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Foreign Operations (House)/State, Foreign Operations, and Related Programs (Senate): FY2006 Appropriations

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The annual consideration of appropriations bills (regular, continuing, and supplemental) by Congress is part of a complex set of budget processes that also encompasses the consideration of budget resolutions, revenue and debt-limit legislation, other spending measures, and reconciliation bills. In addition, the operation of programs and the spending of appropriated funds are subject to constraints established in authorizing statutes. Congressional action on the budget for a fiscal year usually begins following the submission of the President's budget at the beginning of the session. Congressional practices governing the consideration of appropriations and other budgetary measures are rooted in the Constitution, the standing rules of the House and Senate, and statutes, such as the Congressional Budget and Impoundment Control Act of 1974.

This report is a guide to one of the regular appropriations bills that Congress considers each year. It is designed to supplement the information provided by the House Subcommittee on Foreign Operations and the Senate Subcommittee on State, Foreign Operations, and Related Programs. It summarizes the status of the bill, its scope, major issues, funding levels, and related congressional activity, and is updated as events warrant. The report lists the key CRS staff relevant to the issues covered and related CRS products.

NOTE: A Web version of this document with active links is available to congressional staff at [http://beta.crs.gov/cli/level_2.aspx?PRDS_CLI_ITEM_ID=73].

Foreign Operations (House)/State, Foreign Operations, and Related Programs (Senate) Appropriations for FY2006

Summary

The annual Foreign Operations appropriations bill in the House, and the State, Foreign Operations measure in the Senate are the primary legislative vehicles through which Congress reviews the U.S. international affairs budgets and influences executive branch foreign policy making generally. They contain the largest shares — the House bill, about two-thirds; the Senate bill, about 97% — of total U.S. international affairs spending.

Funding for Foreign Operations and State Department/Broadcasting programs have been rising for five consecutive years, while amounts approved in FY2004 reached an unprecedented level compared with the past 40 years. Emergency supplementals enacted since the September 11, 2001 terrorist attacks to assist the front line states in the war on terrorism, Afghanistan and Iraq reconstruction, and for State Department operations and security upgrades have pushed spending upward.

The President sought $22.8 billion for Foreign Operations and $9.8 billion for State Department and Related Agencies appropriations. These amounts were 15.7% and 12.2%, respectively, higher than FY2005 amounts enacted in "regular," non-supplemental appropriations. The combined State/Foreign Operations request of $32.67 billion was 14.6% larger than regular FY2005 funding. Including the $4.55 billion FY2005 supplemental (H.R. 1268; enacted on May 11), the FY2006 combined request was slightly smaller (-1.1%) than the total appropriation of $33.05 billion for FY2005.

A major challenge for Congress in considering the President's Foreign Operations and State Department spending proposals has been the tightening budget environment. The FY2006 Budget Resolution (H.Con.Res. 95) set international affairs spending 7% below the President's request. The House Appropriations Committee's spending allocation among all spending bills provided $20.27 billion for Foreign Operations, 11.2% less than the proposal. The Senate Committee allocation of $31.67 billion for the combined State Department/Foreign Operations measure was $1 billion, or 3% below the request. Other key issues for congressional review were foreign aid in support of the war on terror, the Millennium Challenge Account, HIV/AIDS funding, allocations among "core" development programs, public diplomacy, educational exchange programs, rising demands for U.N. peacekeeping contributions, and democracy promotion activities.

On November 1, conferees agreed to a $20.94 billion Foreign Operations measure (H.R. 3057), nearly $1.9 billion, or 8% below the President's request. The total falls closer to the House-passed $20.27 billion level than to the Senate's $22.16 amount. State Department funds included in the Senate measure will be considered as part of the conference on H.R. 2862, the Science, State, Justice, and Commerce spending bill.

This report will be updated to reflect congressional action on the legislation.

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Most Recent Developments

On November 1, 2005, House-Senate negotiators agreed on a $20.94 billion Foreign Operations appropriation bill (H.R. 3057; H.Rept. 109-265). Conferees decided to separate the State Department and related agencies portion of the Senate-passed measure, and address those funding and policy issues as part of the Science, State, Justice, and Commerce appropriation (H.R. 2862). (Note: this updated report is based on preliminary information regarding the conference agreement and is not complete. Further revisions will be made when more details become available.)

The Foreign Operations conference agreement falls $1.89 billion, 8.3% below the President's request, and represents by far the largest cut in regular (non-supplemental) Foreign Operations spending relative to the Administration's proposal during the Bush Administration. The total, however, remains about $1.2 billion higher than the regular FY2005 foreign aid spending measure, and falls between the House-passed $20.27 billion level and the Senate-passed $22.16 billion amount.

Conferees made the largest reduction to the President's proposed $3 billion Millennium Challenge Account, paring the appropriation down to $1.77 billion. For nearly every other account, the conference agreement also sets spending at or somewhat below requested levels. Conferees further reduced the President's $459 million request for Iraq to $61 million. In a few selected areas, however, conferees added funds: for the three "core" bilateral development aid accounts of Child Survival/Health, Development Assistance, and the Global AIDS Initiative ($5.1 billion, or 18% higher than the request; aid to the former Soviet states is set at $514 million, 6.6% more than proposed. The agreement further adds to spending for the African and Inter-American Foundations, voluntary contributions to international organizations, and establishes a new Democracy Fund of $95 million as proposed by the Senate. The total amount for HIV/AIDS, malaria, and tuberculosis programs across all accounts is $2.82 billion, up from the President's $2.56 billion request. This includes $450 million for the Global Fund, higher than the $200 million request. For family planning, the conference agreement provides a total of $466 million — $432 million in bilateral funding and $34 million as a contribution to the U.N. Population Fund (UNFPA). This compares to a $425 million total request.

On key policy issues, the conference agreement deletes Senate-passed provisions that would have reversed the so-called Mexico City family planning policy and altered the Kemp-Kasten restrictions that apply to U.S. contributions to the U.N. Population Fund (UNFPA), and stipulated that a portion of U.S. assistance to Egypt must support democracy, human rights, and governance programs.

Foreign Operations funding levels are also affected by two recent White House submissions regarding off-sets to pay for costs related to Hurricane Katrina and to the President's initiative to address the avian flu threat. On October 28, the Administration asked Congress to cancel $2.3 billion in "lower-priority" previously appropriated funds that will partially off-set expenses for hurricane relief. Included in this are rescissions of $15.7 million from the State Department's narcotics control program, $9.3 million from the Andean Counter-narcotics Initiative, and $20 million from aid to the states of the former Soviet Union. Subsequently, on November 1, OMB sent to Congress a $7.1 billion avian flu emergency supplemental that includes $126.5 million in additional USAID spending to address overseas consequences and needs of an avian flu outbreak.

Introduction

Amounts appropriated for Foreign Operations programs and for the Department of State and related agencies comprise about 97% of the total International Affairs budget and represent roughly 7% of discretionary budget authority under the jurisdiction of House and Senate Appropriations Committees.

At the beginning of the 109th Congress, House and Senate Committees on Appropriations reorganized their subcommittee structures. The House panel reduced the number of subcommittees to ten and reconfigured several of their jurisdictions. These changes, however, do not affect the previous organizations for Foreign Operations and State Department/Broadcasting programs. The jurisdiction of the House Foreign Operations Committee remains the same, while State Department, Broadcasting, and related activities continue to be funded within the re-titled Subcommittee on Science, State, Justice, Commerce, and Related Agencies (SSJC).

The Senate Appropriations Committee chose to restructure its subcommittees differently from the House by maintaining twelve sub-panels. The Senate configuration combines Foreign Operations with the State Department, Broadcasting, and related agencies, creating a re-titled Subcommittee on State, Foreign Operations and Related Programs. Subsequently, in late October, House and Senate Appropriations Committees agreed that for FY2006, appropriation bill jurisdictions would follow the House structure. Consequently, State Department funds are removed from the Senate-passed legislation (H.R. 3507) and are incorporated in H.R. 2862, the SSJC measure.

This report covers funding and policy issues related to both Foreign Operations and State Department programs. The discussion and accompanying tables are designed to track the House Foreign Operations Appropriation measure, as well as the broader Senate State, Foreign Operations spending bill. To read about State Department/Broadcasting issues within the context of the House SSJC appropriation measure, see CRS Report RL32885, *Science, State, Justice, Commerce and Related*

Agencies (House)/ Commerce, Justice, Science and Related Agencies (Senate): FY2006 Appropriations, coordinated by Ian F. Fergusson and Susan B. Epstein.

Foreign Operations Overview

Foreign Operations, the larger of the two components with a request of $22.8 billion for FY2006, is the primary legislative vehicle through which Congress reviews and votes on the U.S. foreign assistance budget and influences major aspects of executive branch foreign policy making generally.[1]

The legislation funds all U.S. bilateral development assistance programs, managed mostly by the U.S. Agency for International Development (USAID), together with several smaller independent foreign aid agencies, such as the Peace Corps and the Inter-American and African Development Foundations. Foreign Operations also includes resources for the two newest Administration initiatives: the Millennium Challenge Corporation (MCC) and the Global AIDS Initiative managed by the State Department's HIV/AIDS Coordinator. Most humanitarian aid activities are funded within Foreign Operations, including USAID's disaster/famine program and the State Department's refugee relief support. Foreign Operations includes separate accounts for aid programs in the former Soviet Union (also referred to as the Independent States account) and Central/Eastern Europe, activities that are jointly managed by USAID and the State Department.

Security assistance (economic and military aid) for Israel and Egypt is also part of the Foreign Operations spending measure, as are other security aid programs administered largely by the State Department, in conjunction with USAID and the Pentagon. Foreign Operations appropriations also fund reconstruction programs in Afghanistan and Iraq, and for countries affected by the December 2004 Indian Ocean tsunami. U.S. contributions to the World Bank and other regional multilateral development banks, managed by the Treasury Department, and voluntary payments to international organizations, handled by the State Department, are also funded in the Foreign Operations bill. Finally, the legislation includes appropriations for three export promotion agencies: the Overseas Private Investment Corporation (OPIC), the Export-Import Bank, and the Trade and Development Agency.

State Department/Broadcasting Overview

Budgets for the Department of State, including embassy construction and security and public diplomacy, are within the State Department and related programs

[1] Although the Foreign Operations appropriations bill is often characterized as the "foreign aid" spending measure, it does not include funding for all foreign aid programs. Food aid, an international humanitarian aid program administered under the P.L. 480 program, is appropriated in the Agriculture appropriations bill. Foreign Operations also include funds for the Export-Import Bank, an activity that is regarded as a trade promotion program, rather than foreign aid. In recent years, funding for food aid has run somewhat higher than for the Eximbank, so Foreign Operations is slightly smaller than the official foreign aid budget. Nevertheless, throughout this report, the terms Foreign Operations and foreign aid are used interchangeably.

title of the Science, State, Justice, and Commerce (SSJC) appropriations in the House and the State, Foreign Operations measure in the Senate. This title, for which the Administration requests $9.8 billion in FY2006, also funds the Broadcasting Board of Governors (BBG), and U.S. assessed contributions to United Nations (U.N.), International Organizations, and U.N. Peacekeeping. State Department and related programs further include funding for the U.S. Institute of Peace, Asia Foundation, National Endowment for Democracy, and several other small educational and exchange organizations. This title also appropriates resources for international commissions.

Related Foreign Policy Authorization Measures

Intertwined with both Foreign Operations and State Department appropriations are foreign policy authorization bills that, by law, Congress must pass prior to foreign aid and the State Department's expenditure of its appropriations. When Congress does not pass these authorization measures, as was the case during the 108th Congress, the appropriation bills must waive the authorization requirement for foreign policy agencies and programs to continue to function.[2] In some cases, this results in the attachment of foreign affairs authorizing provisions to Foreign Operations and State Department appropriation measures, adding increased importance to the appropriation bills in terms of both funding and setting policy priorities for U.S. foreign policy.

This has been the situation especially for Foreign Operations. For two decades, the Foreign Operations appropriations bill has been the principal legislative vehicle for congressional oversight of foreign affairs and for congressional involvement in foreign policy making. Congress has not enacted a comprehensive foreign aid authorization bill since 1985, leaving most foreign assistance programs without regular authorizations originating from the legislative oversight committees.[3] As a result, Foreign Operations spending measures developed by the appropriations committees increasingly have expanded their scope beyond spending issues and played a major role in shaping, authorizing, and guiding both executive and congressional foreign aid and broader foreign policy initiatives. It has been largely through Foreign Operations appropriations that the United States has modified aid policy and resource allocation priorities since the end of the Cold War. The legislation has also been the channel through which the President has utilized foreign aid as a tool in the global war on terrorism since the attacks of September 11, 2001, and launched Afghan and Iraqi reconstruction operations.

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[2] For details on the history and the foreign relations authorization legislation from the 108th Congress, H.R. 1950/S. 2144, see CRS Report RL31986, *Foreign Relations Authorization, FY2004 and FY2005: State Department and Foreign Assistance*, by Susan B. Epstein.

[3] Although Congress has not approved a broad, comprehensive foreign aid authorization, individual foreign aid components have been authorized, including legislation for the Millennium Challenge Account, the President's HIV/AIDS initiative, assistance for the former Soviet states (Freedom Support Act) and Eastern Europe (SEED Act), microenterprise programs, and the Peace Corps.

These appropriation measures have also been a key instrument used by Congress to apply restrictions and conditions on Administration management of foreign assistance, actions that have frequently resulted in executive-legislative clashes over presidential prerogatives in foreign policy making.

Key Foreign Operations/State Department Funding Issues for FY2006

While appropriation bills funding foreign aid, State Department operations, embassy construction, public diplomacy, and contributions to international organizations can address the entire range of U.S. foreign policy issues, the FY2006 budget request posed several key matters that the 109th Congress has closely examined and debated. For Foreign Operations programs, major issues included:

- The overall size of the request — a 15.7% increase over regular FY2005 Foreign Operations funds — and whether competing budget proposals for domestic programs and efforts to reduce the deficit would permit full funding of the $22.83 billion recommendation.

- Foreign aid in support of the global war on terror and whether the FY2006 request fully addressed this high national security priority, including resources for reconstruction efforts in Iraq and Afghanistan.

- The Millennium Challenge Account and whether progress thus far on this new, innovative foreign aid program justified a doubling of its budget in FY2006.

- HIV/AIDS funding and whether the 12.5% funding increase for FY2006 and the implementation and allocation of resources, including those for the Global Fund to Fight AIDS, Tuberculosis, and Malaria, were fully meeting the vision of the President's $15 billion initiative.

- "Core" development and humanitarian aid programs and whether proposed funding reductions for some activities and account restructuring to enhance flexibility were justified.

On State Department operations, key policy and funding issues included:

- The U.S. embassy in Iraq and funding for ongoing operations, security, and construction.

- Public Diplomacy: educational and cultural exchange funds would increase in FY2006 by 21% and broadcasting operations by 10%.

- International Peacekeeping contributions would rise by 114% over FY2005 regular appropriation levels for new operations in Sudan and elsewhere.

- Democracy promotion activities, emphasized by President Bush and Secretary of State Rice, was highlighted by a 35% increase in funds for the National Endowment for Democracy.

Status

Table 1. House Status of Foreign Operations, FY2006 (H.R. 3057)

Subcomm. Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conf. Report Approval		Public Law
House	Senate						House	Senate	
6/16	a.	6/24 H.Rept. 109-152	6/28 393-32	a.	a.	11/2 H.Rept. 109-265			

Note: Because House and Senate bills do not contain the same program structure, as discussed above, the status of House and Senate action is tracked using two separate tables.

Table 2. Senate Status of State, Foreign Operations, FY2006 (H.R. 3057)

Subcomm. Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conf. Report Approval		Public Law
House	Senate						House	Senate	
b.	6/29	b.	b.	6/30 S.Rept. 109-96	7/20 98-1	c.			

Note: Because House and Senate bills do not contain the same program structure, as discussed above, the status of House and Senate action is tracked using two separate tables.

a. In the Senate, Foreign Operations programs are included as part of the Senate State, Foreign Operations appropriations bill that was marked-up in subcommittee on June 29, reported by the full Senate Appropriations Committee on June 30, and passed the Senate on July 20 (98-1).

b. In the House, the State Department component of the Senate State, Foreign Operations appropriation measure is included in the Science, State, Justice, and Commerce spending bill (H.R. 2862). H.R. 2862 was marked-up at the subcommittee level on May 24, by the full House Appropriations Committee on June 7, and passed by the House on June 16.

c. House and Senate Appropriations Committees agreed to follow the House bill structure for FY2006. Consequently, State Department programs are included in the conference version of H.R. 2862, the SSJC measure.

Foreign Operations and State Department Policy Trends and Goals

Arguably, from the end of World War II until the early 1990s, the underlying rationale for foreign aid and diplomatic efforts was the defeat of communism. U.S. aid programs were designed to promote economic development and policy reforms, in large part to create stability and reduce the attraction to communist ideology and to block Soviet diplomatic links and military advances. Other security assistance activities provided defense equipment and training to American allies and friendly states, some of which faced Soviet or Soviet-proxy threats. Aid programs also were used to help the United States gain access to military bases around the world in order to forward deploy American forces. Diplomacy emphasized strengthening alliances and building coalitions to isolate and confront the Soviet threat.

Foreign aid and diplomatic programs also supported a number of secondary U.S. policy goals in the developing world, such as reducing high rates of population growth, promoting wider access to health care, expanding the availability of basic education, advancing U.S. trade interests, and protecting the environment. If these secondary goals were also achieved, U.S. aid programs could be promoted as delivering "more bang for the buck."

With the end of the Cold War, the focus of American foreign policy shifted to support more extensively other U.S. national interests, including stopping the proliferation of weapons of mass destruction, curbing the production and trafficking of illegal drugs, expanding peace efforts in the Middle East, seeking solutions to conflicts around the globe, protecting human rights, countering trafficking in persons.

Foreign Aid Policy Shifts

Foreign assistance, in particular, underwent significant changes during the 1990s. The United States launched expansive aid programs in Russia and many eastern-bloc states, the influence of which U.S. assistance previously tried to combat. While these and other new elements of American foreign aid emerged, no broad consensus developed over what the new overarching rationale for U.S. aid programs should be. Throughout the 1990s, policymakers and Congress explored a number of alternative strategic frameworks around which to construct a revised foreign assistance policy rationale. Not only did a policy consensus fail to emerge, but efforts to overhaul the largely Cold War-based foreign aid legislation also did not succeed.

During this period, the Clinton Administration emphasized the promotion of "sustainable development" as the new, post-Cold War main strategy of those parts of the foreign aid program under the aegis of the U.S. Agency for International Development (USAID). Economic assistance supported six inter-related goals: achievement of broad-based, economic growth; development of democratic systems; stabilization of world population and protection of human health; sustainable management of the environment; building human capacity through education and training; and meeting humanitarian needs.

Early in the Bush Administration these goals were modified around three "strategic pillars" of: 1) economic growth, agriculture, and trade; 2) global health; and 3) democracy, conflict prevention, and humanitarian assistance. More recently, a USAID White Paper on American foreign aid identified five "core" operational goals of U.S. foreign assistance:

- Promoting transformational development, especially in the areas of governance, institutional capacity, and economic restructuring;
- Strengthening fragile states;
- Providing humanitarian assistance;
- Supporting U.S. geostrategic interests, particularly in countries such as Iraq, Afghanistan, Pakistan, Jordan, Egypt, and Israel; and
- Mitigating global and international ills, including HIV/AIDS.[4]

Impact of the September 11 Terrorist Attacks

The most defining change in U.S. foreign policy, however, came following the September 11, 2001, terrorist attacks in the United States. Since 9/11 American foreign aid and diplomatic efforts have taken on a more strategic sense of importance and has been cast frequently in terms of contributing to the global war on terrorism. In September 2002, President Bush released his Administration's National Security Strategy that established global development, for the first time, as the third "pillar" of U.S. national security, along with defense and diplomacy. Also in 2002, executive branch foreign assistance budget justifications began to underscore the war on terrorism as the top foreign aid priority, highlighting amounts of U.S. assistance to 28 "front-line" states in the terrorism war — countries that cooperated with the United States in the war on terrorism or faced terrorist threats themselves.[5] The substantial reconstruction programs in Afghanistan and Iraq — which totaled more in FY2004 than the combined budgets of all other aid programs — are also part of the emphasis on using foreign aid to combat terrorism. State Department efforts focused extensively on building coalitions to assist in the war on terror and finding new and more effective ways of presenting American views and culture through public diplomacy.

At roughly the same time that fighting terrorism became the leading concern of U.S. foreign policy, the Bush Administration announced other significant initiatives that have defined and strengthened two additional key foreign assistance goals: promoting economic growth and reducing poverty, and combating the global HIV/AIDS pandemic. The Millennium Challenge Corporation (MCC) is a new aid delivery concept, authorized by Congress and established in early 2004 in P.L. 108-199, that is intended to concentrate significantly higher amounts of U.S. resources in a few low- and low-middle income countries that have demonstrated a strong

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[4] U.S. Agency for International Development. *U.S. Foreign Aid: Meeting the Challenges of the Twenty-First Century*. January 2004.

