

CRS Report for Congress

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State Department and Related Agencies: FY2003 Appropriations

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State Department and Related Agencies FY2002 Appropriations

Summary

On February 4, 2002 the Bush Administration sent its FY2003 budget request to Congress. The State Department request totaled about \$7.6 billion, while the international broadcasting request totaled \$491 million. Secretary of State Colin Powell testified before various House and Senate Committees in February and March, 2002 stating that last year's priorities of increased security, increased hiring, and improved technology at State remain the same for the next fiscal year budget.

In late March, the Administration requested an additional \$322.1 million for State and \$7.4 million for international broadcasting within a supplemental request. The resulting total FY2003 request for the Department of State and international broadcasting amounts to more than \$8.4 billion, 6.9 % greater than the FY2002 total enacted funding of \$7.9 billion (including the post 9/11 emergency supplemental).

One concern regarding the supplemental has to do with the Bush request for \$100 million for the Department of Defense (DoD) to "support foreign nations in furtherance of the global war on terrorism" and \$30 million for DoD to support indigenous forces engaged in activities in furtherance of United States national security aims." Some are concerned that these funds would give DoD authority to conduct foreign policy without getting prior authority from Congress or conferring with the Department of State.

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State Department and Related Agencies FY2003 Appropriations

Background

Budgets for the Department of State and the Broadcasting Board of Governors (BBG), as well as U.S. contributions to United Nations (U.N.) International Organizations, and U.N. Peacekeeping, are within the Commerce, Justice, State and Related Agency (CJS) appropriations. Intertwined with the annual appropriations process is the biannual Foreign Relations Authorization that, by law, Congress must pass prior to the State Department's expenditure of its appropriations.

The FY2002 enacted budget for the State Department and the BBG (P.L. 107-77) totals \$7.9 billion, more than 12% above the FY2001 enacted funding level (P.L. 106-553). Increased hiring, improving information technology, and overseas security funding were the three key issues in the State Department portion of the FY2002 CJS appropriations debate.

In addition, in the wake of the September 11th attack, Congress passed the Emergency Supplemental Appropriations Act (P.L. 107-38) which provides State with \$390,000 for Diplomatic and Consular Programs, \$7.5 million for its Capital Investment Fund, and \$41 million for Emergencies in the Diplomatic and Consular Service account. These funds are being used for overseas personnel evacuations, information and reward money for apprehending terrorists, and improvement of emergency communications technology at U.S. and overseas facilities. International broadcasting received supplemental funds totaling \$12.25 million for expanding VOA and RFE/RL broadcasts in Arabic and the many languages in and around Afghanistan.

The Administration's FY2003 budget request for the Department of State and the BBG was released February 4, 2002 totaling \$8,058.3 million. About 6 weeks later the Administration sent a supplemental request to Congress including \$322.1 million for State and \$7.4 million for international broadcasting. The FY2003 State Department funding request, including the supplemental request, amounts to \$7.9 billion or 6.9% more than the FY2002 enacted level of \$7.4 billion including the FY2002 emergency supplemental. The international broadcasting FY2003 request of \$524 million, including the supplemental request, represents a 6.7% increase over the FY2002 enacted level including that supplemental.

Secretary of State Colin Powell testified before congressional committees throughout February and March. Three areas of emphasis, according to the Secretary, continue to be hiring, information technology, and security.

State Department

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

Administration of Foreign Affairs

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

Congress enacted \$3,630 million for the diplomatic and consular programs account for FY2002, including \$487.7 million for worldwide security upgrades. The funding supports the hiring of 360 new employees in FY2002, plus 186 diplomatic security employees (including 86 special agents), and allows the Department to collect and deposit Machine Readable Visa (MRV) fees as offsetting collections to the D&CP account for FY2002 and FY2003. In addition, Congress approved emergency supplemental DC&P funding of \$390,000 for possible evacuation needs related to terrorist attacks.

For FY2003, the Bush Administration is requesting \$3,968.3 million (including \$51.1 million within the supplemental request) for D&CP's FY2003 level, a 9.3% increase from total available funds in FY2002 for this account. The increase would help implement and pay ongoing costs for the increased hiring and security which Congress provided in the FY2002 appropriation. Secretary of State Colin Powell testified that he would like to continue expanding hiring by an additional 399 positions, as well as focus heavily on worldwide security measures in FY2003. Additionally, the supplemental request of \$51.1 million would provide: \$20.3 million for State Department operations in Kabul, Afghanistan and Dushanbe, Tajikistan; \$8.3 million for emergency response to chemical and biological terrorism; \$15 million for restoring the Department's worldwide mail operations which were contaminated by anthrax; and \$7.5 million to expand public diplomacy efforts to counter anti-American attitudes and further a positive dialogue with Muslim and Arab audiences.

