

CRS Report for Congress

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State Department and Related Agencies FY1998 Appropriations

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Summary

The President's FY1998 budget request, announced February 6, 1997, included \$5.41 billion for the Department of State, U.S. Information Agency (USIA), United Nations (U.N.), Arms Control and Disarmament Agency (ACDA), and other U.S. foreign policy-related organizations. The request represented nearly a 6% increase over the FY1997 enacted appropriations. On March 17, 1997, the Administration also submitted to Congress an FY1998 budget amendment that would provide authority to make a one-time transfer of funds totaling \$113 million from State to other U.S. agencies that use overseas administrative services. The transfer would provide a transition for a new cost-sharing system to be implemented by the end of FY1998. Additionally, the President requested a supplemental for advance appropriations of \$921 million for U.N. arrearages to be paid and scored in FY1999.

On June 5, 1997 Congress approved a five-year budget plan that would fully fund all State and related agency programs at the President's request for FY1998. The House passed its version of the Foreign Relations Authorization Act for FY1998 and FY1999 (H.R. 1757) June 11, 1997. The Senate Foreign Relations Committee marked up and ordered reported the Senate version of the Foreign Relations Authorization for FY1998 and 1999 on June 12. Neither measure was passed by Congress, because of a controversial international family planning provision that was attached in the House. Both bills would have provided the required authority for State Department and related agency spending nearly at the Administration's FY1998 request level, and both would have authorized the President to reorganize the foreign policy agencies.

The full Senate passed its Commerce, Justice, State (CJS) appropriations bill (S. 1022) July 29th, providing \$4.014 billion for State and \$1.087 billion for USIA. The House passed its CJS appropriations (H.R. 2267) on September 30, 1997. It provided \$4.002 billion for the State Department and \$1.092 billion for USIA. On Nov. 13th, Congress passed the CJS appropriations which included a waiver of the requirement for authorization prior to expenditure of State and related agency appropriations.

Background

The Administration's FY1998 budget request for State and related agencies totaled \$5.4 billion, nearly 6% above the FY1997 enacted level, but 3% below the FY1995 enacted level, the year before the 104th Congress reductions. Both the House and Senate bills set the FY1998 appropriations for State and related agencies at about \$5.18 billion. On November 13, 1997, Congress approved \$5.22 billion--\$4.04 billion for State , \$1.1 billion for USIA.

State Department

The State Department's mission is to advance and protect the worldwide interests of the United States and its citizens. Currently, the State Department houses the activities of 50 U.S. government agencies and organizations operating 249 posts in over 180 countries around the world. From FY1994 through the end of FY1996, the State Department reduced its staff by 1,900 full time equivalent positions and closed 30 overseas posts. State's personnel levels continued to decline in FY1997 as the agency hired below attrition levels.

The Administration's FY1998 budget request for the State Department totaled \$4.25 billion, 6.9% above the FY1997 level and 8.8% above the FY1996 level. The Administration of Foreign Affairs subtotal is 7.5% more than the FY1997 amount, while the International Organizations and Conferences subtotal is up by almost 6% over the enacted FY1997 level. Congress set the FY1998 State Department appropriation at \$4.04 billion, which is more than either the House- or Senate-passed levels. Highlights follow:

- *Diplomatic and Consular Programs (DC&P)* -- The Administration's FY1998 budget request for diplomatic programs represented an increase of 1.3% from the FY1997 level. Part of that increase (\$595 million) was to come from retaining fees collected from immigration, passport, and machine readable visa fees currently deposited in the Treasury. The Administration requested new authority from Congress for several agencies, including State, to retain such fees. Additionally, the Administration submitted an FY1998 budget amendment seeking authority for a one-time transfer of funds to various agencies that employ personnel in U.S. embassies. The amendment allowed for a one-year transition period to implement a new cost-sharing system known as the International Cooperative Administrative Support Services (ICASS). Some foreign policy experts had expressed concern that D&CP would not be sufficiently funded for a "first class diplomacy" if Congress declined to pass new authority for fee retention but transferred funds out of the account for ICASS. Congress passed \$1.73 billion for this account, about the same as the House level, but slightly higher than the Senate-passed level. It is \$17 million below the President's request, but higher than the FY1997 level. Congress included provisions permitting in FY1998 and FY1999 collection of Machine Readable Visa fees and depositing them in this account, and establishing procedures to implement ICASS.
- *Capital Investment Fund (CIF)* -- This fund provides resources for needed investments in State's worldwide information system. In recent years, communication and information equipment has deteriorated and State has not been

able to keep up with technology. This fund is designed to improve the informational network to enable reliable and timely news flow to facilitate quick and accurate decision-making. The President's request (\$64.6 million) would have increased this account by more than 160% from the FY1997 level of \$24.6 million. State contended that increases are necessary because of recent years of foregoing much-needed repairs and updating of technology. Recognizing that State's information systems are inadequate and in desperate need of updating, Congress increased this account to \$86 million, higher than the Administration request .

