

Crucial Differences between the FY 2010 House and Senate State/ Foreign Operations Appropriations Bills¹

September 14, 2009

The House Appropriations Committee passed its version of the Fiscal Year (FY) 2010 Department of State, Foreign Operations, and Related Programs bill on June 26 and the Senate Appropriations Committee concluded its markup on July 9. The Senate bill is currently awaiting floor action.

The President requested \$52.0 billion in new discretionary funding for State and Foreign Operations. While the Senate version provided \$48.7 billion, the House bill provided \$48.8 billion, \$143.0 million more than the Senate. The FY 2009 Emergency Supplemental Appropriations bill, passed in June, provided “forward funding” for some of the programs requested for the FY 2010 State/ Foreign Operations bill. Congress has therefore provided less than the President’s request, which was anticipated.

FY 2010 State and Foreign Operations Appropriations Bills			
(\$ in millions)			
Programs	Obama Request	Senate Bill Markup	House Bill
New Discretionary Budget Authority	\$52,044	\$48,700	\$48,843

This report assesses the critical differences between the House bill and the Senate markup, as well as the FY 2010 request.

Security Assistance

The State Department has responsibility for a number of programs that assist military forces and other security institutions in foreign countries. The Stimson Center’s *Budgeting for Foreign Affairs and Defense* program defines security assistance accounts as including International Narcotics Control and Law Enforcement (INCLE), Foreign Military Financing (FMF), Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR), and International Military Education and Training (IMET).²

¹ This report reflects contributions by Rebecca Williams, Gordon Adams, Larry Nowels, Ngalula-Kapinga Kabundi, and Steve Abbott.

² The Andean Counter-drug program (ACP) is included within INCLE.

FY 2010 State and Foreign Operations Appropriations Bills (\$ in millions)				
Security Assistance Programs	Obama Request	Senate Bill Markup	House Bill	Senate/House Forward Funded
Foreign Military Financing (FMF)	\$5,274	\$3,989	\$4,260	\$1,225/\$1,125
International Narcotics Control and Law Enforcement (INCLE)	\$1,948	\$1,525	\$1,630	-
International Military Education and Training (IMET)	\$110	\$105	\$110	-
Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)	\$765	\$761	\$717	-

Foreign Military Financing (FMF)

- There is a \$271 million difference between the House and Senate appropriations for FMF. The House and Senate provided significantly less than the \$5.3 billion requested (a 19 percent and 24 percent decrease, respectively) but a significant amount was provided in the FY 2009 supplemental and remains available through FY 2010.

The Senate considers \$1.2 billion of the \$1.3 billion in FMF funds provided in the FY 2009 emergency supplemental to be forward funded, while the House only considers \$1.1 billion to be forward funded.³ The \$100 million difference between the House and Senate is FMF funding for Mexico. The Senate bill considers the \$260 million Mexico received in the supplemental to be forward funded. The House estimates that \$160 million was forward funded, and considers the remaining \$100 million as prior year requests, not FY 2010 programs. Overall, as a result, the House provides more FMF funding.

- The House bill explicitly provides \$268 million in FMF for Pakistan; the Senate bill does not mention Pakistan. Pakistan is routinely a significant recipient of FMF funding. Even if one assumed that all unallocated FMF funds in the Senate bill (\$199 million) were for Pakistan, which is highly unlikely, funding for Pakistan FMF would still be \$69 million less than in the House bill.

International Narcotics Control and Law Enforcement (INCLE)

- The House bill provides \$105 million more for INCLE than the Senate. The House bill constitutes a 16 percent decrease from the request; the Senate bill represents a 22 percent decrease. The largest difference is for Mexico: the House provided \$205.3 million, while the Senate provided \$105 million. Mexico

³ The House and Senate both agree that the FMF funds provided for Israel, Egypt, and Jordan in the FY 2009 supplemental was forward funded (\$555 million for Israel, \$260 million for Egypt, and \$150 million for Jordan).

programs also received \$160 million in INCLE funds in the FY 2009 supplemental.

- The top five INCLE recipients in both bills are Afghanistan, Pakistan, Colombia, Mexico, and the West Bank/Gaza. INCLE programs for Afghanistan would receive \$420 million in the House bill and \$450 million in the Senate bill.