Embassy Security, Construction and Maintenance (ESCM) – This account supports the maintenance, rehabilitation, and replacement of overseas facilities to provide appropriate, safe, secure and functional facilities for U.S. diplomatic missions abroad. Congress originally had enacted \$640 million for this account for FY1999. However, following the embassy bombings in Africa in August 1998, Congress

agreed to more than \$1 billion (within a supplemental funding bill) for the *Security and Maintenance account* by establishing a new subaccount referred to as *Worldwide Security Upgrades*. The final FY2002 appropriation for *ESCM* is \$1,274 million, including \$458 million for regular *ESCM* and \$816 million for worldwide security upgrades.

The President's FY2003 request for *ESCM* totals \$1,505.5 million, including \$200.5 million within the supplemental request. The original FY2003 request for *ESCM* represents a modest increase in ongoing operations and compound security over FY2002, but a decline in worldwide security funding. State Department officials note that the emergency supplemental from FY2002 is still in the pipeline for the worldwide security account. The more than \$200 million in the FY2003 supplemental request will meet the costs of new embassy construction in Dushanbe, Tajikistan (\$80 million) and rehabilitation of the current compound in Kabul, Afghanistan (\$120.516 million). The total request for *ESCM* represents an 18.2% increase over the FY2002 level.

Educational and Cultural Exchanges – This account funds programs authorized by the Mutual Educational and Cultural Exchange Act of 1961, such as the Fulbright Academic Exchange Program, as well as leadership programs for foreign leaders and professionals. Government exchange programs came under close scrutiny in past years for being excessive in number and duplicative. By a July 1997 executive order, the Office of U.S. Government International Exchange and Training Coordination was created. For the FY2002 budget, Congress passed \$237 million, including \$118 million for the Fulbright programs.

The Bush Administration is requesting \$257.1 million (including \$10 million in the supplemental request) for exchanges in FY2003—an 8.5% increase over the current enacted level. The supplemental is for activities that would address: religious intolerance; increase youth, cultural and sports exchanges with the Muslim world; improve media coverage of the U.S. and encourage independent journalism through exchanges of journalists and media professionals; and launch the U.S.-Afghan Women's Council.

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

After the September 11th attack, Congress recognized the urgency of immediate improvements in communication technology and passed the emergency supplemental (P.L. 107-38) which included \$41 million for CIF for improving emergency communications capabilities overseas and in the Washington office. In addition to this supplemental, Congress passed \$203 million for CIF's regular FY2002 appropriation. An additional \$102.7 million for information technology investments are within the DC&P account, and the conference report stated that an additional \$63 million from expedited passport fees is to go toward CIF in FY2002.

For FY2003 the Administration originally requested \$177 million for CIF, but added \$2.5 million within the supplemental request. The total represents a decline of 26.4% from the FY2002 enacted level. The Administration cited a more than doubling of this account from FY2001 to FY2002, and believes that the request for FY2003 is in line with what they are able to use effectively at this time.

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. In 2001, some controversial issues included: 1) the recent loss of the U.S. seat on the U.N. Commission on Human Rights, 2) the lack of a formal nomination of a U.S. Ambassador to the United Nations, and 3) the nonpayment by the United States of \$582 million in arrearages to the U.N.

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

Contributions to International Organizations (CIO) – CIO provides funds for U.S. membership in numerous international organizations and for multilateral foreign policy activities that transcend bilateral issues, such as human rights. Maintaining a membership in international organizations, the Administration argues, benefits the United States by advancing U.S. interests and principles while sharing the costs with other countries. Payments to the U.N. and its affiliated agencies, the Inter-American Organizations, as well as other regional and international organizations are included in this account. The FY2002 enacted level is \$850.0 million.

The Bush Administration is requesting \$898.4 million (a 5.7% increase over FY2002 enacted) for CIO's FY2003 budget. The level would provide for full funding of U.S. regular contributions to the 43 international organizations, as well as the U.S. share of U.N. building renovations. In addition, within the supplemental request, the President is seeking \$7 million for meeting the U.S. share of costs of the U.N. Special Representative's operation in Afghanistan.

