

CRS Report for Congress

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State Department and Related Agencies FY2002 Appropriations

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Summary

On April 9, 2001, the President submitted his FY2002 budget request which included nearly \$8 billion for the Department of State and the Broadcasting Board of Governors (BBG). This represents an increase of \$925 million (or 13.1%) from the FY2001 enacted level which Congress passed and the President signed into law (P.L. 106-553) on October 27, 2000.

On June 27, 2001 the House Commerce, Justice, State (CJS) Subcommittee passed by voice vote its FY2002 appropriations. The full House Appropriations Committee reported out the CJS legislation (H.Rept. 107-139) on July 10, 2001, and set State Department funding at \$7.4 billion for FY2002. After transferring \$15 million out of two of State's accounts – \$8 million from Diplomatic and Consular Programs and \$7 million from the Capital Investment Fund – and moving the funds into the Small Business Administration, the House passed the bill (H.R. 2500) on July 18th, funding State at \$7.39 billion.

On July 19th the Senate Appropriations Committee marked up the CJS appropriations (S. 1215) and filed its report (S.Rept. 107-42). The Senate version provided \$7.2 billion for the State Department in FY2002. The Senate passed its version of H.R. 2500, as amended, on September 13, 2001.

In response to the September 11th attacks, Congress passed the Emergency Supplemental Appropriations Act (P.L. 107-38) totaling \$40 billion. Of that total, the State Department received \$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 will be used for overseas personnel evacuations, information and reward money for apprehending terrorists, and improvement of emergency communications technology at U.S. and overseas facilities. Additionally, the emergency supplemental provided \$12.25 million to the BBG for increased Arabic and other language broadcast services related to the war on terrorism.

In the absence of a signed CJS appropriation, the following continuing resolutions kept the State Department running into the new fiscal year: H.J.Res. 65 (P.L. 107-44) which expired October 16th, H.J.Res. 68 (P.L. 107-48) which expired October 23rd, H.J.Res. 69 (P.L. 107-53) which expired October 31st, and H.J.Res. 70 (P.L. 107-58) which expired November 16th, and H.J.Res. 74 (P.L. 107-70) which expired December 7, 2001.

The House adopted the conference report (H.Rept. 107-278) by a vote of 411-15 on November 14th and the Senate adopted it by a vote of 98-1 the following day. The President signed the bill into law (P.L. 107-77) on November 28, 2001.

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State Department and Related Agencies FY2001 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.

Secretary of State Colin Powell testified on the FY2002 State Department appropriations request before House and Senate Committees in February and March 2001. The Administration's budget request for the Department of State was released March 12, 2001, although the Administration officially sent the FY2002 budget request to Congress on April 9, 2001.

The Administration's FY2002 State Department and BBG budget request totaled nearly \$8 billion, more than 13% 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. (For more details on security issues, see CRS Report 98-771, *Embassy Security: Background, Funding, and the Budget.*)

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 will be 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 House adopted the CJS appropriations conference report (H.Rept. 107-278) by a vote of 411-15 on November 14th and the Senate adopted it by a vote of 98-1 the following day. On November 28, 2001, the President signed it into law (P.L. 107-77).

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 257 posts in over 180 countries around the world. The Department's staff size has increased, largely because of the integration of ACDA and USIA into State. Highlights follow. (See *Table 1. State Department, USIA, and Related Agencies Appropriations* below for account-by-account and recent years' appropriations.)

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. The FY2001 enacted level was \$3.167 billion with \$409 million for worldwide security upgrades.

The Bush Administration requested for D&CP's FY2002 level a 17% increase – to \$3,705.1 million – largely for both Foreign and Civil Service personnel. In addition, the Administration advocated hiring floats – staff that could fill in while others are attending training classes.

The House Appropriations Committee set funding for this account at \$3,653.7 million, including \$487.7 million for worldwide security upgrades, in FY2002. The House transferred \$8 million from D&CP and into the Small Business Administration, recommending the final D&CP total to be \$3,645.7 million.