[5] According to the State Department, these "front-line" states include Afghanistan, Algeria, Armenia, Azerbaijan, Bangladesh, Colombia, Djibouti, Egypt, Ethiopia, Georgia, Hungary, India, Indonesia, Jordan, Kazhakistan, Kenya, Oman, Pakistan, Philippines, Poland, Russia, Saudi Arabia, Tajikistan, Tunisia, Turkey, Turkmenistan, Uzbekistan, and Yemen.

commitment to political, economic, and social reforms. If fully funded, $5 billion will be available by FY2006 to support these "best development performers" in order to accelerate economic growth and lower the number of people living in absolute poverty.

Addressing global health problems has further become a core U.S. aid objective in recent years. Congress created a separate appropriation account for Child Survival and Health activities in the mid-1990s and increased funding for international HIV/AIDS and other infectious disease programs. President Bush's announcement at his 2003 State of the Union message of a five-year, $15 billion effort to combat AIDS, malaria, and tuberculosis has added greater emphasis to this primary foreign assistance objective.

Beyond these recently emerging foreign policy goals, other prominent objectives that have continued since the early 1990s have included supporting peace in the Middle East through assistance to Israel, Egypt, Jordan, and the Palestinians; fostering democratization and stability for countries in crisis, such as Bosnia, Haiti, Rwanda, Kosovo, and Liberia; facilitating democratization and free market economies in Central Europe and the former Soviet Union; suppressing international narcotics production and trafficking through assistance to Colombia and other Andean drug-producing countries; and alleviating famine and mitigating refugee situations in places throughout the world.

Foreign Operations and State Department Funding Trends

Foreign Operations Appropriations Trends

As shown in **Figure 1**, Foreign Operations funding levels, expressed in real terms taking into account the effects of inflation, have fluctuated widely over the past 30 years.[6] After peaking at over $35 billion in FY1985 (constant FY2006 dollars), Foreign Operations appropriations began a period of decline to a low-point of $14.6 billion in FY1997, with only a brief period of higher amounts in the early 1990s due to special supplementals for Panama and Nicaragua (1990), countries affected by the Gulf War (1991), and the former Soviet states (1993).

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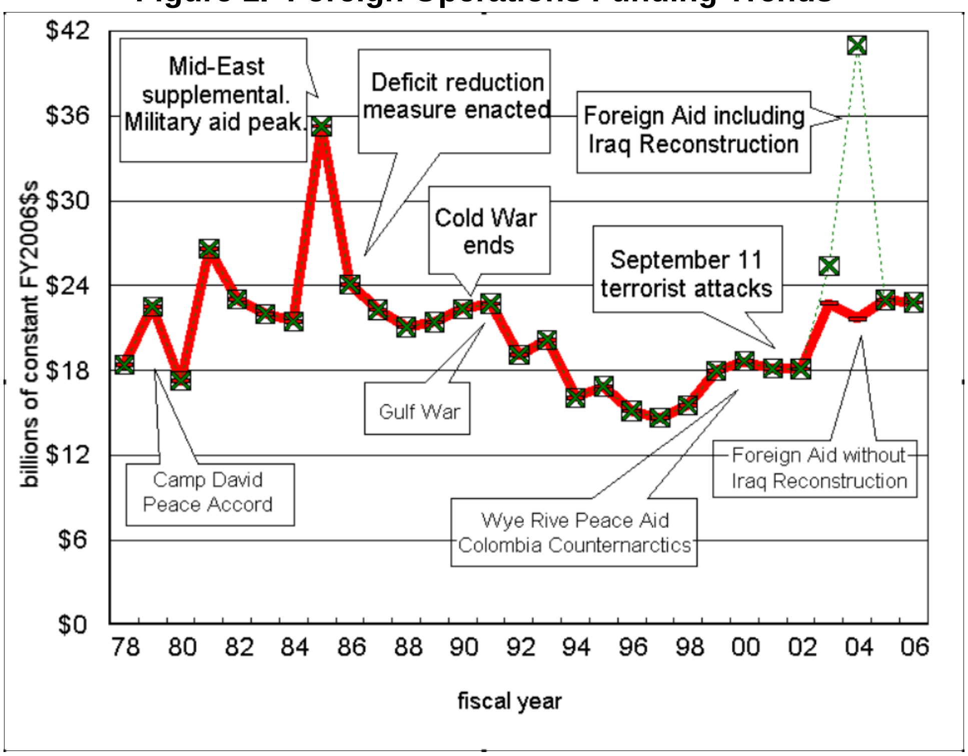
[6] Some of these swings in budget levels are not the result of policy decisions, but are due to technical budget accounting changes involving how Congress "scores" various programs. For example, the large increase in FY1981 did not represent higher funding levels, but rather the fact that export credit programs began to be counted as appropriations rather than as "off-budget" items. Part of the substantial rise in spending in FY1985 came as a result of the requirement to appropriate the full amount of military aid loans rather than only the partial appropriation required in the past. Beginning in FY1992, Congress changed how all Federal credit programs are "scored" in appropriation bills which further altered the scoring of foreign aid loans funded in Foreign Operations. All of these factors make it very difficult to present a precise and consistent data trend line in Foreign Operations funding levels. Nevertheless, the data shown here can be regarded as illustrative of general trends in Congressional decisions regarding Foreign Operations appropriations over the past 29 years.

Arguing that declining international affairs resources seriously undermined U.S. foreign policy interests and limited the ability of American officials to influence overseas events, Clinton Administration officials and outside groups vigorously campaigned to reverse the decade-long decline in the foreign policy budget. Foreign aid spending increased slightly in FY1998, but beginning the following year and continuing to the present, Foreign Operations appropriations have trended upward due in large part to the approval of resources for special, and in some cases unanticipated, foreign policy contingencies and new initiatives.

While funding for regular, continuing foreign aid programs also rose modestly during this period, supplemental spending for special activities, such as Central American hurricane relief (FY1999), Kosovo emergency assistance (FY1999), Wye River/Middle East peace accord support (FY2000), a counternarcotics initiative in Colombia and the Andean region (FY2000), aid to the front line states in the war on terrorism and Iraq-war related assistance (FY2003-FY2005), was chiefly responsible for the growth in foreign aid appropriations.

Figure 1. Foreign Operations Funding Trends



Although Foreign Operations appropriations had been rising for five consecutive years, amounts approved in FY2003 and FY2004 reached unprecedented levels compared with funding over the past 40 years. Substantial supplementals of $7.5 billion and $21.2 billion, respectively, for assistance to the front line states in the war on terrorism and Afghanistan and Iraq reconstruction, pushed spending upward. Foreign Operations spending for FY2004 — $41 billion (constant FY2006 dollars) — was the highest level, in real terms, since the early 1960s.

The enacted level for FY2005 of $22.75 billion (in constant terms and including supplemental appropriations,) while less than the previous two years, is the largest Foreign Operations appropriation, in real terms, in over a decade.

Table 3. Foreign Operations Appropriations, FY1996 to FY2006
(discretionary budget authority in billions of current and constant dollars)

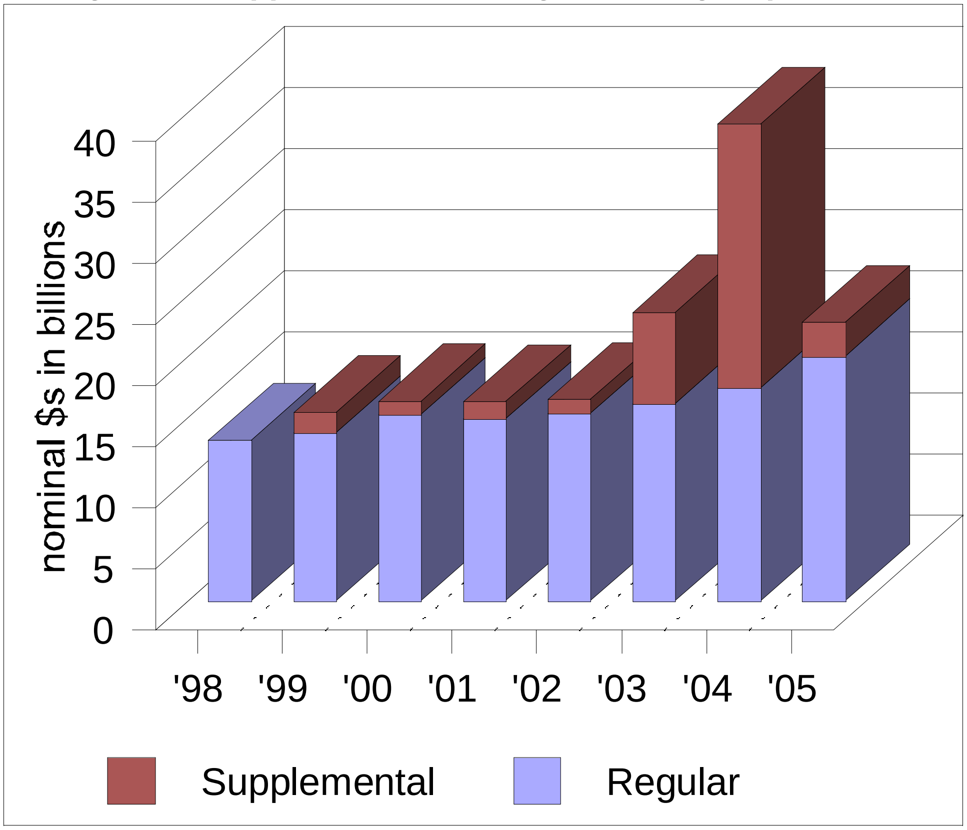
	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06
nominal $s	12.46	12.27	13.15	15.44	16.41	16.31	16.54	23.67	39.05	22.27	22.83
constant FY06 $s	15.15	14.64	15.54	18.00	18.67	18.14	18.11	25.41	41.01	22.75	22.83

Note: FY1999 excludes $17.861 billion for the IMF. FY2003 includes $2.475 billion and FY2004 includes $19.42 billion in supplemental appropriations for Iraq reconstruction. FY2005 includes the regular appropriation, plus $100 million for Caribbean hurricane relief provided in P.L. 108-324 and $2.77 billion provided in P.L. 109-13, the FY2005 emergency supplemental for Iraq, Afghanistan, and tsunami relief.

Growing Importance of Supplementals. Supplemental resources for Foreign Operations programs, which in FY2004 exceeded regular Foreign Operations funding, have become a significant channel of funding for U.S. international activities. Due to the nature of rapidly changing overseas events and the emergence of unanticipated contingencies to which it is in the U.S. national interest to respond, it is not surprising that foreign aid and defense resources from time to time are the major reason for considering and approving supplemental spending outside the regular appropriation cycle. Supplementals have provided resources for such major foreign policy events as the Camp David accords (FY1979), Central America conflicts (FY1983), Africa famine and a Middle East economic downturn (FY1985), Panama and Nicaragua government transitions (FY1990), the Gulf War (FY1991), and Bosnia relief and reconstruction (FY1996).

But after a period of only one significant foreign aid supplemental in eight years, beginning in FY1999 Congress approved Foreign Operations supplemental appropriations exceeding $1 billion in each of the past six years. Relief for Central American victims of Hurricane Mitch, Kosovo refugees, and victims of the embassy bombings in Kenya and Tanzania in FY1999 totaled $1.6 billion, and was followed in FY2000 by a $1.1 billion supplemental, largely to fund the President's new counternarcotics initiative in Colombia. As part of a $40 billion emergency supplemental to fight terrorism enacted in September 2001, President Bush and Congress allocated $1.4 billion for foreign aid activities in FY2001 and FY2002. Another $1.15 billion supplemental cleared Congress in FY2002 to augment Afghan reconstruction efforts and assist other front-line states in the war on terrorism.

Figure 2. Supplemental Funding for Foreign Operations



Until FY2003, these additional resources accounted for between 7% and 11% of total Foreign Operations spending. The $7.5 billion Iraq War supplemental for FY2003, however, went well beyond these standards, representing nearly one-third of the FY2003 Foreign Operations budget, and was surpassed, as noted above, only by FY2004 supplemental appropriations, which more than doubled the Foreign Operations budget for the year. Congress approved another large Foreign Operations supplemental for FY2005 — $2.52 billion — largely for additional Afghan reconstruction, tsunami disaster relief, and additional aid for Sudan — representing about 11% of total appropriations for this year.[7]

State Department/Broadcasting Appropriation Trends

Over the past nearly three decades, the funding level for the State Department and international broadcasting has reflected generally an upward trend. Although there were a few brief periods of declining resources, appropriations continually climbed to the point where the FY2006 budget request is more than double what it was in the 1978-1984 time period.

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[7] The FY2005 supplemental included $3.52 billion in "new" Foreign Operations funds, but a $1 billion rescission of FY2003 economic aid to Turkey lowered the "net" supplemental to $2.52 billion.

Many of the spikes in funding over the years were related to overseas security issues. Since the Vietnam War, American embassies have increasingly been the targets of hostile action. Terrorist attacks grew in number in the 1970s, the decade ending with the taking of American hostages in Tehran in 1979. Similarly, in the early 1980s, the State Department recognized a greater need to tighten security after the 1983 bombing of U.S. Marine barracks in Beirut, Lebanon, and the bombing of the embassy annex in Beirut in 1984. In 1985, a report by the Advisory Panel on Overseas Security, headed by Admiral Bobby Inman, set new standards for security measures at U.S. facilities around the world. In 1986 Congress provided an embassy supplemental appropriation to meet those standards. Again in August 1998, another major attack occurred on U.S. embassies in Kenya and Tanzania. Later that year, Congress passed an emergency supplemental that sharply increased total State Department spending. And, as noted above, following the September 11, 2001 terrorist attacks, several emergency supplemental appropriations raised the State Department funding levels to all-time highs by FY2004.

The Clinton Administration generally believed in a multilateral approach to handling international problems, and sought an expansion of U.N. involvement in international peacekeeping. In 1994, the Administration requested supplemental funding for U.N. peacekeeping to provide more help with Cyprus and African regional efforts, as well as Angola, Iraq, Yugoslavia, Somalia, Haiti, and Mozambique. Congress appropriated $670 million for the peacekeeping supplemental in 1994, more than doubling the international peacekeeping account that year.

During this same period, both Congress and the Administration struggled to reduce the Federal deficit. Some Members contended that, with the end of the Cold War, a peace dividend could be derived, and believed that foreign policy agency funding could be trimmed to help meet growing budget pressures. Reorganization of the international broadcasting entities beginning in 1994, and later the consolidation of the foreign policy agencies into the Department of State in 1999, reflected the mood in Congress to streamline these foreign policy agencies, thereby realizing budgetary savings.

From the outset of the George W. Bush Administration, then-Secretary of State Colin Powell strongly asserted within the executive branch and in testimony to Congress that State Department resource needs had been neglected during the previous decade and that significant increases were needed to improve technology and staffing challenges. The Administration of Foreign Affairs portion of State Department spending, the area of the budget out of which personnel and technology costs are paid, has risen from $4 billion FY2000 to nearly $6.8 billion in the FY2006 request, an increase, in real terms, of 70%.

Figure 3. State Department/Broadcasting Funding Trends

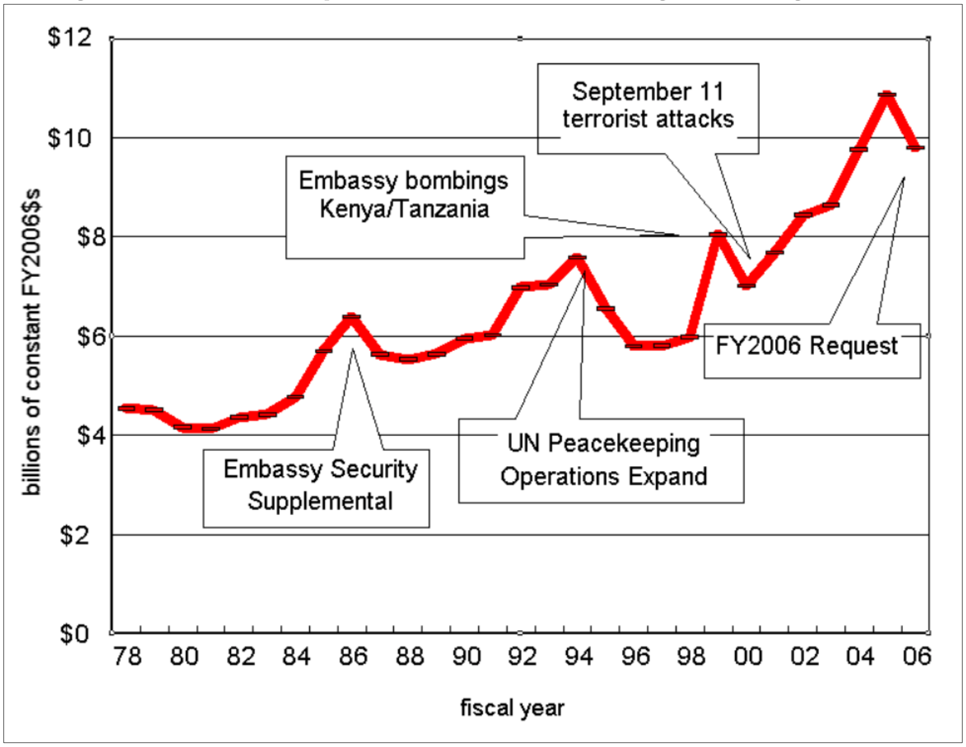


Table 4. State Department/Broadcasting Appropriations, FY1996 to FY2006

(discretionary budget authority in billions of current and constant dollars)

	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06
nominal $s	4.77	4.87	5.06	6.91	6.16	6.91	7.71	8.05	9.29	10.67	9.80
constant FY06 $s	5.80	5.81	5.98	8.05	7.01	7.69	8.44	8.64	9.76	10.89	9.80

Data Notes

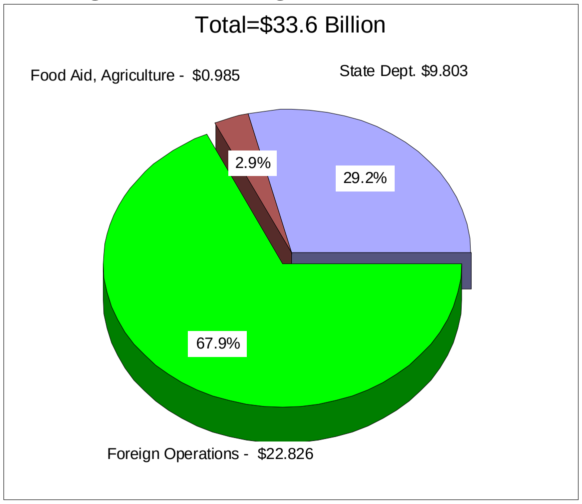
Unless otherwise indicated, this report expresses dollar amounts in terms of *discretionary budget authority*. The Foreign Operations and State Department Appropriation bills include two *mandatory* retirement programs for USAID and State Department officers that are not included in figures and tables. The two retirement funds are scheduled to receive $42.5 million and $132.6 million, respectively, for FY2005.

In addition, funding levels and trends discussed in this report exclude U.S. contributions to the International Monetary Fund (IMF), which are enacted periodically (about every five years) in Foreign Operations bills. Congress approved $17.9 billion for the IMF in FY1999, the first appropriation since FY1993. Including these large, infrequent, and uniquely "scored" IMF appropriations would distort a general analysis of Foreign Operations funding trends. Although Congress provides new budget authority through appropriations for the full amount of U.S. participation, the transaction is considered an exchange of assets between the United States and the IMF, and results in no outlays from the U.S. treasury. In short, the appropriations are off-set by the creation of a U.S. counterpart claim on the IMF that is liquid and interest bearing.

Foreign Operations/State Department, the FY2005 Budget Resolution, and Sec. 302(b) Allocations

Usually, Appropriations Committees begin markups of their spending bills only after Congress has adopted a budget resolution and funds have been distributed to the Appropriations panels under what is referred to as the Section 302(a) allocation process. Section 302(a) is the pertinent authority in the Congressional Budget Act. Following this, House and Senate Appropriations Committees separately decide how to allot the total amount available among their subcommittees, staying within the functional guidelines set in the budget resolution. This second step is referred to as the Section 302(b) allocation. Foreign Operations and State Department funds fall within the International Affairs budget function (Function 150), representing in most years about 67% and 30%, respectively, of the function total. The other major component of Function 150 — international food assistance — is funded in the Agriculture spending measure.

Figure 4. Budget Function 150



How much International Affairs money to allocate among each of the subcommittees with jurisdiction, and how to distribute the funds among the numerous programs, are decisions exclusively reserved for the Appropriations Committees. Nevertheless, overall ceilings set in the budget resolution can have significant implications for the budget limitations within which the House and Senate subcommittees will operate when they meet to mark up their annual appropriation bills.

On March 17, 2005, both houses approved budget resolutions for FY2006 (H.Con.Res. 95 and S.Con.Res.18) that reduce the amount of discretionary budget authority for International Affairs funding compared with the Presidents's request. The House measure cut Function 150 by about $1.6 billion, or 4.7%, while the Senate resolution set discretionary spending roughly $350 million, or 1%, below the Administration's proposal.

The final agreement on H.Con.Res. 95, which cleared both Houses on April 28, cut deeper into the International Affairs budget function than either of the earlier resolutions. As approved, Function 150 is set at $31.37 billion for FY2006, about $2.4 billion, or 7%, less than the President's request.