Contributions to International Peacekeeping Activities (CIPA) — The United States supports multilateral peacekeeping efforts around the world through payment of its share of the U.N. assessed peacekeeping budget. Congress approved \$844 million for this account for FY2002. The President's FY2003 request for CIPA is \$769 million, a nearly 9% decline from the FY2002 enacted level. (For more detail, see CRS Issue Brief IB90103, *United Nations Peacekeeping: Issues for Congress*, by Marjorie Ann Browne.)

International Commissions

The *International Commissions account* includes the U.S.-Mexico Boundary and Water Commission, the International Fisheries Commissions, the International Boundary Commission, the International Joint Commission, and the Border Environment Cooperation Commission. The final FY2002 enacted level equals \$60.5 million. The Administration's FY2003 request amounts to a 13.2% increase over FY2002 – \$68.5 million.

Related State Department Appropriations

The Asia Foundation – The Asia Foundation is a private, nonprofit organization that supports efforts to strengthen democratic processes and institutions in Asia, open markets, and improve U.S.-Asian cooperation. The Foundation receives both government and private sector contributions. Government funds for the Asia Foundation are appropriated to, and pass through, the State Department. Congress funded The Asia Foundation at \$9.3 million for FY2002. The FY2003 request would raise the funding slightly to \$9.4 million.

National Endowment for Democracy (NED) – The National Endowment for Democracy, a private nonprofit organization established during the Reagan Administration, supports programs to strengthen democratic institutions in more than 90 countries around the world. NED proponents assert that many of its accomplishments are possible because it is not a government agency. NED's critics claim that it duplicates U.S. government democracy programs and either could be eliminated or could operate entirely with private funding. The final FY2002 enacted level for NED is \$33.5 million. The FY2003 request would raise NED's funding level to \$36 million—a 7.5% increase over FY2002.

East-West and North-South Centers – The Center for Cultural and Technical Interchange between East and West (East-West Center), located in Honolulu, Hawaii, was established in 1960 by Congress to promote understanding and cooperation among the governments and peoples of the Asia/Pacific region and the United States. The Center for Cultural and Technical interchange between North and South (North-South Center) is a national educational institution in Miami, FL, closely affiliated with the University of Miami. It promotes better relations, commerce, and understanding among the nations of North America, South America and the Caribbean. The North-South Center began receiving a direct subsidy from the federal government in 1991. In FY2002, Congress provided \$14 million for the East-West Center, but no funds for the North-South Center. The FY2003 request would raise the East-West Center funding level to \$14.3 million.

Broadcasting Board of Governors

The United States International Broadcasting Act of 1994¹ reorganized within USIA all U.S. government international broadcasting, including Voice of America (VOA), Broadcasting to Cuba, Radio Free Europe/Radio Liberty (RFE/RL), Radio Free Asia (RFA), and the newly-approved Radio Free Iraq and Radio Free Iran. The 1994 Act established the Broadcasting Board of Governors (BBG) to oversee all U.S. government broadcasting; abolished the Board for International Broadcasting (BIB), the administering body of RFE/RL; and recommended that RFE/RL be privatized by December 31, 1999. This recommendation was repealed by P.L. 106-113.

During the reorganization debate in 1999, the 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.

For FY2001, Congress enacted a total of \$440.4 million for international broadcasting, including \$22.1 million for Cuba Broadcasting. The BBG's total funds that year also included \$20.3 million for a *Broadcasting Capital Improvements account* (formerly USIA's Radio Construction account) which funds the building or renovating of radio stations, upgrading and refurbishing station capabilities, updating technology, and replacing old transmitters. The final enacted FY2002 appropriation totals \$479 million, including \$25.9 million for Capital Improvements and \$24.9 million for Cuba Broadcasting. In addition to the annual FY2002 appropriation, and in response to the September 11th attack, Congress passed the emergency supplemental (P.L. 107-38) which provides the BBG with \$12.25 million to support VOA broadcasts in Arabic, Farsi, Pashto, Dari, and Urdu, and RFE/RL broadcasts in Arabic, Farsi, Tajik, Turkmen, Uzbek, Kazakh, Krygyz, and Azeri in the coming year.

For FY2003, the Administration first requested a total of \$507 million for international broadcasting, including \$442.1 million for broadcasting operations, \$13.7 million for capital improvements, \$25.4 million for Cuba broadcasting, and \$25.8 million for Radio Free Asia. The supplemental request would add \$7.4 million to international broadcasting funds for FY2003 for increased programming and transmission costs of Radio Free Afghanistan, as well as the RFE/RL Dari and Pashto language services.