Nonproliferation, Anti-Terrorism, Demining and Related Programs (NADR)

- The Senate provides \$44 million more than the House, including \$16 million more in funding for anti-terrorism assistance programs, and \$14 million more for small arms/light weapons destruction. The percent decrease between the House and the request is 6 percent; the Senate bill is a one percent decrease.

Civilian Capacity Building

For several years, the White House has sought a contingency fund for civilian operations in support of governance, rule of law and police training, drawing on the lessons of Iraq and Afghanistan. In its FY 2010 budget request, President Obama sought to increase funding for the Department of Defense’s (DOD) “Section 1207” authority (from \$100 million to \$200 million), which could be transferred to State for such operations. The administration also sought two new contingency accounts, one at State and the other at USAID, for such operations. These accounts include a \$40 million “Stabilization Bridge Fund” in the Economic Support Fund (ESF) account and a Rapid Response Fund of \$76 million in the existing USAID Office of Transition Initiatives.

FY 2010 State and Foreign Operations Appropriations Bill			
(\$ in millions)			
Stabilization & Reconstruction Programs	Obama Request	Senate Bill Markup	House Bill
Civilian Stabilization Initiative (CSI)	\$323	\$150	\$155
Stabilization Bridge Fund	\$40	-	-
Transition Initiatives (TI)	\$126	\$65	\$100
<i>Rapid Response Fund</i>	\$76	-	\$50
Emergency Crises Fund (ECF)	-	\$100	-
Total (CSI, Bridge, TI and ECF)	\$489	\$315	\$255

- The companion House bill does not fund for the Stabilization Bridge Fund but does include \$50 million for USAID’s Rapid Response Fund.
- The Senate Appropriations Committee markup would consolidate these three streams of funding into a single account of \$100 million to address “unforeseen complex foreign crises.” This Emergency Crises Fund (ECF) would constitute progress from the past reluctance in Congress to create any such fund.

Capacity Building at State/USAID

FY 2010 State and Foreign Operations Appropriations Bills (\$ in millions)			
Capacity Building at State and USAID	Obama Request	Senate Bill Markup	House Bill
State, Diplomatic and Consular Programs (D&CP)	\$8,960	\$8,227	\$8,229
State Capital Investment Fund	\$160	\$160	\$135
USAID Operating Expenses	\$1,439	\$1,389	\$1,389
USAID Capital Investment Fund	\$213	\$213	\$185

- The House bill decreases funding for State and USAID Capital Investment Funds in order to offset other funding increases. These increases provide for such programs as safe water and sanitation, democracy, maternal health, and oversight of State and USAID programs via various Inspector Generals.⁴
- The appropriations for State, Diplomatic and Consular Programs (largely State Department personnel) are virtually the same. The House and Senate both show an 8 percent decrease from the request. The FY 2009 supplemental provided \$998 million for D&CP to support operations and security requirements for Afghanistan, Pakistan and Iraq. Due to this funding, both the House and the Senate provided less than the request for security and overseas programs. The House and the Senate both fully funded the Human Resource Initiative, which would add an additional 565 positions to State.

Independent Agencies

FY 2010 State and Foreign Operations Appropriations Bills (\$ in millions)			
Other Agencies	Obama Request	Senate Bill Markup	House Bill
Millennium Challenge Corporation (MCC)	\$1,425	\$950	\$1,400
Peace Corps	\$373	\$373	\$450

Millennium Challenge Corporation (MCC)

- The administration requested enough MCC funds to support three new compacts, with Jordan, Malawi and the Philippines. The House virtually met the administration's request, coming in at \$25 million below the request. The lower Senate mark reflects continuing questions about MCC's ability to effectively

⁴ H.AMDT.306: Safe water and sanitation programs (\$25M); democracy programs (\$10M); implementation of the U.S.-Brazil Joint Action Plan to Eliminate Racial and Ethnic Discrimination and Promote Equality (\$300,000); maternal health programs (\$10M); and oversight of Department of State and USAID programs (\$8M).

disburse large sums within 5 years. The Senate constitutes a 33 percent decrease from the request.