The Senate set DC&P funding at \$3,471.2 million, including \$409.4 million for worldwide security upgrades, the same as the current level. The Senate Committee had not recommended full funding, as requested, for hiring 186 Diplomatic Security agents. The Committee expressed concern that such an increase in hiring would create a disproportionate number of rookie versus seasoned agents, resulting in a loss of effectiveness.

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

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 enacted FY2001 appropriation included \$416 million for regular *ESCM* and \$661.2 million for *Worldwide Security Upgrades*.

The FY2002 request was \$475 million for ongoing *ESCM* and \$816 million for *Worldwide Security Upgrades*. This 23.4% increase would be for both ongoing expenses of security programs in place already, as well as increasing security in certain locations, according to State Department officials.

The House approved \$470 million for ongoing maintenance and construction and agreed with \$816 million for embassy security. The Senate passed \$405 million for *ESCM* activities and \$661.6 million for worldwide security upgrades in embassies.

The final FY2002 appropriation for *ESCM* is \$1,274 million, including \$458 million for regular *ESCM* and \$816 million for 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 have come under close scrutiny in recent years for being excessive in number and duplicative. As a result, a July 1997 executive order created the Office of U.S. Government International Exchange and Training Coordination. For FY2001, Congress passed \$231.6 million (\$6 million more than requested) for the international exchanges account, including \$115.3 million for the Fulbright Program. The Administration requested \$242 million for the *Education and Cultural Exchange* account in FY2002. The House bill set funding at \$237 million (\$5 million less than requested) for educational and cultural exchange programs in FY2002. The Senate passed the full amount requested—\$242 million. Congress agreed to the House's \$237 million, including \$118 million for the Fulbright programs in FY2002.

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. The Administration sought \$118.3 million (an increase of 38%) in FY1999 for CIF. Congress exceeded the request, agreeing to \$158.6 million for this account, which included funds from the emergency supplemental appropriation for Y2K compliance. For FY2000, Congress agreed to \$79.7 million and for FY2001 appropriated \$96.8 million—essentially the Clinton Administration's request for CIF.

In the early months of 2001, Secretary of State Colin Powell testified before both House and Senate foreign affairs committees that the State Department is in dire need of improvements in its information technology. The FY2002 request of \$210 million (117% above the previous year) would put full Internet capability on every desktop at State and improve communications technology overall for State Department personnel, according to the Secretary's testimony.

The House Appropriations Committee agreed with the Administration request, but a floor amendment transferred \$7 million from this account and into the Small Business Administration. The Senate Appropriations Committee agreed with the \$210 million requested by the Administration for CIF. After the September 11th attack, Congress recognized the urgency for immediate improvements in communication technology and passed the emergency supplemental (P.L. 107-38) which included \$7.5 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 FY2002 appropriation, matching the House level. The conference report included \$102.7 million for information technology investments within the DC&P account and also noted that an additional \$63 million from expedited passport fees will go toward CIF in FY2002.

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 withholding funds in the past because of international family planning policies. Earlier 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.

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. Congress enacted \$869 million for CIO in FY2001. The FY2002 request was \$878.8 million. The House agreed to less than requested for this account, setting the funding at \$850 million for FY2002. The Senate passed \$1,091.3 million for CIO—\$212.6 million more than requested because of synchronization of payments and expected FY2001 payments. The final enacted appropriation totaled the House level of \$850.0 million.