House and Senate Appropriations Committees, however, can choose to allocate the final amount set out in the budget resolution among the various subcommittees with jurisdiction over the International Affairs budget proportionally different than what the President proposed or to alter the overall amount for foreign policy activities. Depending on other competing priorities, the final allocations can diverge significantly from those assumed in the budget resolution. Nevertheless, the size of the reduction compared with the executive request approved in the budget resolution created a challenging budget picture for appropriation subcommittees with jurisdiction over Foreign Operations and State Department/Broadcasting programs.

The House Appropriations Committee announced its subcommittee allocations on May 5, providing $20.27 billion to the Foreign Operations Subcommittee, a level $2.55 billion, or 11%, below the Administration's recommendation. During each of the past two years, the House Foreign Operations Subcommittee was able to absorb more modest reductions to the President's request largely by paring back the large increases proposed by the President for the Millennium Challenge Account. Once again the executive branch sought a substantial increase for the MCA — doubling its budget to $3 billion. As discussed elsewhere in this report, even though the House Subcommittee decided on June 16 again to recommend a sizable cut to the MCA proposal ($1.75 billion), it also had to make reductions across a number of other programs and accounts in order to meet its allocation target.

For State Department and related programs, the implications of the House Sec. 302(b) allocations were less clear because these funds are merged with a range of domestic agencies. However, the $3.16 billion House SSJC Subcommittee allocation was 5.2% less than the Administration's request. State Department programs absorbed a relatively small portion of this reduction — $272 million, or 3.7% less than the request — when the House Appropriations Committee ordered reported the SSJC measure on June 7.

The situation in the Senate was much different, where the State, Foreign Operations Subcommittee had significantly more funds than its House counterparts to support programs under its jurisdiction. The Senate 302(b) allocations, issued on June 9, provide $31.67 billion to the Subcommittee, $1 billion, or 3.1% less than the combined State Department/Foreign Operations request. The comparable totals for the House Foreign Operations and State Department/Broadcasting components of the SSJC appropriation is $29.837 billion or about 6% less than the Senate allocation. Under the Senate plan, the decision to reduce the MCA request along the lines of the past two years was able to absorb entire gap between the President's request for FY2006 and the Subcommittee allocation. As noted elsewhere, the Senate passed on July 20 a bill providing $1.8 billion for the MCA, $1.2 billion less than the request.

Prior to finalizing the Foreign Operations conference agreement, the Committees once again revised the 302(b) allocations, setting the budget authority cap for Foreign Operations at $20.94 billion. This level is about $670 million higher than the original House amount, but over $1.2 billion below the Senate initial mark.

Foreign Operations/State Department Appropriations Request for FY2006

On February 7, 2005, the President submitted his FY2006 budget request, including $22.8 billion for Foreign Operations and $9.8 billion for State Department and Related Agencies appropriations. These amounts were 15.7% and 12.2%, respectively, higher than FY2005 amounts enacted in regular, non-supplemental appropriations. The combined Foreign Operations/State Department request of $32.67 billion was 14.6% larger than regular FY2005 funding. With passage of the FY2005 Emergency Supplemental Appropriations (H.R. 1268), total Foreign Operations for FY2005 increased to $22.27 billion, while State Department/Broadcasting funds rose to $10.78 billion. Comparing the FY2006 request with the total amount enacted for FY2005 — regular and supplemental — found Foreign Operations increasing by about $550 million, or 2.5%, and State Department and related programs decreasing by $943 million, or 8.7%.

Foreign Operations Request Overview and Congressional Action

The 15.7% increase over regular FY2005 appropriations proposed for Foreign Operations was one of the largest additions in the President's request for discretionary spending in FY2006. By comparison, the Administration sought increases for two other high priority budget areas — defense and homeland security — of about 5% and 3%, respectively.

Despite the large overall increase for Foreign Operations, much of the added funding was concentrated in a few areas. The FY2006 budget continued to highlight foreign aid in support of the war on terrorism as the highest priority, with a 9% increase in aid to the front-line states in the war on terrorism and 12% more funds for global counter-terror programs. Resources would continue to grow for the President's two newest foreign aid initiatives — the Millennium Challenge Account (MCA) and the President's Emergency Plan for AIDS Relief (PEPFAR). The MCA request doubled to $3 billion in FY2006 while Foreign Operations funds for PEPFAR would rise from $2.28 billion in FY2005 to $2.56 billion in the FY2006 request. (Additional PEPFAR funds were proposed in the Labor/HHS appropriation measure, bringing the total FY2005 PEPFAR request to $3.16 billion.) After failing to win congressional approval the past three years for a contingency fund that could be used in response to unanticipated foreign policy emergencies, the White House again proposed $100 million for a Crisis Response Fund. The State Department's International Narcotics and Law Enforcement program would also receive a significant funding boost of over 60%, almost entirely to support a nearly three-fold increase in programs to stem opium poppy cultivation in Afghanistan. The Administration was also seeking the transfer of about $300 million in food assistance, traditionally funded in the Agriculture appropriation measure, to Foreign Operations and USAID's disaster assistance account in order to enhance the flexibility and lower costs for providing timely emergency food relief overseas.

Table 5. Foreign Operations Significant Increases FY2006

($s — billions)

	FY2005 Regular*	FY2006 Request	FY2006 +/- FY2005
Foreign Operations Total	**$19.737**	**$22.826**	**15.7%**
Significant increases for FY2006:			
"Front-Line States" aid	$5.300	$5.800	9.4%
Anti-Terrorism programs	$0.142	$0.159	12.0%
Millennium Challenge Account	$1.488	$3.000	101.6%
Emergency Plan for AIDS Relief	$2.279	$2.564	12.5%
Conflict Response Fund	—	$0.100	—
Counter-narcotics aid[a]	$0.237	$0.264	11.4%
USAID disaster assistance	$0.485	$0.656	35.3%
Significant increases for FY2006, Total	**$9.931**	**$12.543**	**26.3%**
Remaining Foreign Operations Programs	**$9.806**	**$10.283**	**4.9%**

* FY2005 excludes emergency supplemental funding.

a. Because all assistance for Afghanistan is included in the figures for the front-line states above, counter-narcotics programs for Afghanistan are not included here in order to avoid double-counting. If Afghan counter-drug aid was included, FY2005 would total $326 million, compared with $524 million requested for FY2006, a 60% increase.

Combined, funding for these major elements of the Foreign Operations request totaled $12.5 billion, or 26% higher than for FY2005. By contrast, the $10.3 billion proposed for all other Foreign Operations activities was just 4.8% higher than FY2005 regular appropriations amounts.

Congressional Action — Summary

House Consideration. As passed by the House on June 28, foreign aid programs would receive $20.27 billion, an amount $2.55 billion, or 11%, less than the President's request. Compared with FY2005 levels, the FY2006 recommendation (H.R. 3057) is $730 million, or 3.7%, higher than regular appropriations for this year, but $2 billion, or 9%, less than the total amount enacted for FY2005, including supplemental funding provided in P.L. 109-13.

The largest reductions proposed by the House measure focused on the Millennium Challenge Account ($1.75 billion vs. $3 billion requested), aid to Iraq (elimination of the $458 million request), the Conflict Response Fund (elimination of the $100 million request), a contribution to the Global Environment Facility (elimination of the $107 million request), and refugee aid ($791 million vs. $893 million requested). The House recommendation, however, increased to $2.696 billion funding for HIV/AIDS, malaria, and tuberculosis ($131 million above the request), including $400 million for a U.S. contribution to the Global Fund to Fight AIDS, Malaria, and Tuberculosis, double the requested amount.[8] H.R. 3057, as passed the House, proposed $466 million for family planning programs and the U.N. Population Fund ($425 million requested) but retained current restrictions on the assistance. In total, the bill included $367 million for Sudan, as requested, of which $69 million is available for the Darfur region.

During full House Committee markup on June 21, Members adopted an amendment earmarking $50 million of Egypt's $495 million economic aid package for democracy and governance activities carried out by U.S. and Egyptian non-governmental organizations and $50 million to support basic education programs. This would roughly double the amounts planned by USAID for these activities in Egypt for FY2006. Most of U.S. economic assistance to Egypt was provided as a cash transfer ($200 million) and as a commodity import program ($200 million) in support of job creation and trade enhancement objectives.

The Committee defeated two amendments that would have shifted $40 million of Egypt's military aid to economic programs and required the State Department to report to Congress on Israel's West Bank settlements policy. As ordered reported, the legislation provided full funding, as requested, for both Israel ($2.52 billion) and Egypt ($1.8 billion).

During House floor debate on June 28, Members approved several amendments including those:

- Baring Export-Import Bank loans to support Westinghouse and other investors seeking to win a contract to build nuclear power plants in China (Sanders; 313-114);

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[8] In related legislation, the House does not provide an additional $100 million for the Global Fund, as requested, in the Labor/HHS/Ed appropriation (H.R. 3010). The combined Foreign Ops-Labor/HHS/Ed appropriation total in the House is $400 million for the Global Fund, compared with $300 million proposed.

- Prohibiting $25,000 in military training funds for Saudi Arabia (Weiner; 293-132);

- Banning aid to countries that refuse to extradite to the United States individuals accused of certain crimes. The Beauprez amendment (approved 327-98) blocks aid to those that do not extradite individuals accused of killing American law enforcement officers. The Deal amendment (approved 294-132) bans assistance (except counternarcotics aid) to nations that do not extradite those charged with crimes that would result with a life imprisonment without parole sentence or less. Both amendments are related to several pending cases, including those involving Mexico and Nicaragua. The Deal amendment is similar to a Chamblis proposal adopted by the Senate.

- Adding $9 million, for a total of $36 million, to the State Department's Human Rights and Disarmament Fund (Schiff);

- Prohibiting aid through the SEED account to Romania (Bradley).

The House further defeated several amendments, including those:

- Transferring $750 million in military aid to Egypt to the Child Survival and Health account in order to support additional malaria and other infectious disease programs (Pitts; 87-326). The amendment was strongly opposed by the Administration.

- Reducing by $100 million funds for the Andean Counternarcotics Initiative (McGovern; 189-234).

Senate Consideration. On July 20, the Senate passed H.R. 3057, recommending a $31.67 billion combined measure for State Department and Foreign Operations activities. For Foreign Operations programs, the bill proposed $22.16 billion, or $664 million (-2.9%) less than the President's request. For State Department activities, the measure recommended about $9.5 billion, or 3.4% less than the request.

Major changes recommended by the Senate to the President's request on Foreign Operations issues include:

- Reducing to $1.8 billion funding for the Millennium Challenge Account, slightly higher than the House, but $1.2 billion below the request;

- Increasing by $400 million (for a total of $2.97 billion across all accounts) for HIV/AIDS programs. This included $500 million for the Global Fund to Fight AIDS, Tuberculosis, and Malaria, 150% higher than the request;

- Full funding for counter-terrorism and counter-narcotics accounts;

- Full funding for aid to key states of strategic interest, including Iraq, Afghanistan, Israel, Egypt, Jordan, Indonesia, and Pakistan;

- $24 million for the President's Conflict Response Fund, less than the $100 million proposal; the House denied this request;

- Increasing slightly the refugee aid request to $900 million;

- Adding about $700 million for development and child survival programs beyond the President's request;

- Raising amounts for international family planning programs to $485 million ($450 million for bilateral activities and $35 million for UNFPA), modifying the "Kemp-Kasten" restrictions on UNFPA eligibility, and adding text that would essentially overturn the President's "Mexico City policy" regarding abortion.

- Increasing aid for states of the former Soviet Union to $565 million, $83 million higher than the request.

- Adding a new account — the Democracy Fund — that provides $175 million, including $80 million for the National Endowment for Democracy. In total, the Senate measure included $1.45 billion for democracy and human rights activities across all economic aid accounts.

- Providing full funding for the Global Environment Facility ($117 million); the House measure denied funds for the GEF.

For State Department activities, the Senate bill:

- Fully funded the President's requests for Diplomatic and Consular programs and for International Broadcasting;

- Added $10 million ($440 million total) for Educational and Cultural Exchanges;

- Increased spending for the National Endowment for Democracy to $89 million, $9 million more than requested;[9]

- Reduced by $22 million funding for embassy security — $1.5 billion total — an amount equal to FY2005 regular appropriations and the amount included in House-passed legislation.

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[9] Of this total, $80 million for NED is provided in the Foreign Operations portion of the bill within a new account: Democracy Fund.

During floor debate between July 18 and July 20, the Senate took action on 46 amendments. Major amendments approved by the Senate included:

- Adding $100 million (for a $500 million total) to the U.S. contribution to the Global ATM Fund. To accommodate the increase, the bill reduced by $100 million appropriations for the Economic Support Fund (Santorum);

- Barring aid for State Department programs (except counter-narcotics) for countries that refuse to extradite individuals accused of committing crimes in the U.S. that would result in punishment of life in prison without parole or less. This is similar to the Deal amendment in the House. (Chamblis; 86-12);

- Setting aside $50 million of Egypt's economic aid for education programs (Brownback). This added to a Senate Committee earmark of $35 million for democracy activities. The House measure provided $100 million for democracy and education;

- Transferring $50 million from the Conflict Response Fund to the Foreign Military Financing account for additional aid to the African Union's mission in Sudan (Corzine);

- Making $105 million available for malaria programs, including "considerable support" for the purchase of commodities and equipment (Brownback);

- Limiting U.S. funds for UNFPA to six activities: 1) safe child birth and emergency obstetric care; 2) obstetric fistula treatment and care; 3) contraceptive supplies for preventing pregnancies and sexually transmitted diseases, including AIDS; 4) restoration of maternal health care in locations hit by natural disasters; 5) eliminate female genital mutilation; and 6) access by unaccompanied women and other vulnerable individuals to vital services (Leahy and Clinton).

The Senate also defeated several proposals, including a ban on Eximbank loans for nuclear projects in China (Coburn; 37-62). The House adopted a similar amendment (Sanders). Also rejected by the Senate was an amendment by Senator Dorgan that would eliminate $21.1 million in funds for television broadcasting to Cuba and add the same amount of funds for the Peace Corps (33-66).

Conference Agreement. As approved on November 1 by House-Senate negotiators, Foreign Operations is set at $20.94 billion for FY2006. Conferees decided to separate the State Department and related agencies portion of the Senate-passed measure, and address those funding and policy issues as part of the Science, State, Justice, and Commerce appropriation (H.R. 2862). The Foreign Operations conference agreement falls $1.89 billion, 8.3% below the President's request, and represents by far the largest cut in regular (non-supplemental) Foreign Operations spending relative to the Administration's proposal during the Bush Administration. The total, however, remains about $1.2 billion higher than the regular FY2005 foreign aid spending measure, and falls between the House-passed $20.27 billion level and the Senate-passed $22.16 billion amount.

Conferees made the largest reduction to the President's proposed $3 billion Millennium Challenge Account, paring the appropriation down to $1.77 billion. Also reduced significantly is security-related economic aid through the Economic Support Fund, falling $400 million, or 13% below the request. Nearly all of this reduction comes from the decision to provide only $61 million in ESF aid for Iraq instead of the $360 million request. Conferees also deny another $99 million in assistance to Iraq drawn from other aid accounts, arguing that $3.5 billion remains unobligated from the FY2004 $18.4 billion supplemental for Iraq. Levels for other major ESF recipients, however, are set at the requested amount: Israel — $240 million; Egypt — $495 million; Pakistan — $300 million; Jordan — $250 million; and Palestinians - $150 million. Despite full-funding for Egypt, conferees stipulate that $50 million must be allocated for democracy and political reform programs, while an additional $50 million must be spent on educational initiatives.

For nearly every other account, the conference agreement also sets spending at or somewhat below requested levels. Some key reductions include:

- USAID operating expenses reduced to $630 million, $50 million less than the request;
- Conflict Response Fund ($100 million) eliminated;
- refugee aid cut to $791 million, $100 million below the request;
- debt reduction reduced to $65 million, two-thirds of the amount proposed; and
- Global Environment Facility pared to $80 million, less than the $107.5 million proposal.

In a few selected areas, however, conferees added funds. The three "core" bilateral development aid accounts of Child Survival/Health, Development Assistance, and the Global AIDS Initiative each receive a boost, reflecting continuing congressional priorities in these areas. The combined total of $5.1 billion is 18% higher than the request. The total amount for HIV/AIDS, malaria, and tuberculosis programs across all accounts is $2.82 billion, up from the President's $2.56 billion request. This includes $450 million for the Global Fund, higher than the $200 million request. For family planning, the conference agreement provides a total of $466 million — $432 million in bilateral funding and $34 million as a contribution to the U.N. Population Fund (UNFPA). This compares to a $425 million total request. Conferees also added to the request for aid to the former Soviet states, setting appropriations at $514 million, or 6.6% more than proposed. The agreement further adds to spending for the African and Inter-American Foundations, and to voluntary contributions to international organizations. For these latter organizations, conferees boost funding in particular for the U.N. Development Program ($110 million), UNICEF ($127 million), and the U.N. Development Fund for Women and its Trust Fund ($4.75 million). The conference measure also establishes a new

Democracy Fund of $95 million as proposed by the Senate. In total conferees include $1.448 billion for democracy-promotion activities throughout all economic aid accounts, a boost from the estimated current USAID funding level of about $1.2 billion.

On key policy issues, the conference agreement deletes Senate-passed provisions that would have reversed the so-called Mexico City family planning policy and altered the Kemp-Kasten restrictions that apply to U.S. contributions to the U.N. Population Fund (UNFPA), and stipulated that a portion of U.S. assistance to Egypt must support democracy, human rights, and governance programs.

Fighting the War on Terrorism

Since the terrorist attacks in September 2001, American foreign aid programs have shifted focus toward more direct support for key coalition countries and global counter-terrorism efforts. In total, Congress has appropriated approximately $46.2 billion in FY2002-FY2005 Foreign Operations funding to assist the approximately 28 front-line states in the war on terrorism, implement anti-terrorism training programs, and address the needs of post-conflict Iraq and other surrounding countries. ("Front-line" states are those nations cooperating with the United States in the global war on terrorism or are facing terrorist threats themselves.) Nearly half of all Foreign Operations appropriations the past four years have gone for terrorism or Iraq war-related purposes.

Although there is disagreement regarding the extent to which foreign aid can directly contribute to reducing the threat of terrorism, most agree that economic and security assistance aimed at reducing poverty, promoting jobs and educational opportunities, and helping stabilize conflict-prone nations can indirectly address some of the factors that terrorists use to recruit disenfranchised individuals for their cause.

The FY2006 budget continued the priority of fighting terrorism with $5.8 billion, or 25%, of Foreign Operations resources assisting the front-line states. The largest front-line state recipients for FY2006 include Afghanistan ($920 million), Pakistan ($698 million), Jordan ($462 million), and Iraq ($458.5 million, including refugee funds). While the FY2006 request changed little in the size and composition of bilateral assistance for these countries that play key roles in the war on terror, questions were raised over the proposals for Afghanistan and Iraq.

The $920 million aid package for Afghanistan, while similar in size to amounts appropriated in the FY2005 regular Foreign Operations measure, did not include military assistance to train and equip the Afghan army, an activity that received around $400 million in Foreign Operations funding for FY2004 and FY2005. Instead, the Administration proposed placing military aid programs under the direction of the Defense Department and sought $1.3 billion for such purposes in the FY2005 Emergency Supplemental (H.R. 1268). Military assistance programs have maintained a long tradition of falling under the policy authority of the Secretary of State and civilian diplomats at the Department, with DOD given responsibility to manage the operations. Congress approved the shift from Foreign Operations to Defense Department funds for Afghan military aid in the FY2005 Emergency

Supplemental, but only after adding the requirement that the Secretary of State must concur with DOD decisions over how to program these funds.

The FY2006 request for front-line states also differed from previous proposals in that for the first time, Iraq reconstruction funds were sought in a regular, rather than an emergency spending measure. Since Congress approved $18.44 billion for Iraq in the FY2004 emergency supplemental P.L. 108-106), no additional Foreign Operations funds have been requested until FY2006.[10] The Administration's $414 million would largely focus on democracy and governance activities ($130 million) and economic reconstruction ($230 million). At the time of the budget's submission, some critics argued that since large portions of the $18.44 billion remained unobligated and even larger amounts were unspent, there were sufficient funds available to meet current and future reconstruction needs in Iraq. More recently, the pace of reconstruction spending increased. As of October 26, 2005, $14.77 billion, or 81% of amounts appropriated in P.L. 108-106 had been obligated and about 49% of the $18.44 billion total had been spent.[11]

Anti-terrorism training and technical assistance programs also would rise by 12% above FY2005 levels, as illustrated in **Table 6**.

Table 6. Global Counter-Terrorism Program Funding

($s — millions)

Program	FY03 Enacted	FY04 Enacted	FY05 Enacted	FY06 Request	FY06 House	FY06 Senate	FY06 Conf.
Anti-Terrorism Aid	65.6	141.4	117.8	133.5	122.5	133.5	123.5
Terrorist Interdiction	5.0	5.0	5.0	7.5	7.5	7.5	5.5
Engagement w/ Allies	—	—	2.0	2.0	1.0	2.0	1.0
Terrorist Financing - State Dept	5.0	—	7.2	7.5	7.5	7.5	7.5
Terrorist Financing - Treasury	5.0	5.0	10.0	8.5	8.5	8.5	8.5
TOTAL Counter-Terrorism	**80.6**	**151.4**	**142.0**	**159.0**	**147.0**	**159.0**	**146.0**

[10] The FY2005 Emergency Supplemental includes $5.7 billion, as requested, for Iraq security forces training programs, an amount that comes out of the Defense Department's budget, not Foreign Operations.