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

State Department and Related Agencies Appropriations
(millions of dollars)

	FY2000 Enacted	FY2001 Enacted	FY2002 Enacted^a	FY2003 Request^b	FY2003/ FY2002 % change	House	Senate	Conf Rept
State Department								
Diplomatic & Consular Program	2,823.8	3,167.2	3,630.4	3,968.3	9.3%			
Salaries and expenses	--	--	--	--	--			
Worldwide Security Upgrades	(254.0)	(409.1)	(487.7)	(553.0)	13.4%			
Ed & cultural exchange prog. (USIA)	204.2	231.1	237.0	257.1	8.5%			
Office of Inspector General	27.4	28.4	29.0	30.8	6.2%			
Representation allowances	5.8	6.5	6.5	9.0	38.5%			
Protec.-missions & officials	8.1	15.4	9.4	11.0	17.0%			
Embassy security/constr/maintenance	739.4	1,077.6	1,274.0	1,505.5	18.2%			
Worldwide security upgrades	(313.6)	(661.2)	(816.0)	(608.6)	(-0.8%)			
Emergency-diplo. & consular services	5.5	5.5	27.3	23.0	-15.8%			
Repatriation loans	1.2	1.2	1.2	1.2	0.0%			
Payment American Inst. Taiwan	15.3	16.3	17.0	18.8	10.6%			
Foreign Service Retirement Fund	128.5	131.2	135.6	138.2	1.9%			
Capitol Investment Fund	79.7	96.8	244.0	179.5	-26.4%			
Total, Administration of Foreign Affairs	4,038.9	4,777.2	5,611.4	6,142.4	9.5%			
International Organ. & Conf.								
Contributions to international organizations	880.5	868.9	850.0	898.4	5.7%			
Contributions to international peacekeeping	498.1	844.2	844.1	769.0	-8.9%			
U.N. Arrearage payments	351.0	--	--	--	--			
Total International Organ. & Conf.	1,729.6	1,713.1	1,694.1	1,667.4	-1.6%			
Total International Commissions	48.7	56.1	60.5	68.5	13.2%			
Related Appropriations								

	FY2000 Enacted	FY2001 Enacted	FY2002 Enacted ^a	FY2003 Request ^b	FY2003/ FY2002 % change	House	Senate	Conf Rept
The Asia Foundation	8.2	9.2	9.3	9.4	1.1%			
National Endowment for Democracy	30.9	30.9	33.5	36.0	7.5%			
East-West Center	12.5	13.5	14.0	14.3	2.1%			
North-South Center	1.8	--	--	--	--			
Eisenhower Exchange	0.5	0.5	0.5	0.5	0.0%			
Israeli Arab Scholarship	0.3	0.3	0.4	0.4	0.0%			
Total Related Appropriations	54.2	54.4	57.7	60.6	5.0%			
Total State Department	5,871.4	6,600.8	7,423.7	7,938.9	6.9%			
International Broadcasting								
Capital Improvements	11.3	20.3	25.9	13.7	-47.1%			
Broadcasting Operations	388.4	398.1	440.5	485.2	10.1%			
Broadcasting to Cuba	22.1	22.1	24.9	25.4	2.0%			
Radio Free Asia	--	--	--	(27.1)	--			
Total International Broadcasting	420.2	440.5	491.3	524.3	6.7%			
TOTAL State & Broadcasting	6,291.6	7,041.3	7,915.0	8,463.2	6.9%			

Note: Numbers in parentheses denote funds included in the overall account level.

^a FY2002 enacted appropriations include FY2002 emergency supplemental funds (P.L. 107-38): \$390,000 in D&CP for evacuation and security-related matters in response to the September 11th attacks; \$20,750,000 in the Emergency Diplomatic and Consular Services account to provide rewards for information to help apprehend terrorists; \$41 million in the Capital Investment Fund to improve emergency communications capabilities in D.C., as well as worldwide; and \$12.25 million for international broadcasting to the Middle East and Afghanistan.

^b The FY2003 request includes the supplemental request which was sent to Congress March 21, 2002: \$51.05 million for D&CP, \$2.5 million for CIF, \$10.0 million for Ed and Cultural Exch, \$200.516 million for ESCM, \$8.0 million for Emergencies in Diplomatic and Consular Service, \$7 million for U.S. Contributions to International Organizations, \$43.0 million for Contributions for international Peacekeeping, and \$7.4 million for international broadcasting. This table does NOT include \$114.0 million for State Department's International Narcotics Control and Law Enforcement which is in the Foreign Operations Appropriations.