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 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 FY2001. The Bush Administration requested to continue this funding level for FY2002; the House agreed. The Senate voted to reduce the amount to \$773.2 million, expressing a skepticism that the Revolutionary United Front (RUF) in Sierra Leone is serious about attaining peace. Congress finally passed the House and Administration-requested level of \$844.1 million for FY2002. (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 FY2001 enacted level for International Commissions totaled \$56.1 million. The FY2002 request would have raised this funding by 12.7% to \$63.2 million. The House set funding at \$60.3 million for International Commissions in FY2002. The Senate passed a total of \$59.3 million. The final enacted level equals \$60.5 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 \$9.2 million for FY2001. The Administration requested a continuation of this funding level for FY2002. The House agreed, but the Senate recommended reducing the funding to \$8 million for FY2002. The FY2002 enacted level for the Asia Foundation matched the House and White House level of \$9.3 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. NED's FY2001 enacted appropriation was a continuation of the previous year's level of \$30.9 million. The Bush Administration requested continuing this level for NED in FY2002. The House voted to raise NED's funding for FY2002 to \$33.5 million, while the Senate agreed to \$31 million. The final FY2002 enacted level for NED was \$33.5 million.

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 FY2001, Congress provided \$13.5 million for the East-West Center, but no funds for the North-South Center. (The North-South Center received \$1.4 million from the Education and Cultural Exchanges account in FY2001.) The Bush Administration requested to continue funding the East-West Center at \$13.5 million, with no funding to the North-South Center. The House agreed to \$9.4 million for the East-West Center in FY2002, urging the Center to seek private grants. In contrast, the Senate agreed to increasing NED's FY2002 funding to \$14 million, \$500,000 above the President's request. The final FY2002 enacted appropriation equaled the Senate level of \$14 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 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 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. For FY2002, the Administration requested a total international broadcasting budget of \$470 million, including \$16.9 million for Capital Improvements and \$24.9 million for Broadcasting to Cuba.

The House passed a total of \$479 million for international broadcasting in FY2002—\$453 million for international broadcasting operations and \$25.9 million for

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

Broadcasting Capital Improvements. Also in the total, the House agreed to \$24.9 million for Cuba Broadcasting and \$25.2 million for Radio Free Asia. The Senate recommended a total of \$456.5 million, including \$16.9 million for Capital Improvements and \$24.9 million for Cuba Broadcasting. The final enacted FY2002 appropriation totaled \$479 million, including \$25.9 million for Capital Improvements and \$24.9 million for Cuba Broadcasting.

In addition to the annual appropriation, and in response to the September 11th attack, Congress passed the emergency supplemental (P.L. 107-38) which provided 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 FY2002.

Table 1. State Department, USIA, and Related Agencies Appropriations
(millions of dollars)

	FY1998 Enacted	FY1999 Enacted	FY2000 Enacted	FY2001 Enacted	FY2002 Request	House	Senate	FY2002 Enacted
State Department								
Diplomatic & Consular Program	1,730.0	1,661.6	2,823.8	3,167.2	3,705.1	3,645.7	3,471.2	3,630.0 ^a
Salaries and expenses	363.5	354.2	-.-	-.-	-.-	-.-	-.-	-.-
Worldwide Security Upgrades			(254.0)	(409.1)	(487.7)	-.-	(409.4)	(487.7)
Information Programs (USIA S&E)	[427.1]	453.8	-.-	-.-	-.-	-.-	-.-	-.-
Technology Fund (USIA)	[5.1]	11.6	-.-	-.-	-.-	-.-	-.-	-.-
Ed & cultural exchange prog. (USIA)	197.7	200.5	204.2	231.1	242.0	237.0	242.0	237.0
Office of Inspector General	27.5	28.5	27.4	28.4	29.3	29.3	28.4	29.0
Representation allowances	4.2	4.4	5.8	6.5	9.0	6.5	9.0	6.5
Protec.-missions & officials	7.9	8.1	8.1	15.4	10.0	9.4	10.0	9.4
Embassy security/constr/maintenance	397.9	1,081.1	739.4	1,077.6	1,291.0	1,286.0	1,067.0	1,274.0
Worldwide security upgrades	-.-	(785.7)	(313.6)	(661.2)	(816.0)	(816.0)	(661.6)	(816.0)
Emergency-diplo. & consular services	5.5	17.5	5.5	5.5	15.5	10.0	5.5	6.5 ^b
Repatriation loans	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Payment American Inst. Taiwan	14.0	14.8	15.3	16.3	17.0	17.0	17.0	17.0
Foreign Service Retirement Fund	129.9	132.5	128.5	131.2	135.6	135.6	135.6	135.6
Capitol Investment Fund	86.0	158.6	79.7	96.8	210.0	203.0	210.0	203.0 ^c
Total, Administration of Foreign Affairs	2,773.7	4,914.1	4,038.9	4,777.2	5,665.7	5,580.7	5,224.1	5,549.2
International Organ. & Conf.								
Contributions to international organizations	955.5	933.6	880.5	868.9	878.8	850.0	1,091.3	850.0
Contributions to international peacekeeping	256.0	219.4	498.1	844.2	844.1	844.1	773.2	844.1
U.N. Arrearage payments		475.0	351.0	-.-	-.-	-.-	-.-	-.-
Total International Organ. & Conf.	1,211.5	1,628.0	1,729.6	1,713.1	1,722.9	1,694.1	1,864.5	1,694.1
Total International Commissions	44.0	45.8	48.7	56.1	63.2	60.3	59.3	60.5