[11] Obligation and spending figures from Department of State. *Iraq Weekly Status Report*, October 26, 2005, p. 17. For more details on the status and implementation of Iraq reconstruction programs, see CRS Report RL31833, *Iraq: Recent Developments in Reconstruction Assistance*, by Curt Tarnoff.

Congressional Action. Although the House-passed bill (H.R. 3057) did not set a specific total amount for assistance to the front-line states in the war on terror, proposed assistance to several countries was reduced. The House measure allocated none of the $458.5 million requested for Iraq, with the House Appropriations Committee noting that about $5 billion remains unobligated from the $18.44 billion appropriated in P.L. 108-106. Pakistan was set to receive $80 million less than the Administration's request, largely because of Committee concerns that the Administration is incrementally funding military procurement by Pakistan rather than annually fully funding weapons acquisitions. H.R. 3057 also reduced amounts for Turkey and barred military assistance for Uzbekistan while recommending that U.S. military training programs for the Uzbekistan's military be reviewed. Funds for Jordan were recommended by the House at the requested level ($462 million).

For Afghanistan, the House recommendation earmarked $954 million in total aid, roughly the level requested, but added some conditions to the assistance. The House Appropriations Committee expressed concern over the lack of cooperation of the Afghan government at the local level and the lack of support at the national level for U.S.-funded opium poppy eradication efforts. Consequently, the House reduced from $184 million to $135 million the budget request for Afghan counter-narcotics aid and required a report prior to the obligation of any funds for such purposes regarding the overall U.S. strategy for assisting Afghanistan to counter poppy cultivation, fight heroin trafficking, and implement alternative development programs. While fully funding the $430 million ESF request for Afghanistan, the House barred the expenditure of $205 million of the funds until the Secretary of State certified that the local and national government of Afghanistan was fully cooperating with the United States on narcotics eradication and interdiction efforts.

Like the House, the Senate measure did not establish a precise funding level for war on terror programs. Unlike the House, however, the Senate bill fully funded country aid levels, as requested, for key partners in the global war on terrorism. Amounts for Jordan, Pakistan, Indonesia, Iraq and others were provided at amounts sought by the executive branch. Funds for Afghanistan were set at $920 million. A Senate floor amendment that cut by $100 million ESF appropriations, however, could have placed some constraints on assistance in the war on terror since the ESF account is a primary source of funds for this purpose.

The conference agreement on H.R. 3057 follows many of the House-passed provisions regarding programs supporting the war on terror. The ESF account falls about $400 million below the request and $300 million less than the Senate amount. Much of the reduction comes from a cut to ESF funding for Iraq, which is set at $61 million rather than the $360 million proposal. For Afghanistan, H.R. 3057 provides $931.4 million in total assistance, a level between the House- and Senate-passed measures. Conferees also requires the withholding of $225 million in ESF funding until the Secretary of State certifies that national and local governments are fully cooperating with U.S. counter-narcotics and interdiction efforts in Afghanistan.

As shown in **Table 6**, H.R. 3057, as passed the House, proposed $147 million for several specific counter-terrorism programs, slightly higher than for FY2005, but $12 million less than the President's request. The Senate companion measure fully funds the executive's proposal. Conferees, operating under additional funding constraints, set levels at $146 million, below both House and Senate amounts, and $13 million below the request.

The Millennium Challenge Account[12]

The largest funding increase in the FY2006 Foreign Operations budget is for the Millennium Challenge Account (MCA), a foreign aid program announced in early 2002 and created in February 2004. The MCA is designed to radically transform the way the United States provides economic assistance, concentrating resources on a small number of "best performing" developing nations. MCA funds are managed by a new Millennium Challenge Corporation (MCC), which provides assistance through a competitive selection process to developing nations that are pursing political and economic reforms in three areas:

- Ruling justly — promoting good governance, fighting corruption, respecting human rights, and adhering to the rule of law;
- Investing in people — providing adequate health care, education, and other opportunities promoting an educated and healthy population; and
- Fostering enterprise and entrepreneurship — promoting open markets and sustainable budgets.

If fully implemented and funded at its $5 billion per year target level, the initiative would represent one of the largest increases in foreign aid spending in half a century, outpaced only by the Marshall Plan following World War II and the Latin America-focused Alliance for Progress in the early 1960s.

The MCA concept is based on the premise that economic development succeeds best where it is linked to the principles and policies of free market economy and democracy, and where governments are committed to implementing reform measures in order to achieve such goals. The MCA differs in several fundamental respects from past and current U.S. aid practices:

- the size of the $5 billion commitment;
- the competitive process that will reward countries for past actions measured by 16 objective performance indicators;
- the pledge to segregate the funds from U.S. strategic foreign policy objectives that often strongly influence where U.S. aid is spent; and
- the requirement to solicit program proposals developed solely by qualifying countries with broad-based civil society involvement.

The request for FY2006 was $3 billion, twice the amount appropriated for FY2005, but less than the $5 billion FY2006 target that the President pledged when he announced the initiative in March 2002. The MCC's Board of Directors selected

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[12] For a complete discussion of the Millennium Challenge Account, its current status, and future challenges, see CRS Report RL32427, *The Millennium Challenge Account: Implementation of a New U.S. Foreign Aid Initiative*, by Larry Nowels.

17 countries[13] to participate in the program in FY2004 and FY2005, and the Corporation signed its first five agreements, or Compacts, with Madagascar, Honduras, Cape Verde, Nicaragua, and Georgia between April and September 2005.

Some Members of Congress, however, believe the initiative has started more slowly than they had anticipated, spending only small amounts of the roughly $2.5 billion appropriated in total for FY2004 and FY2005. Doubling the budget of an untested foreign aid program while other traditional development assistance programs are scheduled for reductions in FY2006, they assert, may not be the best allocation of Foreign Operations resources. The MCC argues, however, that the signing of additional Compacts will accelerate in the coming months, that existing resources are likely to be fully committed by the end of calendar 2005, and that an additional $3 billion is necessary to finance new countries selected for FY2006 programs. The Board is expected to meet and finalize the FY2006 participants in November.

Congressional Action. The House-passed bill recommended (H.R. 3057) $1.75 billion for the MCA in FY2006, $262 million higher than FY2005 but $1.25 billion below the President's request. The House Appropriations Committee noted, however, that the reduction stems solely from the constrained budget environment and the need to allocate resources to other presidential and congressional priorities. In order to operate in FY2006 with reduced resources, the Committee recommended that the Corporation not use funds for amending and increasing existing Compacts, but to maximize resources for new compacts with available appropriations.

The Senate measure (also H.R. 3057) provided a slightly higher MCA appropriation of $1.8 billion. The Senate Committee, in its report (H.Rept. 109-96), also said that the constrained budget allocation was one reason for the reduced appropriation. The Senate panel, however, further noted that the MCC had obligated less than $34 million of the nearly $2.5 billion in existing funds, and that the average value to the two signed Compacts was about one-half of what the Corporation stated in its budget justification. The Committee further expressed concern about coordination and consistency with other U.S. aid programs in MCA countries, and directed the Secretary of State to report on these issues, including an assessment of whether MCA programs were duplicative of USAID or other aid activities in Compact countries.

The conference agreement provides $1.77 billion for the MCA.

President's Emergency Plan for AIDS Relief (PEPFAR)

In his January 2003 State of the Union address, President Bush pledged to increase substantially U.S. financial assistance for preventing and treating HIV/AIDS, especially in the most heavily affected countries in Africa and the Caribbean. The President promised $15 billion over five years, $10 billion of which

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[13] The 17 countries are: Armenia, Benin, Bolivia, Cape Verde, Georgia, Ghana, Honduras, Lesotho, Madagascar, Mali, Mongolia, Morocco, Mozambique, Nicaragua, Senegal, Sri Lanka, and Vanuatu.

would be money above and beyond current funding. Most, but not all PEPFAR funds are included in the Foreign Operations bill; the balance is provided in the Labor/HHS appropriation measure.

The program aims to prevent 7 million new infections, provide anti-retroviral drugs for 2 million infected people, and provide care for 10 million infected people, including orphans, in the 15 "focus" countries where much of the additional resources are concentrated. These 15 nations — 12 in sub-Saharan Africa,[14] plus Haiti, Guyana, and Vietnam — are among the world's most severely affected and where about half of the current 39 million HIV-positive people live. The new funds are channeled through the State Department's Global HIV/AIDS Initiative (GHAI), an office headed by the United States Global AIDS Coordinator, Randall Tobias. The AIDS Coordinator oversees not only the GHAI programs in the focus countries, but also the HIV/AIDS programs of USAID and other agencies in both focus and non-focus countries.

Table 7. U.S. International HIV/AIDS, Tuberculosis, and Malaria Programs

(millions of current dollars)

Program	FY2002 Actual	FY2003 Actual	FY2004 Actual	FY2005 Estimate	FY2006 Request	FY2006 House	FY2006 Senate	FY2006 Conf.
USAID Child Survival/Health account for HIV/AIDS - regular	$395.0	$587.6	$513.4	$347.2	$330.0	$350.0	$350.0	$350.0
USAID Child Survival/Health account for the Global Fund	$50.0	$248.4	$397.6	$248.0	$100.0	$200.0	$350.0	$250.0
USAID Global Fund Carry-over	—	—	($87.8)[a]	$87.8	—	—	—	—
USAID Child Survival/Health account for TB & Malaria	$165.0	$129.0	$155.0	$168.6	$109.0	$170.0	$205.0	$180.0
USAID other economic assistance	$40.0	$38.2	$51.7	$51.1	$53.0	$55.0	$44.0	$43.0
StateDept. Global AIDS Initiative	—	—	$488.1	$1,373.9	$1,870.0	$1,720.0	$1,870.0	$1,795.0
GHAI for the Global Fund	—	—	—	—	$100.0	$200.0	$150.0	$200.0
Foreign Military Financing	—	$2.0	$1.5	$2.0	$2.0	—	$2.0	$2.0
Subtotal, Foreign Operations	**$650.0**	**$1,005.2**	**$1,519.5**	**$2,278.6**	**$2,564.0**	**$2,695.0**	**$2,971.0**	**$2,820.0**
CDC Global AIDS Program	$143.8	$182.6	$273.9	$123.8	$123.9	$123.9	$123.9	—
CDC International Applied Prevention Research	$11.0	$11.0	$11.0	$11.0	$11.0	$11.0	$11.0	—
CDC International TB & Malaria	$15.0	$15.8	$17.9	$15.9	$11.0	$11.0	$11.0	—
NIH International Research	$218.2	$278.6	$317.2	$332.3	$350.0	$350.0	$350.0	—
Global Fund contribution, NIH/HHS	$125.0	$99.3	$149.1	$99.2	$100.0	$0.0	$100.0	—
Labor Dept AIDS in the Workplace	$8.5	$9.9	$9.9	$2.0	$0.0	$0.0	$0.0	—
Subtotal, Labor/HHS/Ed	**$521.5**	**$597.2**	**$779.0**	**$584.2**	**$595.9**	**$495.9**	**$595.9**	—

[14] These 12 countries are Botswana, Cote d'Ivoire, Ethiopia, Kenya, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and Zambia.

Program	FY2002 Actual	FY2003 Actual	FY2004 Actual	FY2005 Estimate	FY2006 Request	FY2006 House	FY2006 Senate	FY2006 Conf.
DOD HIV/AIDS prevention education with African militaries	$14.0	$7.0	$4.2	$7.5	$0.0	$0.0	—	—
USDA Section 416(b) Food Aid	$25.0	$24.8	$24.8	$24.8	$0.0	$25.0	—	—
TOTAL, all appropriations	**$1,210.5**	**$1,634.2**	**$2,327.5**	**$2,895.1**	**$3,159.9**	**$3,215.9**	**$3,566.9**	—
TOTAL, Global Fund	**$175.0**	**$347.7**	**$546.7**	**$435.0**	**$300.0**	**$400.0**	**$600.0**	—

Sources: House and Senate Appropriations Committees, Departments of State and HHS, USAID, and CDC.

Note: FY2004 and FY2005 estimates are adjusted for required across-the-board rescissions of 0.59% and 0.8%, respectively.

a. Reflects the amount that could not be transferred to the Global Fund in FY2004, but that has been carried over for a contribution in FY2005.

For FY2006, the President requested a total of $3.16 billion for the international HIV/AIDS initiative — $2.56 billion in Foreign Operations — up from the $2.9 billion enacted for FY2005 ($2.28 billion in Foreign Operations). As shown in **Table 7**, however, the increased budget request concentrated new resources in the State Department's GHAI program where funding for the 15 focus countries increases by over one-third. Bilateral HIV/AIDS assistance for non-focus countries remained at roughly the same level in the FY2006 request, while USAID bilateral malaria and tuberculosis appropriations would decline by 35%.

A contentious executive-legislative issue in the past has been how much to allocate out of the PEPFAR budget for a U.S. contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria. The Fund is an international organization established in 2001 to receive contributions from countries that will finance HIV/AIDS, tuberculosis, malaria, and broad public health programs in nations facing acute health crisis. Some believe the President's plan is too strongly unilateral and argue for the United States to act in closer cooperation with other countries and donors, particularly the Global Fund. Since FY2003, Congress has boosted the President's annual $200 million request for the Global Fund to between $350 million and $550 million. The President proposed $300 million for the Global Fund for FY2006, still well below congressional appropriations the past three years.

Congressional Action. In total, the House-passed measure (H.R. 3057) provided $2.695 billion for PEPFAR programs under the Foreign Operations jurisdiction, over $500 million more than in FY2005 and $131 million more than requested for FY2006. Of this total, H.R. 3057 included $2.32 billion specifically for HIV/AIDS activities. The remaining funds were available for malaria and tuberculosis programs under the PEPFAR initiative. For the Global Fund, the House recommended $400 million, double the President's request.[15] In a further change to

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[15] In related legislation, the House does not provide an additional $100 million for the Global Fund, as requested, in the Labor/HHS/Ed appropriation (H.R. 3010). The combined Foreign Ops-Labor/HHS/Ed appropriation total in the House is $400 million for the Global Fund, compared with $300 million proposed.

the Administration's request, the House increased from $320 million to $350 million USAID bilateral HIV/AIDS programs for non-focus countries and stipulates that $50 million of appropriations provided to the State Department's Coordinator for the Global AIDS Initiative be available only for non-focus nations. This, and other changes, reduced by about $150 million the amount of funds available for the 15 "focus" countries, a shift that the Administration opposed.

In the Senate, the bill provided $2.97 billion across all accounts for PEPFAR, $400 million more than the request and nearly $600 million higher than for FY2005. The total included $500 million for the Global Fund, $100 million higher than the House and 150% more than the request. A Senate floor amendment by Senator Santorum added $100 million to the Committee-reported measure, taking the funds from the ESF account.

The conference agreement on H.R. 3057 provides a total of $2.82 billion for PEPFAR, roughly midway between House- and Senate-passed levels, and about $260 million above the request. Conferees settled on $450 million for the Global Fund, compared to the $200 million request. Of the $2.82 billion total, $2.43 billion supports HIV/AIDS programs, $151 million targets tuberculosis, and $242.5 million supports malaria activities. When Foreign Operations totals are combined with yet-to-be determined amounts in the Labor/HHS appropriation measure, it is likely that the PEPFAR funding level for FY2006 will exceed $3 billion for the first time and keep on pace progress towards meeting the President's $15 billion, five-year plan.

Development and Humanitarian Assistance: Funding Priorities, Account Restructuring, and Policy Differences

A continuing source of disagreement between the executive branch and Congress is how to allocate the roughly $3 billion "core" budget for USAID development assistance and global health programs. Among the top congressional development aid funding priorities in recent years have been programs supporting child survival, basic education, and, as noted above, efforts to combat HIV/AIDS and other infectious diseases. The Administration has also backed these programs, but officials object to congressional efforts to increase funding for children and health activities when it comes at the expense of other development sectors.

In years when Congress has increased appropriations for its priorities, but not included a corresponding boost in the overall development aid budget, resources for other aid sectors, such as economic growth and the environment, have been substantially reduced. This was more problematic during the mid-to-late 1990s when world-wide development aid funding fell significantly. In more recent years, and especially since FY2003, Congress increased overall development assistance so that both congressional and executive program priorities could be funded without significant reductions for non-earmarked activities. Nevertheless, Administration officials continue to argue that such practices undermine their flexibility to adjust resource allocations to changing global circumstances.

Most recently, USAID Administrator Natsios told the House Foreign Operations Subcommittee that part of the problem lay with development contractors, non-governmental organizations (NGO), trade associations, universities, and other groups that have become major implementors of USAID development assistance programs. These organizations and individuals, he asserts, lobby Congress to earmark higher funds for programs the groups manage, mainly in the social sectors, but ignore other development programs, such as those supporting agriculture, infrastructure, institutional capacity building, and governance. The result, according to Administrator Natsios, is that the areas of USAID's budget that are not earmarked get "squeezed" by resource requirements mandated in Foreign Operations appropriation bills, leaving serious funding gaps in conducting a broad, comprehensive, and well-integrated development assistance strategy.[16]

Table 8. Development Assistance Funding
($s — millions)

	FY2004 Actual	FY2005 Estimate	FY2006 Request	FY06 +/- FY05 $	%
USAID "Core Development" Accounts:					
Development Asst. Fund	$1,376.8	$1,448.3	$1,103.2	($345.1)	-23.8%
Transition Initiatives (TI)	$54.7	$48.6	$325.0	$276.4	568.7%
subtotal, Development & TI	$1,431.5	$1,496.9	$1,428.2	($68.7)	-4.6%
Child Survival/Health	$1,824.2	$1,537.6	$1,251.5	($286.1)	-18.6%
Subtotal, "Core Development"	**$3,255.7**	**$3,049.4**	**$2,679.7**	**($369.7)**	**-12.1%**
Global AIDS Initiative	$488.1	$1,373.9	$1,970.0	$596.1	43.4%
Millennium Challenge Account	$994.0	$1,488.0	$3,000.0	$1,512.0	101.6%
TOTAL, Development Aid	**$4,737.8**	**$5,911.3**	**$7,649.7**	**$1,738.4**	**29.4%**

Source: USAID.

a. USAID's strategic pillars for Economic Growth and Democracy correspond to the Development Assistance account in title II of annual Foreign Operations appropriations bills.
b. USAID's strategic pillar for Global Health corresponds to the Child Survival and Health Program Fund account in title II of annual Foreign Operations appropriations bills.

Funding Disagreements. All sides agree that the Bush Administration has increased significantly overall funding for U.S. development and humanitarian aid activities, underpinned by the launch of the PEPFAR and MCA initiatives. This trend would continue in FY2006 under the President's request in which total development assistance would grow by over $1.7 billion, or 29% (see **Table 8**). A concern expressed frequently by development aid proponents and some Members of Congress, however, is that the two new initiatives were intended to be an *additional*

[16] Testimony of USAID Administrator Andrew Natsios before the House Foreign Operations Appropriations Subcommittee, April 20, 2005. Figures shown in Table 9 illustrate some of these points made by Administrator Natsios. Comparing amounts requested in FY2005 for specific programs with those enacted by Congress show a substantial reduction in the enacted level for the categories of Agriculture/Environment and Economic Growth. Conversely, there are significant increases between requested and enacted for the areas of Child Survival, Vulnerable Children, Other Infectious Diseases, and Family Planning.

source of international development funding, not a substitute for traditional programs. While the State Department's Global AIDS Initiative account (the major element of the PEPFAR program) and the MCA program have grown to represent a combined $5 billion in the President's FY2006 request, over $2.1 billion higher than for FY2005, the budget recommendations for the long-standing, traditional USAID accounts of Development Assistance and Child Survival and Health Programs are about $370 million, or 12% less than approved for FY2005.

Looking Below the Account Level at Sector Allocations. Perhaps a more informative analysis of the FY2006 proposal is to look not at the totals but to compare funding levels recommended for individual components of development assistance. This broadens the scope of Foreign Operations account to include both the "core" development aid accounts and other funding channels, such as the Economic Support Fund, assistance to Eastern Europe and states of the former Soviet Union, and alternative development programs funded under the Andean Counterdrug Initiative.

Using this broader scope of comparison, as illustrated in **Table 9**, a mixed picture emerges regarding the FY2006 budget proposal. The Administration seeks a substantial increase in Economic Growth (+19%), Higher Education (+30%), and Conflict Management (+20%) activities, with smaller increases proposed for Agriculture (+2%), Child Survival (+5%), and Democracy/Governance (+7%). Conversely, large cuts are proposed in most health categories — Vulnerable Children (-63%), Other Infectious Diseases (-28%), Family Planning (-3%), and contributions to the Global AIDS Fund, as well as reductions for Human Rights (-21%) and Basic Education programs (-6%).

