>      | Overseas Contingency Operations                                |
| <b>OPIC</b>     | Overseas Private Investment Corporation                        |
| <b>PKO</b>      | Peacekeeping Operations  |
| <b>SFOPS</b>    | State, Foreign Operations, and Related Programs appropriations |
| <b>TDA</b>      | Trade and Development Agency                                   |
| <b>USAID</b>    | U.S. Agency for International Development                      |
| <b>WSP</b>      | Worldwide Security Protection                                  |
| <b>WSU</b>      | Worldwide Security Upgrade                                     |

## **Author Contact Information**

(name redacted)  
Specialist in Foreign Policy  
[redacted]@crs.loc.gov, 7-....

(name redacted)  
Analyst in Foreign Affairs  
[redacted]@crs.loc.gov, 7-....

(name redacted)  
Specialist in Foreign Assistance Policy  
[redacted]@crs.loc.gov, 7-....

## EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted names, phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.