- One potential setback is that the Philippines graduate this year from low-income to lower-middle-income status. As mandated by legislation, MCC resources are capped at 25 percent of its annual appropriation for lower-middle-income countries. This means that the Philippines would compete with Jordan for the estimated \$250 million available.⁵

Peace Corps

- The Senate mark fully funds the Peace Corps request, while the House provided an additional \$77 million or a 21 percent increase. Candidate Obama had promised to double the Peace Corps to 16,000 volunteers by its 50th anniversary in 2011, and while the request is a 10 percent increase over FY 2009 enacted level, it is not on track to meet the campaign goal. The House bill more fully supports expansion of the Peace Corps, but would need to fund subsequent years at a more aggressive pace in order to double the Corps by 2011.

State/USAID-managed Economic Assistance

FY 2010 State and Foreign Operations Appropriations Bills (\$ in millions)			
Programs	Obama Request	Senate Bill Markup	House Bill
Global Health and Child Survival	\$7,595	\$7,773	\$7,794
Development Assistance	\$2,734	\$2,567	\$2,490
Assistance for Europe, Eurasia and Central Asia	\$762	\$745	\$722
Economic Support Funds	\$6,504	\$6,370	\$6,370

Global and Child Health

- Both the House and the Senate provide more funds for Global Health than the request, a 3 and 2 percent increase respectively. Main differences include funding levels for the Tuberculosis and the Global Fund accounts. Concerning Tuberculosis, the House provided \$252 million, \$79 million or 46 percent more the request; the Senate provided \$201 million, \$28 million or 16 percent more than the request. For the Global Fund, the House provided \$750 million, \$150 million or 25 percent more than the request; the Senate provided \$700 million, \$100 million or 17 percent more than the request. Global Health and Child Survival also received \$150 million in the FY 2009 supplemental appropriations bill, although no funding was requested.

⁵ Sheila Herrling writes about this subject on *Rethinking US Foreign Assistance Blog*.

Development Assistance

- There is a \$77 million difference between the Senate and the House for bilateral Development Assistance (\$2.567 million and \$2.490 million respectively). Both bills cut funds below the administration’s request for Development Assistance. The House bill constitutes a 9 percent decrease from the request; the Senate bill represents a 6 percent decrease. Moreover, there was no “forward funding” of Development Assistance in the FY 2009 supplemental.

Economic Support Fund (ESF)

The House and the Senate provide the same amount for ESF, \$134 million below the request or a 2 percent decrease.

- The top ESF recipients in both bills would be Afghanistan, Colombia, Egypt, Iraq, Jordan, Lebanon, Pakistan, Sudan, and the West Bank/Gaza. The Senate provides \$44 million more for Afghanistan; the House provides \$25 million more for Iraq.
- The House bill has a \$159 million line item for Liberia; the Senate mark does not specify an amount for Liberia, but provides \$358 million in unallocated ESF funds.

Multilateral Funding

FY 2010 State and Foreign Operations Appropriations Bills (\$ in millions)			
World Bank Funds	Obama Request	Senate Bill Markup	House Bill
International Development Association	\$1,320	\$1,320	\$1,235
Clean Technologies Fund	\$500	\$400	\$225
Strategic Climate Fund	\$100	\$75	\$75

- The Senate provided full funding the administration’s International Development Association (IDA) request, which include funds to pay off IDA arrears.⁶ The House bill comes in 6 percent lower, and provides an installment of a three-year commitment under the IDA-15 replenishment.
- The administration also renewed the Bush administration’s unfunded request for two new multi-donor trust funds within the World Bank: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). The CTF would subsidize clean-tech projects in the developing world and the SCF would provide financing to new development approaches or scale up activities aimed at a specific climate change challenges or sectoral response. Both may be linked to US commitments at the upcoming United Nations Climate Conference in Copenhagen in December.

⁶ The International Development Association (IDA), part of the World Bank, aids the poorest developing nations with capital investment and advisory service.

- The Senate mark provides 80 percent of the CTF request, while the House bill provides less than half. The House made it clear that it does not want the US to become the primary donor to the fund, and believes that the CTF should support only zero carbon, new renewable and energy efficiency technologies.