Table 9. Economic Aid Allocations, by Program Sector

($s — millions)

Strategic Pillar	FY2005 Request	FY2005 Estimate	FY2006 Request	FY2006 +/- FY2005
Economic Growth/Agriculture/Trade	**$3,608.9**	**$3,669.9**	**$3,942.5**	**7.4%**
Agriculture	$416.5	$434.7	$443.0	1.9%
Environment	$435.3	$439.3	$431.6	-1.8%
Economic Growth	$1,910.7	$1,880.3	$2,245.6	19.4%
Basic Education for Children	$338.0	$390.2	$368.2	-5.6%
Higher Education/Adult Literacy	$130.4	$150.4	$196.1	30.4%
Special Concerns[a]	$378.0	$375.0	$258.0	-31.2%
Global Health	**$1,501.5**	**$1,736.8**	**$1,494.9**	**-13.9%**
Child Survival/Maternal Health	$404.3	$426.8	$449.5	5.3%
Vulnerable Children	$19.6	$36.1	$13.5	-62.6%
HIV/AIDS (USAID non-focus countries)[b]	$422.6	$374.2	$352.9	-5.7%
Global Fund for AIDS, TB, & Malaria	$100.0	$248.0	$100.0	-59.7%
Other Infectious Diseases	$155.8	$214.7	$154.0	-28.3%

Strategic Pillar	FY2005 Request	FY2005 Estimate	FY2006 Request	FY2006 +/- FY2005
Family Planning	$399.2	$437.0	$425.0	-2.7%
Democracy, Conflict, & Humanitarian	**$1,570.0**	**$1,698.3**	**$1,991.6**	**17.3%**
Democracy & Local Governance	$963.3	$958.0	$1,028.5	7.4%
Human Rights	$38.7	$59.2	$47.0	-20.6%
Humanitarian Assistance	$468.8	$551.4	$760.7	38.0%
Conflict Management	$99.2	$129.7	$155.4	19.8%

Source: USAID.

Note: This table shows the distribution of economic aid funding, by sector, across most Foreign Operations accounts: Development Assistance, Child Survival/Health, International Disaster & Famine Aid, Economic Support Fund, East European aid, former Soviet aid, Andean Counterdrug Initiative, and Transition Initiatives. It does not include allocations for HIV/AIDS "focus countries" that are now allocated exclusively out of the State Department's Global AIDS Initiative account. See footnote "b" below.

a. Special Concerns category include economic aid programs for Israel and South Pacific Fisheries.

b. Excludes Global AIDS Initiative allocations of $605.8 million in FY2005 estimate and FY2006 request. The FY2005 request did not utilize this methodology and cannot be compared with the other columns. In the FY2005 Foreign Operations conference report, Congress directed the Administration to allocate all focus-country assistance out of the Global AIDS account and not from the Child Survival/Health account. As a result, there was a sharp reduction in the amount of HIV/AIDS funding allocated from the Child Survival/Health account from the requested level, but a corresponding increase in the Global AIDS account that is not shown in this table.

Congressional Action. As passed by the House, H.R. 3057 restored much of the funding reductions proposed by the Administration for various development and health accounts. For the Child Survival and Health account, H.R. 3057 provided nearly $1.5 billion, $250 million higher than the President's request. House recommendations increased levels for all areas of the account, including vulnerable children ($25 million), infectious diseases other than HIV/AIDS ($200 million), reproductive health ($375 million), and child survival and maternal health ($347 million). Including children and health funding in other accounts (ESF and FSU), the total in the bill equals $1.74 billion, $245 million, or 16%, higher than the $1.5 billion request shown in Table 9. The House proposal further increased funding for the Development Assistance account by a net total of $82 million, after taking into account the readjustment of funds between this account and the Transition Initiative program (see directly below for discussion of this issue).

The Senate companion bill pushed these House-passed amounts higher. Funding for the Child Survival and Health account was set at $500 million, or 40% higher than the request. The Development Assistance account (after adjusting for the Transition Initiative proposed change) grew by $300 million over the request. Like the House measure, the Senate bill restored most of the reductions in spending recommended by the executive branch.

Conferees followed the guidance set out in House- and Senate-passed bills by increasing both the Child Survival and Development Assistance accounts well above the proposed levels, although in both cases, the marks fall closer to the lower House amounts. Child Survival programs receive $1.585 billion, 26% higher than the request, while Development Assistance activities are funded at $1.524 billion, 11% higher than proposed. (This latter comparison includes Development Assistance funds that the Administration proposed under the Transition Initiative account.)

Key development and health funding additions and earmarks specifically proposed in House, Senate, and conference versions H.R. 3057 include the following.

Health:

- **Child survival and maternal health** (in CSH account only) — House = $347 million; Senate = $375 million; conference = $360 million ($326 million requested);
- **Micronutrients** (all accounts) — House and Senate = $30 million (same as FY2005);
- **Polio eradication** — House and Senate = $32 million (same as FY2005);
- **Vaccine Fund** — House = $65 million (same as FY2005); Senate = $70 million; conference = $70 million;
- **Vulnerable children** — House = $25 million; conference = $30 million ($13.5 million requested);
- **Malaria** (all accounts) — House = $110 million; Senate = $105 million; conference = $103 million (about $80 million requested) (amounts exclude levels assumed in the Global ATM Fund);
- **Tuberculosis** (all accounts) — House = $90 million; Senate = $100 million; conference = $92.4 million (about $64 million requested) (amounts exclude levels assumed in the Global ATM Fund);
- **Neglected diseases** — Senate = $30 million for this new earmark; conference = $15 million;
- **Family planning/reproductive health** (all accounts) — House = $432 million; Senate = $450 million; conference = $432 million ($400 million requested).

Development:

- **Basic education** — House (all accounts) = $465 million ($368 million requested); Senate (DA account only) = $350 million ($229 million requested; conference (all accounts) = $465 million;
- **Trade capacity building** — House = $214 million (+$15 million from FY2005); conference = $214 million;
- **Microenterprise** — House and Senate = $200 million (same as FY2005);
- **American Schools and Hospitals Abroad** — House = $20 million; Senate = $25 million; conference = $20 million ($16 million requested);
- **Torture treatment centers** — House = $12 million (+$2 million over FY2005);

- **Clean energy —** Senate = $180 million; conference = $180 million; and
- **Clean drinking water —** Senate = $200 million; conference = $200 million (double the FY2005 level).

USAID Appropriation Account Realignment Proposals. For FY2006, the Administration proposed to realign four appropriation accounts, one of which is in the Agriculture appropriation bill, that would require action by the Foreign Operations subcommittees. The rationale in each case, according to Executive branch officials, was to provide USAID with greater flexibility and the means to respond more effectively and appropriately to rapidly changing development needs.

Broadening the Transition Initiatives Account. A growing concern among U.S. national security and development officials is the threat posed to U.S. interests and the complexities of addressing the needs of fragile, failing, and post-conflict states. Last year, the State Department created an Office of the Coordinator for Reconstruction and Stabilization (O/CRS) in order to strengthen the U.S. capacity to deal with such countries which can be the source of regional instability and terrorists/criminal operations. The Senate has under consideration legislation that would authorize an expansion of the O/CRS (see S. 600) while funding for the Coordinator's Office is included in the State Department appropriations budget request.

Related to this effort is a proposal by USAID to transfer economic growth and democracy program resources, currently funded in the Development Assistance account, for four "fragile" states and place them in the Agency's Transition Initiatives (TI) account. The FY2006 USAID request recommended that $275 million in development aid for Ethiopia, Sudan, Haiti, and Afghanistan be shifted to the TI account, and combined with the traditional Transition Initiatives budget for a total TI appropriation request of $325 million. (See **Table 8**, above.) The TI account, which was established about 10 years ago, supports countries that face crisis or are in transition from conflict to stable development. It is a form of assistance that can bridge the gap between a strictly humanitarian intervention and the establishment of a permanent, long-term development strategy. In the past, Congress has approved a core appropriation to the TI Office at USAID from which funds are allocated as needs emerge. Annual appropriations have ranged between $40 and $55 million.

The FY2006 request marked the first time that USAID would manage a full country development assistance program out of the TI account. From the Agency's perspective, this offers greater flexibility — TI funds are available "notwithstanding" restrictions and conditions that might otherwise apply to development aid resources — and would permit USAID officials to design programs aimed at achieving results in a shorter time frame than the current five-year development program time horizon. At present, the TI account does not include congressional country or programmatic earmarks and permits a shorter congressional review period for new activities. Agency officials argue that this shift would avoid the more common six- twelvemonth period for a regular development aid program to make its way through the contracting and congressional notification processes.[17]

Besides making it more difficult to compare USAID program funding priorities for FY2006 with FY2005, an issue noted above, some Members have questioned why this account realignment was necessary. Some wondered whether the change would erode congressional oversight of aid programming in these highly volatile environments. It was also unclear how these fragile state USAID programs would fit into the broader U.S. strategy addressing failing and fragile countries overseen by the O/CRS. For FY2006, USAID said that its field missions would manage the TI programs in the same way that they currently operate regular development assistance activities.

Shifting Conditions for Food Aid Programing. The Administration also sought to transfer $300 million from the so-called PL480 Title II food assistance program,[18] funded in the annual Agriculture appropriation bill, to the International Disaster and Famine Assistance (IDFA) account in Foreign Operations. This would not result in a net gain or loss of resources available for international food aid, but change considerably how the $300 million could be programmed. Currently, PL480 assistance must be used to purchase U.S. commodities and transported, for the most part, on ships owned by American firms. IDFA resources have no such conditions attached. "Buy America" and cargo preference required by PL480 help U.S. agricultural and maritime interests, but add costs to the shipment of commodities overseas.

The Administration argued that the proposal substantially improves the developmental impact of food aid by allowing the $300 million to purchase commodities in developing nations, thereby providing additional markets and income sources to local farmers. In some cases the commodities may come from an area close to an emergency situation, helping deliver the food more quickly and at a far lower cost. Transportation expenses of PL480 commodities often can equal the value of the food itself. Some in Congress, however, opposed this re-alignment of the PL480 and IDFA accounts. To them, it represented a further erosion of support for American farmers. They also raised questions regarding the quality of foreign-purchased commodities and whether proper standards and inspections are in place to ensure that the emergency food supplies are suitable. These critics contended that food could be pre-positioned near famine-prone regions so that commodities could be made able immediately.

Congressional Action. House, Senate, and conference measures each deny both of the account realignment initiatives proposed by the Administration. In the case of the Transition Initiative proposal, the House Appropriations Committee noted that the flexibility provided for TI programs was intended for targeted situations and not meant for total USAID aid in a specific country. Due to funding constraints, the

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[17] See comments by USAID Administrator Natsios before the Council on Foreign Relations, April 20, 2005.

[18] Title II of the Agricultural Trade Development and Assistance Act of 1954, P.L. 83-480. Title II authorizes grant food aid for both emergency and non-emergency purposes.

Committee did not recommend moving $300 million from the P.L. 480 program to USAID's disaster and famine assistance account. The Senate measure, however, increased the level for regular disaster and famine assistance by $44.5 million.

In related House action, H.R. 2744, the FY2006 Agriculture Appropriations bill, provides $1.107 billion for title II of P.L. 480, $222 million more than requested. However, the combined House action on H.R. 2744 and the Foreign Operations bill would result in a cut to the Administration food aid request of $78 million. The Senate Agriculture Appropriations Subcommittee has recommended a somewhat higher P.L. 480 funding level — $1.15 billion (also H.R. 2744).

Family Planning and UNFPA Policy Controversies.[19] U.S. population assistance and family planning programs overseas have sparked continuous controversy during Foreign Operations debates for nearly two decades. For FY2006, the Administration requests $425 million for international reproductive health and family planning programs, an amount that includes $25 million for the U.N. Population Fund (UNFPA) in the event the organization is declared eligible for U.S. assistance. This represents a cut of 8% from the combined $462 million available in FY2005 for total family planning programs.

Although funding considerations have at times been heatedly debated by Congress, the most contentious family planning issues addressed in nearly every annual congressional consideration of Foreign Operations bills have focused on two matters: whether the United States should contribute to the U.N. Population Fund (UNFPA) if the organization maintains a program in China where allegations of coercive family planning have been widespread for many years, and whether abortion-related restrictions should be applied to bilateral USAID population aid grants (commonly known as the "Mexico City" policy).

UNFPA Funding. During the Reagan and George H.W. Bush Administrations, the United States did not contribute to UNFPA because of concerns over practices of forced abortion and involuntary sterilization in China where UNFPA maintains programs. In 1985, Congress passed the so-called Kemp-Kasten amendment which has been made part of every Foreign Operations appropriation since, barring U.S. funds to any organization that supports or participates "in the management" of a program of coercive abortion or involuntary sterilization. In 1993, President Clinton determined that UNFPA, despite its presence in China, was not involved in the management of a coercive program. From 1993 through the end of the decade, in most years Congress appropriated about $25 million for UNFPA, but added a directive that required that the amount be reduced by however much UNFPA spent in China. Consequently, the U.S. contribution has fluctuated between $21.5 million and $25 million.

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[19] For more extensive discussion of the these controversies surrounding U.S. family planning programs and UNFPA contributions, see CRS Issue Brief IB96026, *Population Assistance and Family Planning Programs: Issues for Congress*, by Larry Nowels; CRS Report RL30830, *International Family Planning: The "Mexico City" Policy*, by Larry Nowels; and CRS Report RL32703, *The U.N. Population Fund: Background and the U.S. Funding Debate*, by Larry Nowels.

For FY2002, President George W. Bush requested $25 million for UNFPA. Congress provided in the FY2002 Foreign Operations bill "not more than" $34 million for UNFPA. But after the White House placed a hold on UNFPA funds in January 2002 and sent a State Department team to investigate, in July 2002 Secretary of State Powell announced that UNFPA was in violation of the Kemp-Kasten provision and that funds would be withheld. Although Congress has continued to earmark funds for UNFPA in subsequent Foreign Operations bills, the Administration has continued to find UNFPA ineligible under the Kemp-Kasten restrictions and has re-directed the earmarked funds for other women's programs. The State Department announced the most recent determination on September 17, 2005, once again finding UNFPA in violation of the Kemp-Kasten provision. Under the terms of the FY2005 Foreign Operations appropriation, the $34 million UNFPA earmark will be used by USAID for bilateral family planning, maternal and reproductive health programs.

Mexico City Policy. The debate over international family planning policy and abortion began over three decades ago, in 1973, when Congress added a provision to the Foreign Assistance Act of 1961 prohibiting the use of *U.S. appropriated funds* for abortion-related activities and coercive family planning programs. During the mid-1980s, in what has become known as the Mexico City policy (because it was first announced at the 1984 Mexico City Population Conference), the Reagan Administration, and later the George H. W. Bush Administration, restricted funds for foreign non-governmental organizations (NGO) that were involved in performing or promoting abortions in countries where they worked, even if such activities were undertaken with *non-U.S. funds*. President Clinton in 1993 reversed the position of his two predecessors, allowing the United States to resume funding for all family planning organizations so long as no *U.S. money* was used by those involved in abortion-related work.

Subsequently, on January 22, 2001, two days after taking office, President George W. Bush issued a Memorandum to the USAID Administrator to rescind the 1993 memorandum of President Clinton and to direct the Administrator to "reinstate in full all of the requirements of the Mexico City Policy in effect on January 19, 1993." The President further said that it was his "conviction that taxpayer funds should not be used to pay for abortions or to advocate or actively promote abortion, either here or abroad." A separate statement from the President's press secretary stated that President Bush was "committed to maintaining the $425 million funding level" for population assistance "because he knows that one of the best ways to prevent abortion is by providing quality voluntary family planning services." The press secretary further emphasized that it was the intent that any restrictions "do not limit organizations from treating injuries or illnesses caused by legal or illegal abortions, for example, post abortion care." On February 15, 2001, the day on which FY2001 population aid funds became available for obligation, USAID issued specific policy language and contract clauses to implement the President's directive. The guidelines are nearly identical to those used in the 1980s and early 1990s when the Mexico City policy applied.

Critics of the certification requirement oppose it on several grounds. They believe that family planning organizations may cut back on services because they are unsure of the full implications of the restrictions and do not want to risk losing eligibility for USAID funding. This, they contend, will lead to higher numbers of unwanted pregnancies and possibly more abortions. Opponents also believe the new conditions undermine relations between the U.S. Government and foreign NGOs and multilateral groups, creating a situation in which the United States challenges their decisions on how to spend their own money. They further argue that U.S. policy, in effect, imposes a "gag" order on the ability of foreign NGOs and multilateral groups to promote changes to abortion laws and regulations in developing nations. This would be unconstitutional if applied to American groups working in the United States, critics note.

Supporters of the certification requirement argue that even though permanent law bans USAID funds from being used to perform or promote abortions, money is fungible; organizations receiving American-taxpayer funding can simply use USAID resources for permitted activities while diverting money raised from other sources to perform abortions or lobby to change abortion laws and regulations. The certification process, they contend, closes the fungibility loophole.

Since reinstatement of the Mexico City policy in early 2001, several bills have been introduced to reverse the policy, but except for language included in the Senate FY2004 Foreign Operations appropriations bill (S. 1426), none has passed either the House or Senate, and no measure has been enacted into law. On April 5, 2005, the Senate approved 52-46 an amendment by Senator Boxer to S. 600 that would effectively overturn the Mexico City policy. S. 600, an omnibus foreign policy and aid authorization bill, remains under consideration in the Senate and has not received a final vote.

Congressional Action. As passed by the House, H.R. 3057 earmarked bilateral family planning aid at $432 million for FY2006, with an additional $34 million contribution to UNFPA. The combined total of $466 million compared with the Administration's request of $425 million. The House recommendation, however, continued all existing restrictions on such funds, including the Kemp-Kasten provisions that has resulted in no funds for UNFPA in recent years. In the event that UNFPA is found to be ineligible for U.S. support, the House measure required that the funds be used by USAID for bilateral family planning programs.[20]

In the Senate, the companion bill provided somewhat higher funding levels than the House, as well as altered key conditions under which the money is available. The Senate bill included $450 million for USAID bilateral programs and a $35 million UNFPA contribution. The UNFPA funds must be kept in a separate account by the U.N. organization, cannot be spent in China, and cannot be used to fund abortions. If the Administration finds UNFPA ineligible for U.S. support, the Senate measure directs that funds drawn from the International Organizations and Programs account ($20 million) shall be transferred to USAID for additional bilateral family planning activities. Under the terms of an amendment offered by Senators Leahy, Clinton, and

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[20] In debate on UNFPA in a related appropriation, the House, on June 16, defeated (192-233) an amendment by Representative Maloney that would have prohibited the use of funds in the Science, State, Justice, and Commerce Appropriation (H.R. 2862) to prohibit or restrict funding for UNFPA.

others, and approved by the full Senate, UNFPA contributions would be available only for six purposes:

- safe child birth and emergency obstetric care;
- obstetric fistula treatment and care;
- contraceptive supplies for preventing pregnancies and sexually transmitted diseases, including AIDS;
- restoration of maternal health care in locations hit by natural disasters;
- elimination of female genital mutilation; and
- access by unaccompanied women and other vulnerable individuals to vital services.

H.R. 3057, as passed the Senate, further included modified Kemp-Kasten language that appears to narrow the terms under which UNFPA can be declared ineligible for U.S. funding. The Senate language stated that an organization cannot receive funds if it "directly" supports coercive abortion or involuntary sterilization. The term "directly" is not currently part of the Kemp-Kasten restriction. The Senate measure further stated that an organization cannot be found in violation of this condition only because the government of a country in which the organization operates conducts coercive practices. This would represent a new exception to past applications of the Kemp-Kasten language.

The Senate bill further included language that would effectively reject the President's Mexico City policy. This provision is similar to the text of an amendment offered by Senator Boxer to S. 600 and adopted (52-46) by the Senate on April 5. The Senate appropriation bill language stated that foreign NGOs shall not be ineligible for U.S. funds solely on the basis of health or medical services they provide (including counseling and referral services) with non-U.S. government funds. This exemption would apply so long as the services did not violate the laws of the country in which they are performed and that they would not violate U.S. laws if provided in the United States. The provision further provided that non-U.S. government funds used by foreign NGOs for advocacy and lobbying activities shall be subject to conditions that also apply to U.S. NGOs. Since it is largely held that American NGOs would not be subject to these restrictions under the Constitutional protection of free speech, it is possible that this latter exemption would lift current prohibitions that apply to overseas NGOs.

The White House opposed both the Kemp-Kasten and Mexico City policy changes, and said the President would veto H.R. 3057 if they were included in the final bill.

Conferees agreed to drop Senate-passed language modifying the Mexico City and Kemp-Kasten restrictions, leaving current policy in place. On funding questions, the conference agreement provides $432 million for bilateral family planning programs, plus an additional $34 million for UNFPA if the organization is eligible under the terms of Kemp-Kasten. Conferees did not include the Leahy/Clinton amendment setting out specific activities for which UNFPA contributions could support, nor did they specify how UNFPA funds should be used if the organization is ineligible for U.S. support.

Conflict Response Fund

The Administration proposed to establish within the State Department a $100 million contingency fund to allow the United States to respond quickly to unforseen foreign crises with resources targeting immediate stability and reconstruction needs. This would include funding the capacity to mobilize and deploy an emergency civilian presence in the field. In the past, Congress has been reluctant to approve this type of contingency fund for which it can apply little oversight. The Administration had asked lawmakers to launch somewhat similar crisis funds in several recent emergency supplemental and Foreign Operations appropriation requests, proposals that were rejected in each case. The Conflict Response Fund, however, differs from these previous requests in that it is linked with a broad State Department strategy to more effectively respond to weak, fragile, and post-conflict states that can pose serious security risks for the United States.