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	FY1998 Enacted	FY1999 Enacted	FY2000 Enacted	FY2001 Enacted	FY2002 Request	House	Senate	FY2002 Enacted
The Asia Foundation	8.0	8.3	-.-	-.-	-.-	-.-	-.-	-.-
Total pre-merger State Department	4,037.3	6,596.2	-.-	-.-	-.-	-.-	-.-	-.-
Related Appropriations								
The Asia Foundation			8.2	9.2	9.3	9.3	8.0	9.3
National Endowment for Democracy	30.0	31.0	30.9	30.9	31.0	33.5	31.0	33.5
East-West Center	12.0	12.5	12.5	13.5	13.5	9.4	14.0	14.0
North-South Center	1.5	1.8	1.8	-.-	-.-	-.-	-.-	-.-
Eisenhower Exchange	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Israeli Arab Scholarship	0.4	0.4	0.3	0.3	0.3	0.4	0.4	0.4
Total Related Appropriations	44.5	46.2	54.2	54.4	54.6	53.1	53.9	57.7
Total post-merger State Department	-.-	-.-	5,871.4	6,600.8	7,506.4	7,388.2	7,174.6	7,361.5
International Broadcasting								
Capital Improvements	40.0	13.2	11.3	20.3	16.9	25.9	16.9	25.9
Broadcasting Operations	391.5	362.4	388.4	398.1	428.2	453.1	414.7	428.2 ^d
Broadcasting to Cuba	(22.1)	22.1	22.1	22.1	24.9	-.-	24.9	24.9
Radio Free Asia	(25.0)	-.-	-.-	-.-	-.-	-.-	-.-	-.-
Total International Broadcasting	431.5	397.7	420.2	440.5	470.0	479.0	456.5	479.0
Total USIA	1,105.9	1,108.7	-.-	-.-	-.-	-.-	-.-	-.-
Total ACDA	41.5	41.5	-.-	-.-	-.-	-.-	-.-	-.-
TOTAL State & Broadcasting	5,184.7	7,040.1	6,291.6	7,041.3	7,976.4	7,867.2	7,631.1	7,840.5

^a An additional \$390,000 was made available by the emergency supplemental (P.L. 107-38) for evacuation and security-related matters in response to the September 11th attacks.

^b An additional \$20,750,000 was made available for FY2002 by the emergency supplemental (P.L. 107-38) to provide rewards for information to help apprehend terrorists.

^c An additional \$41 million was made available by P.L. 107-38 for FY2002 to improve emergency communications capabilities.

^d An additional \$12.25 million was made available by the emergency supplemental (P.L. 107-38) for FY2002 broadcasting to the Middle East and Afghanistan.