In mid-2004, with considerable encouragement by Senator Lugar and other Members of Congress, the Department created the Office of the Coordinator for Reconstruction and Stabilization to manage the U.S. government civilian response to crisis and unstable situations and is seeking funds to form and train a civilian ready response corps. Presumably, the Conflict Response Fund could be utilized by the Coordinator as an operational tool in the immediate aftermath of an international crisis where American interests were threatened. Previous requests for contingency funds had placed control of the money in the White House and did not link the resources with a specific U.S. policy initiative.

Congressional Action. Although denying the $100 million for the Conflict Response Funds, the House bill granted authority to the Administration to reprogram funds from other accounts, subject to congressional notification, for the same purposes as proposed for the Fund. In the Senate, the companion measure provided $24 million for the Fund. The reported bill had provided $74 million, but an amendment by Senator Corzine transferred $50 million to the FMF account for additional support for the African Union's mission in Sudan. The conference agreement, like the House, denies funding for the Conflict Response Fund. Conferees, however, ask the Administration to submit, prior to the FY2007 budget request, a more specific strategy for how the Office of the Coordinator for Reconstruction and Stabilization will coordinate United States government-wide efforts to respond to international post-conflict contingencies.

Other Key Elements of the FY2006 Request and Congressional Action

Beyond these specific and prominent issues, the Foreign Operations proposal for FY2006 seeks to increase aid activities in a few areas while cutting resources for several programs. Significant appropriation increases and key congressional actions include the following.

- **Export-Import Bank** resources increase in the request from $99 million to $226 million, allowing the Bank to guarantee about $13.76 billion in loans, the same as estimated for FY2005. H.R.

3057, as passed the House, reduced the request to $158 million but permitted the Administration to use the roughly $260 million that remains in the Ex-Im Bank "war chest" for tied aid purposes to support new loans. A House floor amendment by Representative Sanders blocked Eximbank loans in support of a project to build nuclear power plants in China. The Senate measure provided slightly more than the House, at $164.2 million. Conferees set Eximbank funding at $139 million, below requested, House, and Senate-passed levels.

- **USAID administrative costs** would grow substantially under the request, with operating expenses climbing by 11% and capital investment costs rising by one-third. The House measure provided $630 million, $17 million higher than the regular FY2005 level (excluding supplementals), but over $50 million less than the request. The Senate bill set appropriations lower, at $620 million. The conference agreement provides $630 million.

- **Peace Corps** spending would increase by 9%, but fall far below the level necessary to sustain the President's initiative announced three years ago to double the number of Peace Corps volunteers by FY2007. H.R. 3057, as passed in the House, proposed $325 million for the Peace Corps, about $7 million more than FY2005 but $20 million less than the request. The Senate recommendation provided $320 million. Conferees approved $322 million.

- **Refugee assistance** resources would rise by 17% in the request over FY2005 regular appropriations (excluding supplementals), with one-third of the additional resources for overseas programs and two-thirds available for refugee admissions into the United States. H.R. 3057, as passed the House, provided $791 million, $27 million above FY2005 regular spending but more than $100 million less than the FY2006 request. The denial of any refugee funds for Iraq ($43 million) would partially off-set the gap between the request and the House recommendation. In the Senate, the bill provided $900 million, slightly higher than the request, and about $109 million more than the House. The conference agreement adopts the House-passed level of $791 million.

- **Peacekeeping** funds would grow by 10%, including the expansion of Global Peace Operations Initiative (GPOI — $114 million) that trains and equips foreign troops to strengthen their capacity to support global peace support operations. The program incorporates previous efforts focused exclusively in Africa, but with a substantial increase in resources. The House bill included $178 million for peacekeeping, $74 million more than FY2005 regular funding but $18 million less than the request. Although the House Appropriations Committee said in its report that it supported the GPOI proposal, it believed that the scope of the program beyond Africa cannot be implemented fully in FY2006 and therefore reduces the GPOI request by $18 million. The other major components of this account — the Africa Contingency Operations Training and Assistance ($78.8 million) and the Multinational Force Observers ($19 million) — were fully funded. The Senate bill recommended $196 million for the PKO account, slightly more than the request. The total included $114 million for GPOI, as requested. Conferees provide $175 million, a level below the request, House, and Senate amounts.

- **Contributions to the World Bank's International Development Association (IDA) and to the African Development Fund**. The United States recently joined new replenishment agreements for both institutions. The FY2006 request included $107 million and $31 million more, respectively, for IDA and the African Fund. The House-passed measure included the full amount requested for both institutions ($950 million for IDA and $135.7 million for the African Development Fund). The Senate bill reduced the IDA level to $900 million, and recommended full funding for the African Fund. The conference agreement includes $950 million for IDA and $135.7 million for the African Development Fund, as requested.

- **Contributions to the Global Environment Facility (GEF).** The President proposed $107.5 million for GEF, slightly higher than FY2005 and in line with scheduled U.S. payments. In the House, however, H.R. 3057 deleted all GEF funds, noting that GEF is the only concessional international lending institution that has not implemented a performance-based allocation system. The Senate bill fully funded the GEF. Conferees set GEF funding at $80 million.

For several other Foreign Operations accounts, the FY2006 submission represented a reduction below regular amounts approved in FY2005. The proposal cut funding in three main areas:

- Assistance to **former Soviet states and Eastern Europe**, collectively, would decline by $85 million, or 10% from FY2005 levels. The House recommendation reduced these accounts further, setting combined funds $114 million below regular FY2005 levels. In the Senate, the bill set funding at $960 million, $84 million higher than the request for former Soviet states, and $13 million more for Eastern Europe. Major additions include those for Russia (+$37 million), Armenia (+$20 million), Georgia (+$8 million), Ukraine (+$7 million), Kosovo (+$8 million), and Serbia (+$15 million). The Senate measure also reduces economic assistance for Uzbekistan by $1.5 million. The conference agreement provides $361 million for Eastern Europe and $514 million for former Soviet States.

- Worldwide totals for **Foreign Military Financing (FMF)**, the main U.S. military aid account, would decline by about over $150 million, or 3%, under the request. This reduction, however, was entirely the result of military aid for Afghanistan — $400 million in FY2005 — shifting to DOD appropriations. Adjusting for this transfer, the FMF request was 5% higher than FY2005 regular levels. The House provided $4.44 billion in FMF funding, $146 million below the request. The recommendation reduced requested amounts for Pakistan (-$80 million) and Turkey (-$29.6 million), and denies funds for Uzbekistan (-$4 million). The Senate companion bill, however, provided $90 million more than requested for FMF, with the addition of a Security in Asia provision that increased military aid levels for the Philippines and seven other regional states and $50 million additional support to the African Union's mission in Sudan. Regarding Uzbekistan, the Senate measure conditioned (but did not deny) FMF on a determination by the Secretary of State that the government of Uzbekistan is, among other things, making continuing substantial progress on human rights and is investigating the events of May 31, 2005. The conference agreement sets FMF funding at $4.5 billion, between the House and Senate levels.

- Voluntary contributions to **international organizations** would decrease 13% under the request, with reductions proposed for **UNICEF** (-$10 million) and the **U.N. Development Program** (-$13 million). H.R. 3057, as passed in the House, restored the proposed cuts, raising amounts to $329 million, $3 million more than FY2005 and $47 million more than the request. The House bill provided $110 million for UNDP, $20 million more than requested, and $127 million for UNICEF, $3 million more than FY2005 and $13 million higher than the Administration. The House also included $25 million of the $34 million UNFPA earmark in this account. The Senate measure provided $330 million for the account, including $128 million for UNICEF, $110 million for UNDP, and $20 million "reserved" for UNFPA. The conference agreement includes $329.5 million, with $110 million for UNDP, $127 million for UNICEF, and $22.5 million for UNFPA.

Table 10. Summary of Foreign Operations Appropriations
(Discretionary funds — in millions of current dollars)

Bill Title & Program	FY2004 Enacted	FY2005 Regular	FY2005 Supp	FY2005 Total	FY2006 Request	FY2006 House	FY2006 Senate
Title I - Export Assistance	(123)	(62)	—	(62)	97	31	38
Title II - Bilateral Economic Aid	32,626	13,241	2,042	15,283	16,241	14,039	15,764
Development/Child Survival/Global AIDS/TI	*3,744*	*4,408*	—	*4,408*	*4,650*	*4,927*	*5,504*
Iraq Relief & Reconstruction	*18,439*	—	—	—	*458*	0	458
Millennium Challenge Acct	*994*	*1,488*	—	*1,488*	*3,000*	*1,725*	*1,800*
Title III - Military Assistance	4,868	5,012	490	5,502	4,871	4,707	4,961
Israel/Egypt	*4,378*	*3,439*	—	*3,439*	*3,520*	*3,520*	*3,520*
Title IV - Multilateral Aid	1,678	1,545	—	1,545	1,617	1,557	1,599
Rescission	—	—	—	—	—	(64)	(100)
Total Foreign Operations	**39,049**	**19,736**	**2,532**	**22,268**	**22,826**	**20,270**	**22,262**
Total, without Iraq Recon.	**20,610**	**19,736**	**2,532**	**22,268**	**22,368**	**20,270**	**21,804**

Source: House Appropriations Committee and CRS calculations.

Leading Foreign Aid Recipients Proposed for FY2006

While Iraq is the largest current recipient of U.S. assistance, cumulatively, since FY2003, and Israel and Egypt remain the largest annual U.S. aid recipients, significant changes among other benefactors of U.S. assistance have emerged. In the aftermath of the September 11 terrorist attacks, the war in Iraq, and the initiation of the President's Emergency Program for AIDS Relief (PEPFAR), foreign aid allocations have changed in several significant ways. The request for FY2006 continues the patterns of aid distributions of the past three years, with the added feature of several PEPFAR countries joining the list of top recipients. **Table 11** lists those nations that have received an average of more than $100 million from the United States in FY2005 and requested for FY2006. Countries are listed in the order of the combined amounts for those two years.

Since September 11, the Administration has used economic and military assistance increasingly as a tool in efforts to maintain a cohesive international coalition to conduct the war on terrorism and to assist nations that have both supported U.S. forces and face serious terrorism threats themselves. Pakistan, for example, a key coalition partner on the border with Afghanistan, had been ineligible for U.S. aid, other than humanitarian assistance, due to sanctions imposed after it conducted nuclear tests in May 1998, experienced a military coup in 1999, and fell into arrears on debt owed to the United States. Since lifting aid sanctions in October 2001, the United States has transferred over $2.4 billion to Pakistan. Jordan, Indonesia, and the Philippines also are among the top aid recipients as part of the network of "front-line" states in the war on terrorism.

Table 11. Leading Recipients of U.S. Foreign Aid

(Appropriation Allocations; in millions of current dollars)

	FY2003 Total	FY2004 Total	FY2005 Regular	FY2005 Supp	FY2005 Total	FY2006 Request
Israel	3,682	2,624	2,559	—	2,559	2,520
Egypt	2,204	1,865	1,821	—	1,821	1,796
Afghanistan	543	1,799	956	1,724	2,680	920
Pakistan	495	387	536	150	686	698
Colombia	602	574	568	—	568	559
Jordan	1,556	560	458	200	658	462
West Bank/Gaza	125	75	74	200	274	150
Iraq	2,485	18,439	—	—	—	414
Sudan*	27	171	201	33	234	112
Kenya	59	85	159	—	159	213
Uganda	70	113	149	—	149	220
South Africa	73	99	139	—	139	190
Haiti*	35	102	126	20	146	164
Nigeria	73	80	130	—	130	176
Indonesia*	132	123	136	—	136	159
Peru	177	157	153	—	153	135
Zambia	57	82	113	—	113	159
Ethiopia*	56	74	114	—	114	145
Ukraine	153	113	94	60	154	117
Bolivia	139	133	132	—	132	123
Philippines	153	111	129	—	129	96

Sources: U.S. Department of State.

Note: Countries are listed in order of the combined FY2005 and FY2006 estimate.

* Amounts in this table reflect only direct bilateral, non-food aid programs to these countries. In several cases, especially those noted with an "*", countries that have or are experiencing a crisis or natural disaster will receive considerable amounts of U.S. aid through worldwide emergency humanitarian assistance accounts for disaster, refugee, and food relief. For example, assistance for Sudan in FY2005 totals more than $1 billion after including these emergency programs. In many cases this emergency assistance is not identified on a country basis. It should be kept in mind, however, that for these selected countries, U.S. assistance is considerably higher in some years than the figures noted here.

Another major cluster of top recipients are those in the Andean region — Colombia, Peru, and Bolivia — where the Administration maintains a large counternarcotics initiative that combines assistance to interdict and disrupt drug production, together with alternative development programs for areas whose economies rely on the narcotics trade.

A new dimension in U.S. aid allocations — the impact of the President's international HIV/AIDS initiative — can also be seen in amounts allocated for FY2004/FY2005 and proposed for FY2006. Uganda, Ethiopia, Kenya, Zambia, South Africa, and Nigeria, all PEPFAR focus countries, are now among the leading recipients of U.S. assistance. This list will further change once the Administration announces aid packages for Millennium Challenge Account qualifying countries, perhaps adding several additional countries that receive more than $100 million in U.S. assistance.

Missing, from the list of top recipients, are several countries in the Balkans and the former Soviet Union — Serbia and Montenegro, Kosovo, Russia, Armenia, and Georgia — which have seen levels decline in recent years. Since Armenia and George are MCA-eligible countries, aid levels may return to $100 million-plus annual levels if they are awarded grants. Turkey, a leading recipient in most years over the past 25 years, also falls off the list.

State Department Appropriations and Related Agencies Overview and Congressional Action

Budgets for the Department of State and the Broadcasting Board of Governors (BBG), as well as U.S. contributions to United Nations (U.N.) International Organizations, and U.N. Peacekeeping, under the House Appropriations Committee structure, fall within the Science, State, Justice, Commerce and Related Agency (SSJC) appropriations.[21] Under the new divisions of the Senate Appropriations Committee organization, however, the State Department and BBG programs are combined with Foreign Operations programs as part of the State, Foreign Operations and Related Programs appropriations.

Intertwined with the annual appropriations process is the biannual Foreign Relations Authorization that, by law, Congress must pass prior to the State Department's expenditure of its appropriations. Senator Lugar introduced a State Department authorization bill for FY2006 and FY2007 (S. 600) on March 10, 2005. Representative Chris Smith introduced a House version of the State Department authorization bill (H.R. 2601) for FY2006 and FY2007 on May 24, 2005.[22]

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[21] See CRS Report RL32885, *Science, State, Justice, Commerce and Related Agency (SSJC) Appropriations*, by Ian Fergusson and Susan B. Epstein (coordinators), for a full discussion of that bill.

[22] For details on the history and past foreign relations authorization legislation, H.R. 1950/S. 2144, see CRS Report RL31986, *Foreign Relations Authorization, FY2004 and FY2005: State Department and Foreign Assistance*, by Susan B. Epstein.

On February 7, 2005, the Administration requested a funding level for the Department of State of $9.15 billion, representing a 13.6% increase over the FY2005 regular appropriations. For international broadcasting, the request of $652 million represents a 10.2% increase over the FY2005 enacted amount.

Table 14 provides regular and supplemental State Department and related agencies' appropriations for FY2004, FY2005 and the FY2006 request. Rescissions for FY2005 are reflected in the table.

State Department

The State Department's mission is to advance and protect the worldwide interests of the United States and its citizens through the staffing of overseas missions, the conduct of U.S. foreign policy, the issuance of passports and visas, and other responsibilities. Currently, the State Department coordinates with the activities of 50 U.S. government agencies and organizations in operating more than 260 posts in over 180 countries around the world. The Department's staff size has increased, largely because of the integration in 1999 of the Arms Control and Disarmament Agency (ACDA) and the U.S. Information Agency (USIA) into State. Currently, the State Department employs approximately 30,000 people, about 60% of whom work overseas. Highlights of the FY2006 appropriations proposals follow.

Table 12. Summary of State Department/Broadcasting Appropriations*

(Discretionary funds — in millions of current dollars)

Bill Title & Program	FY2004 Enacted	FY2005 Regular	FY2005 Supp	FY2005 Total	FY2006 Request	FY2006 House	FY2006 Senate
State Department/Admin of Foreign Affairs	**6,872**	**6,230**	**1,326**	**7,556**	**6,644**	**6,509**	**6,607**
Diplomatic & Consular Progs.	*4,849*	*4,172*	*734*	*4,906*	*4,473*	*4,437*	*4,445*
Embassy Security/Upgrades	*1,441*	*1,504*	*592*	*2,096*	*1,516*	*1,513*	1,499
Ed and Cultural Exchanges	*317*	*356*	—	*356*	*430*	*410*	*440*
Int'l Organizations/Confs.	**1,695**	**1,650**	**680**	**2,330**	**2,332**	**2,180**	**2,202**
Int'l Organizations	*1,000*	*1,166*	—	*1,166*	*1,297*	*1,166*	*1,166*
Int'l Peacekeeping	*695*	*484*	*680*	*1,164*	*1,036*	*1,036*	*1,036*
International Commissions	**57**	**63**	**—**	**63**	**70**	**64**	**70**
Related Appropriations	**78**	**99**	—	**99**	**105**	**67**	**47**
subtotal, State Department	**8,702**	**8,042**	**2,006**	**10,048**	**9,151**	**8,820**	**8,926**
International Broadcasting	**592**	**592**	*7*	**599**	**652**	**631**	**652**
Related Programs	**39**	**133**	—	**133**	**32**	**33**	**(72)**
Total State Dept/Broadcasting	**9,333**	**8,767**	**2,013**	**10,780**	**9,835**	**9,484**	**9,506**

Source: House and Senate Appropriations Committee and CRS calculations.
* Programs include those under the jurisdiction of the new Senate State/Foreign Operations Subcommittee and correspond to all programs in Title IV and selected programs in Title V of the House SSJC bill.

Diplomatic and Consular Programs (D&CP). The D&CP account funds overseas operations (e.g., motor vehicles, local guards, telecommunications, medical), activities associated with conducting foreign policy, passport and visa applications, regional bureaus, under secretaries, and post assignment travel. Beginning in FY2000, the State Department's Diplomatic and Consular Program account included State's salaries and expenses, as well as the technology and information functions of the former USIA and the functions of the former ACDA.

For the FY2006 budget, the Administration is requesting $4.47 billion for D&CP, a 7.2% increase over the FY2005 level. Included in the FY2006 request is $334 million for public diplomacy expenses and $690 million for worldwide security upgrades.

The enacted FY2005 funding level for D&CP was set at $4.17 billion, including $320 million for public diplomacy. Within the D&CP account, the conferees also designated $650 million for worldwide security upgrades. They noted progress by State on right-sizing embassies and urged continued efforts in staffing overseas posts. The conferees provided $837 million for the FY2005 Border Security Program, of which $75 million is from appropriated funds and $662 million will be derived from machine readable visa (MRV) fees.

Congressional Action. The House, in H.R. 2862, recommends $4.44 billion, including $689.5 million for worldwide security upgrades and $340 million for public diplomacy programs. The Senate recommends (H.R. 3057) $4.44 billion for D&CP, including $328 million for public diplomacy and $689.5 million for worldwide security upgrades.

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

For FY2005, Congress enacted $604 million for regular ESCM and $900 million for worldwide security upgrades. The conferees included language to establish the Capital Security Cost Sharing Program, as requested by the Administration in that budget request.

For FY2006, the President requests $616 million for regular ESCM expenditures and $910 million for worldwide security upgrades, for a total account level of $1.53 billion, a 1.5% increase over FY2005 enacted funding. The most significant portion of funding for this account — that needed for the U.S. embassies in Iraq and Afghanistan — are not included in the President's FY2006 State Department budget, but are included in the FY2005 Emergency Supplemental Appropriation, as requested, that passed Congress on May 10 and was signed by the President on May 11 (P.L. 109-13; H.R. 1268).

Congressional Action. The House-passed measure (H.R. 2862) recommends $603.5 million for regular ESCM, in addition to $910.2 million for worldwide security upgrades. The Senate (H.R. 3057) recommends $603.8 million for regular ESCM, as well, and $900.2 million for embassy worldwide security upgrades.

Educational and Cultural Exchanges. This account funds programs authorized by the Mutual Educational and Cultural Exchange Act of 1961, such as the Fulbright Academic Exchange Program, as well as leadership programs for foreign leaders and professionals. Government exchange programs came under close scrutiny in past years for being excessive in number and duplicative. By a July 1997 executive order,[23] the Office of U.S. Government International Exchange and Training Coordination was created. For the FY2002 budget, Congress passed $237 million, including $125 million for the Fulbright programs. For FY2003 this account funding was $244 million, including $132 million for the Fulbright programs. The Consolidated Appropriations Act, FY2004, set the funding for Educational and Cultural Exchanges at $317 million, including $150 million for Fulbright. The conferees noted that exchanges with Eastern European and former Soviet Union countries are to be built into the base of the Educational and Cultural Exchanges, but Congress did not provide the money necessary to fully fund those programs.

The FY2005 appropriation for exchanges overall totaled $356 million. Included is $161 million for the Fulbright Program that, according to the conferees, is to include a Foreign Student Program with Iraq and Afghanistan.

The FY2006 request for Educational and Cultural Exchanges totals $430 million, representing a 21% increase over the FY2005 level. The President's request includes $180 million targeted for key Muslim populations.

Congressional Action. H.R. 2862, as passed by the House, provides $410.4 million for this account. This level is $20 million below the President's request but is $54.5 million above the current-year level. The Senate recommends (H.R. 3057) $440 million for exchanges, more than either the President's request or the House-passed levels.

The Capital Investment Fund (CIF). CIF was established by the Foreign Relations Authorization Act of FY1994/95 (P.L. 103-236) to provide for purchasing information technology and capital equipment which would ensure the efficient management, coordination, operation, and utilization of State's resources. In FY1998 Congress approved a 250% increase in this fund, from $25 million in FY1997 to $86 million in FY1998.

For FY2004, Congress enacted $79 million for the FY2004 CIF account. In addition, an estimated $114 million was to be derived from expedited passport fees, providing a total of $194 million for FY2004. Conferees noted that $40 million was provided within the Diplomatic and Consular Programs (D&CP) account for IT improvements.

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[23] EO 13055, July 15, 1997, 62 F.R. 39099.

The FY2005 request for CIF was $155 million (95.8% above the FY2004 enacted level), with an additional $114 million in estimated Expedited Passport Fees to be combined with CIF funds to provide a total $269 million for information technology and communication systems at the Department of State. However, Congress enacted $52 million for CIF in FY2005 and also created the Centralized Information Technology Modernization Program, with an appropriation of $77 million. Combined, the two accounts totaled $128 million, 17.3% less than requested for overall IT funding.

For FY2006, the Bush Administration is requesting $133 million for CIF and no funds for the Centralized Information Technology Modernization Program. The CIF request represents a 3.7% increase when compared with the combined technology accounts funded in FY2005.

Congressional Action. The House-passed SSJC Appropriations recommends $69.1 million — $64 million below the President's request. The Senate recommends $58.9 million for CIF and $74.1 million for the Centralized Information Technology Modernization Program, new in the FY2005 budget year.

International Organizations and Conferences

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

In past years, overdue U.S. arrearage payments had been an issue. Shortly after the September 11th terrorist attack and at a time when the U.S. government was seeking U.N. support in its coalition to fight terrorism, however, Congress passed, and the President signed, legislation (P.L. 107-46) that allowed the United States to make its second tranche ($475 million) of arrearage payments to the U.N.[24]

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

For FY2006 President Bush requests $1.3 billion for international organizations, 11.2% greater than the FY2005 enacted level. The request represents full funding of U.S. assessed contributions to the 47 international organizations.

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[24] For more detail, see CRS Issue Brief IB86116, *United Nations System Funding: Congressional Issues*, by Vita Bite.

Congressional Action. The House-passed SSJC bill (H.R. 2862) provides $1.144 billion, slightly below FY2005 levels. This level is $152 million below the President's request. The Senate measure (H.R. 3057) includes $1.166 billion, the same as provided in FY2005.

Contributions to International Peacekeeping Activities (CIPA). The United States supports multilateral peacekeeping efforts around the world through payment of its share of the U.N. assessed peacekeeping budget. The President's FY2006 request totals $1.04 billion. This represents 114.2% increase over the FY2005 enacted level of $484 million. The FY2005 conferees expressed concern that the Administration had voted in the U.N. Security Council for five new or expanded peacekeeping missions (Haiti, Burundi, Liberia, Cyprus, and Ivory Coast) without seeking appropriations for them from Congress. That is why the FY2006 request is more than double the previous year's funding level.[25] As discussed below, the Administration also proposed $780 million for CIPA in its FY2005 emergency supplemental request. (This amount mirrors the amount the Administration said was lacking in the enacted FY2005 budget for U.N. peacekeeping missions that the Administration voted for in the U.N. security council last year, but did not seek funding for in the FY2005 budget cycle.) Congress reduced the request, however, to $680 million.

Congressional Action. For the FY2006 CIPA account, the House bill recommends $1.035 billion, as requested by the President, and the same level recommended by the Senate.

International Commissions

The International Commissions account includes the U.S.-Mexico Boundary and Water Commission, the International Fisheries Commissions, the International Boundary Commission, the International Joint Commission, and the Border Environment Cooperation Commission. The FY2006 request of $70 million is an 11.1% increase from the FY2005 level of $63 million.

Congressional Action. The House measure recommends $63.8 million, slightly more than the current FY2005 level of $63.3 million, but $7 million less than the President's request. The Senate approved a total of $70 million for international commissions.

Related State Department Appropriations

The Asia Foundation. The Asia Foundation is a private, nonprofit organization that supports efforts to strengthen democratic processes and institutions in Asia, open markets, and improve U.S.-Asian cooperation. The Foundation receives both government and private sector contributions. Government funds for the Asia Foundation are appropriated to, and pass through, the State Department. For FY2005, Congress funded the Foundation at $12.8 million, even though the

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[25] For more detail on international peacekeeping, see CRS Issue Brief IB90103, *United Nations Peacekeeping: Issues for Congress,* by Marjorie Ann Browne.

President's request of $8.9 million was well below that level. The Administration request for FY2006 is $10 million, nearly a 22% decrease over funds enacted in FY2005.

The International Center for Middle Eastern-Western Dialogue Trust Fund. The FY2004 conferees added language in the conference agreement for the Consolidated Appropriations Act, FY2004, to establish a permanent trust fund for the International Center for Middle Eastern-Western Dialogue. The act provided $6.9 million for perpetual operations of the Center, to be located in Istanbul, Turkey. Despite the fact that the Administration did not request any FY2005 funding for this Center, Congress provided $7.3 million. The Administration is requesting to spend $0.8 million of interest and earnings from the Trust Fund for program funding in FY2006.

National Endowment for Democracy (NED). The National Endowment for Democracy, a private nonprofit organization established during the Reagan Administration, supports programs to strengthen democratic institutions in more than 90 countries around the world. NED proponents assert that many of its accomplishments are possible because it is not a government agency. NED's critics claim that it duplicates U.S. government democracy programs and either could be eliminated or could operate entirely with private funding. NED's enacted FY2004 budget was $39.6 million. President Bush included a proposal in his State of the Union address in January 2004 to double NED's funding in FY2005 to $80 million for its Greater Middle East Democracy Initiative. However, final congressional action provided $60 million for NED for FY2005. The conferees strongly encouraged NED and its four core grantees to focus funding on democracy promotion activities in the Middle East. The Administration's FY2006 budget request for NED amounts to the same as its FY2005 request of $80 million. This represents a 35.1% increase over the enacted $59.2 million for FY2005.

East-West and North-South Centers. The Center for Cultural and Technical Interchange between East and West (East-West Center), located in Honolulu, Hawaii, was established in 1960 by Congress to promote understanding and cooperation among the governments and peoples of the Asia/Pacific region and the United States. The Center for Cultural and Technical Interchange between North and South (North-South Center) is a national educational institution in Miami, FL, closely affiliated with the University of Miami. It promotes better relations, commerce, and understanding among the nations of North America, South America and the Caribbean. The North-South Center began receiving a direct subsidy from the federal government in 1991. The enacted FY2004 appropriation included $17.7 million for the East-West Center and no funds for the North-South Center. For FY2005 the East-West Center received $19.2 million while, once again, no funds were included for the North-South Center.

The Administration FY2006 request is for $13 million (a decrease of 32.3%) for the East-West Center and no funds for the North-South Center.

Congressional Action. The House-passed SSJC Appropriations provides $10 million for the Asia Foundation, as requested, but denies funding for the Middle Eastern-Western Dialogue Trust Fund. NED funding is set at $50 million, $30 million below the President's request and more than $9 million below the FY2005 funding level. For the East-West Center, H.R. 2862 provides $6 million, less than half of the $13 million request, and no funding for the North-South Center. In the Senate, H.R. 3057 increases funding for most of these programs. The measure includes $15 million for the Asia Foundation, 50% higher than the request, $2 million for the Middle Eastern-Western Dialogue Trust Fund, more than double the request, and $20 million for the East-West Center, nearly 50% above the request. For NED, the Senate recommends $8.8 million for administrative expenses, plus $80 million in program funds under the Democracy Fund account added elsewhere in the Foreign Operations portion of the bill.

Broadcasting Board of Governors

The United States International Broadcasting Act of 1994[26] reorganized within USIA all U.S. government international broadcasting, including Voice of America (VOA), Broadcasting to Cuba, Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the more recently-approved Radio Free Iraq and Radio Free Iran. The 1994 Act established the Broadcasting Board of Governors (BBG) to oversee all U.S. government broadcasting; abolished the Board for International Broadcasting (BIB), the administering body of RFE/RL; and recommended that RFE/RL be privatized by December 31, 1999. This recommendation was repealed by P.L. 106-113.

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

In 2004, the 9/11 Commission recommended that international broadcasting receive an increase in funding, and the Intelligence Reform and Terrorism Prevention Act of FY2004 (P.L. 108-458) included language supporting programs to strengthen a free and independent media in countries with Muslim populations.

Congress enacted a total of $592 million for international broadcasting in FY2005 — $30 million more than the President's FY2005 request. The conferees expressed concern about the "blurring of distinction" between the broadcasting done by the BBG and that done by the Department of Defense and required the BBG to report to congressional committees of any such DoD activities.

For FY2006 international broadcasting activities the President is requesting $652 million with an emphasis on enhancing programming for the war on terrorism, as well as a $10 million increase for modernization of techniques and technology for Cuba Broadcasting. The international broadcasting funding request is10.2% higher than the FY2005 enacted level.

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[26] Title III of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, P.L. 103-236.

Congressional Action. The House spending bill includes $630.9 million for broadcasting, including $27.9 million for Cuba Broadcasting. The Senate approved (H.R. 3057) a total of $651.9 million for international broadcasting, including $37.6 million for Cuba Broadcasting, as requested by the President. During floor debate, the Senate defeated an amendment (Dorgan; 33-66) that would have cut $21.1 million for television broadcasting to Cuba.

Visa Issuance and Homeland Security

The State Department traditionally has had sole authority to issue visas overseas. The Homeland Security Act of 2002[27] now provides the Secretary of the Department of Homeland Security (DHS) with exclusive authority to: 1) issue regulations regarding administering and enforcing visa issuance, 2) impose upon any U.S. government employee, with consent of the head of his/her agency, any functions involved in visa issuance, 3) assign DHS employees to each overseas post where visas are issued, and 4) use the National Foreign Affairs Training Center to train DHS employees who will be involved in visa issuance. The act states that these authorities will be exercised through the Secretary of State. The Homeland Security Act of 2002 further provides the Secretary of State and consular officers with the authority to refuse visa applications. The act stipulates that within one year after the act is signed, the Secretary of DHS and the Secretary of State must report to Congress on implementation of visa issuance authorities and any proposals that are necessary to improve the activities surrounding visa issuance. Specifically regarding visa issuance in Saudi Arabia, the act stipulates that upon enactment of the act, the third party screening program in Saudi Arabia will terminate, but on-site personnel of the DHS shall review all visa applications prior to adjudication there.

The Homeland Security Act of 2002 did not alter the current authority for the Department of State to use machine readable visa fees as a part of its expenditures. State's total allocation of machine readable visa fees in FY2001 was $395 million; in FY2002 it was $443 million; the FY2003 estimate is $623 million; and the FY2004 estimate is for $688 million. The FY2005 appropriation includes $662 million from MRV fee collections. The budget request for FY2006 includes a request for the use of $672 million in MRV fees. The fees are typically used for State Department border security programs, technology, and personnel.

Now, as part of the war on terrorism, the visa issuance process takes much longer and the U.S.-led war may have reduced demand for travel to America. Thus, officials are seeing a gap between the MRV fee total estimates and actuals. The emergency supplemental appropriation helped to fill that gap in FY2004.

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[27] H.R. 5005/P.L. 107-296, signed into law on November 25, 2002.

FY2005 Emergency Supplemental[28]

On February 14, 2005, President Bush submitted an $82 billion supplemental appropriation request for FY2005 to provide funds for ongoing military operations in Iraq and Afghanistan, the global war on terror, reconstruction in Afghanistan, Tsunami relief and rehabilitation, and other activities. The request included $6.3 billion to support a broad range of foreign policy activities:[29]

- U.S. diplomatic costs in Iraq
- Afghanistan reconstruction and counternarcotics programs
- Darfur humanitarian relief and peace implementation aid in Sudan
- War on Terrorism assistance, including funds for Jordan and Pakistan
- Palestinian aid
- Ukraine assistance
- U.N. peacekeeping contributions
- Broadcasting programs in the Middle East
- Tsunami recovery and reconstruction

As signed by the President on May 11 (P.L. 109-13; H.R. 1268), lawmakers provided $5.78 billion in new appropriations for State Department, foreign aid, tsunami relief, and other foreign policy activities. This represents a $512 million, or 8% reduction to the President's $6.3 billion request. Conferees, as had earlier House- and Senate-passed versions of H.R. 1268, offset part of these costs by rescinding $1 billion in FY2003-appropriated funds for aid to Turkey that had not yet been obligated.[30] As a result, the "net" appropriation for foreign policy programs in H.R. 1268 is $4.78 billion, or $1.5 billion below the request. The entire amount is designated as emergency appropriations.

Beyond congressional decisions to reduce selected supplemental requests, the conference agreement and the $512 million cut may have significant implications for Congress' consideration later this year of regular FY2006 appropriations for Foreign Operations and the State Department. In some cases, House and Senate Appropriation Committees had expressed the view that some supplemental requests did not require immediate funding and could be addressed during the debate on FY2006 appropriation bills. This is particularly relevant to the funds proposed for Afghanistan reconstruction and economic aid programs in southern Sudan. As noted earlier, Congress approved a budget resolution for FY2006 (H.Con.Res. 95) that

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[28] For a complete discussion of the supplemental request and congressional action, see CRS Report RL32783, *FY2005 Supplemental Appropriations for Iraq and Afghanistan, Tsunami Relief, and Other Activities*, by Amy Belasco and Larry Nowels.

[29] With the exception of $150 million in food aid that is funded out of the Agriculture appropriation bill, the entire $6.3 billion was sought for Foreign Operations and State Department/Broadcasting programs.

[30] Congress appropriated $1 billion in the FY2003 Emergency Supplemental (P.L. 108-11) that could be used by Turkey to guarantee loans of about $8.5 billion to bolster its ailing economy. With substantial economic recovery during the past two years, Turkey has not drawn on the $1 billion loan guarantee funds.

assumes a reduction in the President's foreign policy funding request of about $2.4 billion, or 7%. If House and Senate Appropriation Committees add to the pending FY2006 request some of the items not approved in the FY2005 supplemental conference agreement, the challenge of meeting the budget resolution target for international affairs program will be an even greater challenge.

Major recommendations in P.L. 109-13 include the following.

- Afghanistan reconstruction and police training — $1.78 billion, $262 million less than requested. This level falls between the House-passed measure ($1.4 billion) and the Senate ($2.05 billion). The conference agreement fully funded counter-narcotics activities, but reduces police training by $40 million.

- Darfur humanitarian aid — at least $238 million, roughly the amount proposed by the President. The conference agreement, however, added $90 million in food aid world-wide, some of which might be available for Darfur, and permitted the transfer of $50 million in support of African Union peacekeeping operations in the region. The House measure had increased the funding level for Darfur to $342.4 million. The Senate version approved $242 million, as requested, but added an additional $320 million in food assistance, some of which could be used in Darfur, and $90 million that could have been transferred to meet humanitarian and peacekeeping needs.

- Sudan peace implementation aid — $37 million, as had been included in the House measure. Conferees deleted $63 million in rehabilitation and reconstruction funding. The Senate bill had included the entire $100 million request.

- Palestinian aid — $200 million, as requested and passed in earlier House and Senate votes. The conference measure set aside $50 million, similar to the Senate version, for Israel to help facilitate the movement of Palestinian people and goods in and out of Israel. None of the funds can be used for direct aid to the Palestinian Authority.

- Pakistan military aid — $150 million, as requested.

- Jordan economic and military aid — $200 million, as requested.

- Iraq embassy — $592 million, $66 million below the request. This is the same level as in the Senate bill, while the House measure included an amendment barring the use of the funds for construction of the embassy.

- Peacekeeping — $680 million, $100 million below the request. The conference amount is higher than both the House ($580 million) and Senate ($442 million).

- Tsunami relief and prevention — $656 million for relief and $25.4 million for prevention, the same as in the Senate bill. The House-passed amount was slightly higher. The conference agreement provided authority (but not the $45 million requested) to defer and reschedule debt owed by tsunami-affected countries. The House bill had not granted such authority.

- Partners Fund and Solidarity Fund — No funds were provided for the Partners Fund ($200 million proposed), while the full $200 million request for the Solidarity Fund was included. In addition, the conference agreements added $30 million for other Global War on Terror security assistance, as determined by the President. The House had denied all funding for these purposes, while the Senate approved $225.5 million for the two contingency funds.

- Ukraine aid — $60 million, as requested and including in the Senate measure. The House had approved $33.7 million. In addition, similar to the Senate, the conference agreement provided $10 million for other regional aid requirements in Belarus and the North Caucasus.

- Haiti assistance — $20 million, of which $2.5 million for criminal case management, case tracking, and the reduction of pre-trial detention in Haiti, similar to the Senate position. The $20 million had not been requested or included by the House.

- Iraqi families and communities affected by military operations — $20 million for civilians who have suffered losses due to military activities, similar to a Senate-added provision. These funds will be drawn from the $18.44 billion appropriated in P.L. 108-106, the FY2004 emergency supplemental for Iraq reconstruction.

Table 13 (below) summarizes the spending request and congressional action.

Table 13. Foreign Policy Funds in FY2005 Supplemental

(in millions of dollars)

Activity (account)*	Request	House Passed	Senate Passed	Enacted
Iraq:				
U.S. Mission operations (DCP)	$690.0	$690.0	$280.5[a]	$663.5
New Embassy Compound in Baghdad (Embassy Security/Construction)	$658.0	$592.0[b]	$592.0	$592.0
USAID operating expenses (USAID/OE)	$24.4	$24.4	$24.4	$24.4
USAID Inspector General (USAID/IG)	$2.5	$2.5	$2.5	$2.5
Subtotal, Iraq	**$1,374.9**	**$1,308.9**	**$899.4**	**$1,282.4**
Afghanistan:				
U.S. Mission operations (DCP)	$60.0	$55.5	$60.0[a]	$60.0
Police training (INCLE)	$400.0	$400.0	$444.5	$360.0
Counternarcotics (INCLE)	$260.0	$194.0	$215.5	$260.0
Counternarcotics related activities (ESF)	$248.5	[c.]	[c.]	[c.]
Reconstruction & Democratic institutions/Government capacity building (ESF)	$1,060.8	$739.2 [c.]	$1,309.3 [c.]	$1,086.6 [c.]
Anti-terrorism training and protection programs (NADR)	$17.1	$17.1	$17.1	$17.1
Subtotal, Afghanistan	**$2,046.4**	**$1,405.8**	**$2,046.4**	**$1,783.7**
Sudan/Darfur:				
Refugee relief for Darfur and Chad (MRA)	$48.4	$98.4	$48.4	$48.4
Humanitarian relief for Darfur (IDFA)	$44.0	$94.0	$44.0[d]	$40.0
Emergency food aid for Darfur (PL 480)[e]	$150.0	$150.0	$470.0 [f]	$240.0 [f]
Peacekeeping for Darfur (PKO)	—	—	[g]	[g]
Peace implementation aid for southern Sudan (ESF)	$22.0	$22.0	$22.0	$22.0
Security sector reform-southern Sudan (PKO)	$10.0	$10.0	$10.0	$10.0
Rehabilitation/reconstruction, mainly in southern Sudan (TI)	$63.0	$0.0	$63.0	$0.0
Repatriation of Sudanese refugees (MRA)	$5.0	$5.0	$5.0	$5.0
Subtotal, Sudan/Darfur	**$342.4**	**$379.4**	**$662.4**	**$365.4**
Other Global War on Terror Related:				
Global War on Terrorism Partners Fund	$200.0	$0.0	$25.5	$0.0
Aid for coalition partners with troops in Iraq & Afghanistan-Solidarity Fund (PKO)	$200.0	$0.0	$200.0	$200.0
Global War on Terror aid (PKO)	—	—	—	$30.0
Jordan econ. & military (ESF & FMF)	$200.0	$200.0	$200.0	$200.0
Pakistan military aid (FMF)	$150.0	$150.0	$150.0	$150.0

Activity (account)*	Request	House Passed	Senate Passed	Enacted
Subtotal, Other Global War on Terror	**$750.0**	**$350.0**	**$575.5**	**$580.0**
Other:				
Palestinian economic aid (ESF)	$200.0	$200.0	$150.0	$200.0 [h]
Israel (ESF)	—	—	$50.0	[h]
Ukraine economic assistance (FSA)	$60.0	$33.7	$60.0	$60.0
Belarus/North Caucasus (FSA)	—	—	$10.0	$10.0
Office of the Coordinator for Reconstruction & Stabilization (DCP)	$17.2	$3.0	$17.2	$7.7
Non-Proliferation and Disarmament Fund classified (NADR)	$15.0	$0.0	$15.0	$7.5
Peacekeeping, mainly for operations in Haiti and Africa (CIPA)	$780.0	$580.0	$533.0[i]	$680.0[i]
Refugee admissions backlog (MRA)	—	—	$25.9	$26.0
Africa refugees needs (MRA)	—	—	$29.1	$41.0
Africa emergencies (IDFA)	—	—	—	$50.0
Haiti economic aid (ESF)	—	—	—	$20.0
Lebanon democracy programs (ESF)	—	—	$5.0	$5.0
Middle East Broadcasting (BBG)	$4.8	$4.8	$4.8	$4.8
Broadcasting system upgrade (BBG)	$2.5	$0.0	$2.5	$2.5
Reduction in ESF account	—	($3.0)	—	—
Subtotal, Other	**$1,079.5**	**$818.5**	**$902.5**	**$1,114.5**
Tsunami Recovery and Reconstruction:				
Replenish USAID for immediate response & relief	$120.0	$120.0	$120.0	$120.0
Recovery and reconstruction, of which up to $45 million for debt reduction	$581.0	$539.0	$536.0	$536.0
Replenish DOD's immediate response	$226.1	$226.1	$226.1	$226.1
Tsunami warning system (NOAA and US Geological Survey)	$22.6	$22.6	$25.4	$25.4
Subtotal, Tsunami Recovery and Reconstruction	**$949.7**	**$907.7**	**$907.5**	**$907.5**
Less, non-Foreign Policy funds	($248.7)	($248.7)	($251.5)	($251.5)
Net, Foreign Policy Tsunami Recovery and Reconstruction	**$701.0**	**$659.0**	**$656.0**	**$656.0**
Rescission of FY2003 Turkey aid	—	($1,000.0)	($1,000.0)	($1,000.0)
TOTAL, Foreign Policy Funds	**$6,294.2**	**$3,921.6**	**$4,742.2**	**$4,782.0**

* Account acronyms: BBG = Broadcasting Board of Governors; CIPA = Contributions for International Peacekeeping Activities; DCP = Diplomatic and Consular Programs; ESF = Economic

Support Fund; FMF = Foreign Military Financing; FSA = Assistance for the Independent States of the Former Soviet Union; IDFA = International Disaster and Famine Assistance; INCLE = International Narcotics & Law Enforcement; MRA = Migration and Refugee Assistance; NADR = Nonproliferation, Anti-terrorism, Demining, and Related Programs; NOAA = National Oceanic and Atmospheric Administration; PKO = Peacekeeping Operations; PL 480 = Food for Peace; TI = Transition Initiative; USAID/OE/IG = US Agency for International Development Operating Expenses and Inspector General.

a. The Senate-passed bill reduced the Diplomatic and Consular Programs account by $400 million from the requested level but did not specify whether the reductions would come from Iraq or Afghanistan mission operations. In this table, the entire amount is taken from the Iraq mission operations line.

b. H.R. 1268, as passed by the House, included $592 million for a new U.S. embassy in Baghdad. However, an amendment adopted during floor debate prohibited the use of any funds in the bill for embassy security, construction, and maintenance.

c. Counternarcotics ESF funds included in Reconstruction/Democracy totals in House, Senate, and conference bills.

d. In addition to this amount, the Senate bill earmarked $40.5 million for disaster relief activities in Darfur that could be transferred from the Contribution to International Peacekeeping account, listed below. The enacted bill does not include this transfer authority, but provides a direct disaster relief appropriation of $50 million (see below) for other emergencies in Africa.

e. PL480 food aid is funded in the Agriculture appropriation bill.

f. The Senate bill added $320 million in food aid, some of which would be available for Darfur, but some (to the maximum extent possible) would be available to restore funds that had previously been diverted to respond to the tsunami disaster and to the situation in Darfur. The enacted bill also provides a higher level — $90 million more — for food aid that, like the Senate bill, is available to replenish accounts from which emergency food relief had been diverted. It is likely that not all of the $240 million food aid appropriation will be for Darfur relief.

g. The Senate bill and the conference agreement provided that up to $50 million for Africa Union peacekeeping operations in Darfur could be transferred from the Contribution to International Peacekeeping account, listed below.

h. The enacted bill provides $200 million for Palestinian aid, of which $50 million should be available to Israel to improve the movement of people and goods between Palestinian areas and Israel.

i. The Senate bill reduced the peacekeeping account by $147 million in order to offset appropriations for additional border patrol agents. In addition, the Senate measure provided that $90.5 million could be transferred to support emergency and peacekeeping activities in Darfur. The enacted bill provides that up to $50 million can be transferred from this account to support Africa Union peacekeeping operations in Darfur.

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Table 14. Foreign Operations: Detailed Account Funding Levels

(millions of current dollars — discretionary budget authority)

Program	FY2004 Total[a]	FY2005 Regular[b]	FY2005 Supp[c]	FY2005 Total[d]	FY2006 Request	FY2006 House[e]	FY2006 Senate[e]	FY2006 Conference
Title I - Export and Investment Assistance:								
Export-Import Bank	38.5	98.9	—	98.9	225.7	158.2	164.2	139.2
Overseas Private Investment Corp.	(211.0)	(211.6)	—	(211.6)	(177.5)	(177.5)	(177.5)	(177.5)
Trade and Development Agency	49.7	51.1	—	51.1	48.9	50.9	50.9	50.9
Total, Title I - Export Aid	**(122.8)**	**(61.6)**	**0.0**	**(61.6)**	**97.1**	**31.6**	**37.6**	**12.6**
Title II - Bilateral Economic:								
Development Assistance:								
Child Survival & Health (CS/H)	1,824.2	1,537.6	—	1,537.6	1,251.5	1,497.0	1,759.0[f]	1,585.0
Global AIDS Initiative	488.1	1,373.9	—	1,373.9	1,970.0	1,920.0	2,020.0	1,995.0
Development Assistance Fund (DA)	1,376.8	1,448.3	—	1,448.3	1,103.2	1,460.0	1,675.0	1,524.0
Transition Initiatives	54.7	48.6	—	48.6	325.0	50.0	50.0	40.0
Subtotal, CS/H, AIDS, & DA	**3,743.8**	**4,408.4**	**0.0**	**4,408.4**	**4,649.7**	**4,927.0**	**5,504.0**	**5,144.0**
Intl Disaster & Famine Aid	544.0	484.9	90.0	574.9	655.5	356.0	400.0	365.0
Tsunami Recovery and Reconstruction Fund	—	—	656.0	656.0	—	—	—	—
Development Credit Programs	8.0	8.0	—	8.0	8.0	8.0	8.0	8.0
Subtotal, Development Aid	**4,295.8**	**4,901.3**	**746.0**	**5,647.3**	**5,313.2**	**5,291.0**	**5,912.0**	**5,517.0**
USAID Operating Expenses	640.5	613.1	24.4	637.5	680.7	630.0	620.0	630.0
USAID Inspector General	34.8	34.7	2.5	37.2	36.0	36.0	36.0	36.0

Program	FY2004 Total[a]	FY2005 Regular[b]	FY2005 Supp[c]	FY2005 Total[d]	FY2006 Request	FY2006 House[e]	FY2006 Senate[e]	FY2006 Conference
USAID Capital Investment Fund	98.3	58.5	—	58.5	77.7	77.7	77.7	70.0
Subtotal, Development Aid & USAID	**5,069.4**	**5,607.6**	**772.9**	**6,380.5**	**6,107.6**	**6,034.7**	**6,645.7**	**6,253.0**
Economic Support Fund (ESF)	3,244.9 [g]	2,462.6	1,433.6	3,896.2	3,036.4	2,558.5	2,931.4[f]	2,634.0
Economic Support Fund rescission — Turkey	—	—	(1,000.0)	(1,000.0)	—	—	—	—
International Fund for Ireland	18.4	18.4	—	18.4	[h]	13.5	[h]	13.5
Eastern Europe/Baltic States	442.4	393.4	—	393.4	382.0	357.0	395.0	361.0
Former Soviet Union	584.5	555.5	70.0	625.5	482.0	477.0	565.0	514.0
Conflict Response Fund	—	—	—	—	100.0	0.0	24.0[i]	0.0
Iraq Relief and Reconstruction Fund	18,439.0[j]	—	—	—	—	—	—	—
Coalition Provisional Authority OE	983.0	—	—	—	—	—	—	—
Inter-American Foundation	16.2	17.9	—	17.9	17.8	19.5	20.0	19.5
African Development Foundation	18.6	18.8	—	18.8	18.9	20.5	25.0	23.0
Peace Corps	308.2	317.4	—	317.4	345.0	325.0	320.0	322.0
Millennium Challenge Corporation	994.1	1,488.0	—	1,488.0	3,000.0	1,750.0	1,800.0	1,770.0
Democracy Fund	—	—	—	—	—	—	175.0	95.0
Intl Narcotics/Law Enforcement	460.3 [g]	326.2	620.0	946.2	523.9	442.4	523.9[k]	477.2
Intl Narcotics — Andean Initiative	726.7	725.2	—	725.2	734.5	734.5	734.5	734.5
Migration & Refugee Assistance	780.7	763.8	120.4	884.2	892.8	790.7	900.0	791.0
Emergency Refugee Fund (ERMA)	29.8	29.8	—	29.8	40.0	30.0	40.0	30.0
Non-Proliferation/anti-terrorism/demining	396.4	398.8	24.6	423.4	440.1	400.4	445.1	410.1

Program	FY2004 Total[a]	FY2005 Regular[b]	FY2005 Supp[c]	FY2005 Total[d]	FY2006 Request	FY2006 House[e]	FY2006 Senate[e]	FY2006 Conference
Treasury Dept. Technical Assistance	18.9	18.8	—	18.8	20.0	20.0	20.0	20.0
Debt reduction	94.4	99.2	—	99.2	99.8	65.0	99.8	65.0
Total Title II-Bilateral Economic	**32,625.9**	**13,241.4**	**2,041.5**	**15,282.9**	**16,240.8**	**14,038.7**	**15,664.4**	**14,532.8**
Title III - Military Assistance:								
Intl Military Education & Training	91.2	89.0	—	89.0	86.7	86.7	86.7	86.7
Foreign Mil Financing (FMF)	4,632.7 [f]	4,745.2	250.0	4,995.2	4,588.6	4,442.3	4,653.6[i]	4,500.0
Security in Asia (additional FMF for the Philippines)	—	—	—	—	—	—	25.0	—
Czech FMF loan	19.9	—	—	—	—	—	—	—
Peacekeeping Operations	124.5	103.2	240.0	343.2	195.8	177.8	195.8	175.0
Peacekeeping Operations - Darfur emergency	—	74.4	—	74.4	—	—	—	—
Total, Title III-Military Aid	**4,868.3**	**5,011.8**	**490.0**	**5,501.8**	**4,871.1**	**4,706.8**	**4,961.1**	**4,761.7**
Title IV - Multilateral Economic Aid:								
World Bank - Intl Development Assn	907.8	843.2	—	843.2	950.0	950.0	900.0	950.0
World Bank Environment Facility	138.4	106.6	—	106.6	107.5	0.0	107.5	80.0
World Bank-Mult Investment Guaranty Agency	1.1	—	—	—	1.7	1.7	1.3	1.3
Inter-American Development Bank	24.9	10.9	—	10.9	1.7	1.7	3.7	1.7
Inter-American Investment Corporation	—	—	—	—	1.7	1.7	1.5	1.7
Asian Development Bank	143.6	99.2	—	99.2	115.3	115.3	100.0	100.0
African Development Fund	112.1	105.2	—	105.2	135.7	135.7	135.7	135.7

Program	FY2004 Total[a]	FY2005 Regular[b]	FY2005 Supp[c]	FY2005 Total[d]	FY2006 Request	FY2006 House[e]	FY2006 Senate[e]	FY2006 Conference
African Development Bank	5.1	4.1	—	4.1	5.6	5.6	3.6	3.6
European Bank for R & D	35.2	35.1	—	35.1	1.0	1.0	1.0	1.0
Intl Fund for Agriculture Development	14.9	14.9	—	14.9	15.0	15.0	15.0	15.0
Intl Organizations & Programs	294.9	325.8	—	325.8	281.9	329.0	330.0	329.5
Total, Title IV - Multilateral	**1,678.0**	**1,545.0**	**0.0**	**1,545.0**	**1,617.1**	**1,556.7**	**1,599.3**	**1,619.5**
Rescission of previously appropriated funds	—	—	—	—	—	(64.0)	(100.0)[k]	—
TOTAL, Foreign Operations	**39,049.4**	**19,736.6**	**2,531.5**	**22,268.1**	**22,826.1**	**20,269.8**	**22,162.4**	**20,926.6**
TOTAL, without Iraq Reconstruction	**20,610.4**	**19,736.6**	**2,531.5**	**22,268.1**	**22,826.1**	**20,269.8**	**22,162.4**	**20,926.6**

Sources: House and Senate Appropriations Committee and CRS adjustments.

a. FY2004 includes "regular"and supplemental appropriations, plus amounts transferred from the FY2002 DOD Emergency Response Fund (ERF) for Afghanistan.
b. Amounts shown in this column are FY2005 "regular" appropriations provided in Division D of P.L. 108-447, the Consolidated Appropriation Act , 2005. Sec. 122, Division J of P.L. 108-447 required an 0.8% across-the-board rescission for each account. Amounts in this column are adjusted to reflect the required reduction for each account. Also included in this column is $100 million provided for Caribbean hurricane relief in P.L. 108-324, the FY2005 Military Construction appropriation.
c. Amounts enacted in H.R. 1268, the FY2005 Emergency Supplemental Appropriation.
d. The "FY2005 total" column includes all enacted appropriations, including the Emergency Supplemental.
e. Amounts provided in H.R. 3057, as passed the House and the Senate.
f. The Child Survival/Health account in the Senate-passed bill includes an additional $100 million (for the Global ATM Fund) transferred from the Economic Support Fund account, pursuant to a Senate floor amendment. The ESF account is reduced by $100 million.
g. Includes funds for Afghanistan that were reprogrammed in FY2004 from FY2002 Emergency Response Funds.
h. The Administration's FY2006 request includes $8.5 million for the International Fund for Ireland as part of the Economic Support Fund. The Senate bill does not earmark funds for the IFI.

i. The Conflict Response Fund in the Senate-passed bill excludes $50 million that is transferred to the Foreign Military Financing (FMF) account (for African Union mission in Sudan), pursuant to a Senate floor amendment. The FMF account is increased by $50 million.

j. Excludes $210 million transferred to the International Disaster and Famine Aid account for Liberia ($100 million) and Sudan ($10 million), and to the Economic Support Fund for Jordan ($100 million).

k. The Senate bill (Sec. 6083) reduces $100 million in unobligated balances from the International Narcotics Control and Law Enforcement (INCLE) account. The same section reduces $100.3 million in unobligated balances from the Diplomatic and Consular Program account, and listed in Table 15 below. This account is included in title I of the Senate version of H.R. 3057, but is included in title IV of the House-passed SSJC appropriation (H.R. 2862).

Table 15. State Department/Broadcasting: Detailed Account Funding Levels

(millions of current dollars — discretionary budget authority)

Program	FY2004 Total	FY2005 Regular	FY2005 Supp.	FY2005 Total	FY2006 Request	FY2006 House[a]	FY2006 Senate[a]	FY2006 Conference
Administration of Foreign Affairs:								
Diplomatic and Consular Program	4,849.3	4,172.2	734.0	4,906.2	4,472.6	4,436.6	4,444.6[b]	—
[Public Diplomacy]	*[$301.6]*	*[$320.0]*	—	*[$309.2]*	*[$327.9]*	*[$340.0]*	*[$328.0]*	—
[Worldwide Security Upgrades]	*[$639.9]*	*[$649.9]*	—	*[$649.9]*	*[$689.5]*	*[$689.5]*	*[$689.5]*	—
Educational & Cultural Exchanges	316.6	355.9	—	355.9	430.4	410.4	440.2	—
Office of Inspector General	31.4	30.0	—	30.0	30.0	30.0	33.0	—
Representation Allowances	8.9	8.5	—	8.5	8.3	8.3	8.3	—
Protection of Foreign Missions & Officials	9.9	9.7	—	9.7	9.4	9.4	9.4	—
Embassy Security-Ongoing Ops & Non-Security Construction	588.3	603.5	592.0	1,195.5	615.8	603.5	598.8	—
Embassy Security-Worldwide Security Upgrades	852.3	900.1	—	900.1	910.2	910.2	900.2	—
Emergencies in the Diplomatic & Consular Service	116.5	1.0	—	1.0	13.6	10.0	13.6	—
Repatriation Loans	1.2	1.2	—	1.2	1.3	1.3	1.3	—
Payment to the American Institute in Taiwan	18.6	19.2	—	19.2	19.8	19.8	19.8	—
Capital Investment Fund	79.2	51.5	—	51.5	133.0	69.1	58.9	—
Centralized IT Modernization Program	—	76.8	—	76.8	—	—	74.1	—
Total, Administration of Foreign Affairs	**6,872.2**	**6,229.6**	**1,326.0**	**7,555.6**	**6,644.4**	**6,508.6**	**6,602.2**	**—**

Program	FY2004 Total	FY2005 Regular	FY2005 Supp.	FY2005 Total	FY2006 Request	FY2006 House[a]	FY2006 Senate[a]	FY2006 Conference
International Organizations and Conferences:								
Contributions to International Organizations	1,244.8	1,166.2	—	1,166.2	1,296.5	1,144.3	1,166.2	—
Contributions to International Peacekeeping	450.1	483.5	680.0	1,163.5	1,035.5	1,035.5	1,035.5	—
Total, International Organizations and Conferences	**1,694.9**	**1,649.7**	**680.0**	**2,329.7**	**2,332.0**	**2,179.8**	**2,201.7**	**—**
International Commissions	**57.2**	**63.3**	**—**	**63.3**	**70.3**	**63.8**	**70.0**	**—**
Related Appropriations:								
International Center for Middle Eastern-Western Dialogue	6.9	7.3	—	7.3	0.8	0.0	7.0	—
Asia Foundation	12.9	12.8	—	12.8	10.0	10.0	15.0	—
National Endowment for Democracy	39.6	59.2	—	59.2	80.0	50.0	8.8[c]	—
East-West Center	17.7	19.2	—	19.2	13.0	6.0	20.0	—
Eisenhower Exchange	0.5	0.5	—	0.5	0.5	0.5	0.5	—
Israeli Arab Scholarship	0.4	0.4	—	0.4	0.4	0.4	0.4	—
Total, Related Appropriations	**78.0**	**99.4**	**0.0**	**99.4**	**104.7**	**66.9**	**51.7**	**—**
TOTAL, STATE DEPARTMENT	**8,702.3**	**8,042.0**	**2,006.0**	**10,048.0**	**9,151.4**	**8,819.1**	**8,925.6**	**—**
International Broadcasting:								
Capital Improvements	11.3	8.4	2.5	10.9	10.9	10.9	10.9	—
Broadcasting Operations	580.3	583.1	4.8	587.9	603.4	620.0	603.4	—

Program	FY2004 Total	FY2005 Regular	FY2005 Supp.	FY2005 Total	FY2006 Request	FY2006 House[a]	FY2006 Senate[a]	FY2006 Conference
Broadcasting to Cuba	[b]	[b]	—	[b]	37.6	[b]	37.7	—
Total, International Broadcasting	**591.6**	**591.5**	**7.3**	**598.8**	**651.9**	**630.9**	**651.9**	**—**
TOTAL, STATE DEPT./INT'L BROADCASTING	**9,293.9**	**8,633.5**	**2,013.3**	**10,646.8**	**9,803.3**	**9,450.0**	**9,577.5**	**—**
Related Programs (in Title V of House bill):								
Commission-Preservation of America's Heritage Abroad	0.5	0.5	—	0.5	0.5	0.5	0.5	—
Commission on International Religious Freedom	3.0	3.0	—	3.0	3.0	3.2	1.0	—
Commission on Security and Cooperation in Europe	1.6	1.8	—	1.8	2.0	2.0	2.0	—
Congressional-Executive Commission on the PRC	1.8	1.9	—	1.9	1.9	1.9	1.9	—
HELP Commission	3.0	1.0	—	1.0	1.0	1.0	0.0	—
U.S.-China Economic & Security Review Commission	2.0	3.0	—	3.0	4.0	4.0	2.8	—
U.S. Senate -China Interparliamentary Group	—	0.1	—	0.1	—	—	0.2	—
U.S. Institute of Peace	27.1	121.9	—	121.9	21.9	22.9	21.9	—
U.S.-Canada Alaska Railroad Commission	—	—	—	—	(2.0)	(2.0)	(2.0)	—
Reduction in unobligated balances from D&CP acct	—	—	—	—	—	—	(100.3)[b]	
Total, Related Programs	**39.0**	**133.2**	**0.0**	**133.2**	**32.3**	**33.5**	**(72.0)**	**—**
GRAND TOTAL	**9,332.9**	**8,766.7**	**2,013.3**	**10,780.0**	**9,835.6**	**9,483.5**	**9,505.5**	**—**

Sources: House and Senate Appropriations Committee and CRS adjustments.

a. House figures represent those including the title IV of H.R. 2862, the Science, State, Justice and Commerce Appropriation bill. In the Senate, these amounts are included in title I of H.R. 3057, the State, Foreign Operations Appropriations measure.

b. Sec. 6083 of the Senate version of H.R. 3057 reduces unobligated balances of the Diplomatic and Consular Program account by $100.3 million.

c. In addition to this amount for NED, the Senate version of H.R. 3057 provides $80 million for NED in title III of the bill, under the heading of a new account, the Democracy Fund. This amount is included in Table 14, above.

d. Included in Broadcasting Operations.