- *Contributions to International Organizations (CIO)* -- CIO provides funds for U.S. membership in numerous international organizations and for 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, Inter-American Organizations, as well as regional and other international organizations are included in this account. The Administration's FY1998 request of \$1.023 billion (an increase of 14.7%) reflected full funding of U.S. assessed contributions and included \$54 million in arrearage payments. In addition, the Administration requested an advance appropriation of \$921 million for arrears for CIO and International Peacekeeping to be enacted as part of the pending FY1997 supplemental, but to be paid in FY1999. The Administration claimed that congressional approval of the arrearage payment in 1997 would have provided the United States with leverage in pursuing U.N. reforms prior to the expenditure in 1999.¹ The Senate approved \$957 million for CIO, which included \$54 million for arrears, and made CIO funding contingent upon enactment of authorizing legislation for U.N. reform. The House passed \$979 million for CIO. Congress approved of \$955.5 million (including \$54 million for arrearage payments), but made CIO funding contingent on certain conditions.
- *Contributions to International Peacekeeping* -- The United States supports multilateral peacekeeping efforts around the world through payment of its share of the United Nation's assessed peacekeeping budget. Multilateral peacekeeping often provides an alternative between doing nothing and unilateral U.S. action in overseas situations of importance to the United States. The President's FY1998 request of \$286 million represented full funding of projected peacekeeping activities plus \$46 million for an initial peacekeeping arrears payment. The Administration request for peacekeeping was 18.8% below the FY1997 level of \$352.4 million. The Senate agreed to \$200 million and the House passed \$261 million for peacekeeping, both of which included \$46 million for arrears. Congress appropriated \$256 million, including \$46 million for arrears.

U.S. Information Agency (USIA)

USIA's mission is to understand, inform, and influence foreign publics as a means of promoting U.S. national interests and dialogue between Americans, their institutions

¹ For more detail, see CRS Report 97-347, *U.N. and International Organization Arrears: Advance Appropriation to Pay U.S. Outstanding Dues*, by Vita Bite.

and their counterparts abroad. Two of USIA's primary activities include conducting U.S. government (nonmilitary) international broadcasting and administering foreign exchange programs. USIA has eliminated more than 1,000 positions since FY1994 and expects to further reduce its current staff of 7,008 by an additional 120 positions in FY1998. The agency closed 9 overseas posts from FY1994 to FY1996. In FY1997, USIA closed one principal post and 6 branch posts overseas. The closing of 2 principal overseas posts is planned for FY1998. The Administration FY1998 budget request for USIA totaled \$1.078 billion, up 1.7% from FY1997's enacted level, and virtually the same as the FY1996 budget. The Senate set USIA's funding at \$1.087 billion, while the House approved \$1.092 billion. Congress approved \$1.101 billion for USIA's FY1998 budget. Highlights follow:

- *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 U.S. professionals. Government exchange programs have come under close scrutiny in recent years for being excessive in number and duplicative. The Administration's FY1998 request of \$197.7 million included a transfer of \$11.8 million from the Salaries and Expenses account (funds that have been used in the past to administer the exchange programs), and an increase of \$565,000 to establish an Office of U.S. Government International Exchange and Training Coordination. After accounting for mandatory wage and price increases, the request for this account, according to USIA officials, represented a funding reduction of \$4.6 million over the FY1997 level. The Senate approved \$200 million for exchanges, including a recommendation of \$99.2 million for the Fulbright Program in FY1998. The House voted for \$193.7 million, including \$94.2 million for the Fulbright program. Both the full Senate and House agreed with the Administration request of \$565,000 for an international exchange coordination office. Congress appropriated \$197.7 million for this account, including \$94.2 million for the Fulbright program. The conference agreement did not include funding for an international exchange coordination office, however.
- *International Broadcasting* -- This account funds all U.S. government nonmilitary international broadcasting, including the Voice of America (VOA), Broadcasting to Cuba, Radio Free Europe/Radio Liberty (RFE/RL), and Radio Free Asia (RFA). The President's \$366.8 million FY1998 budget request was 4.8% below the enacted FY1997 level. It reflected continued savings from the reorganization of international broadcasting in FY1995, mandatory wage and price increases, as well as an increase in program funding of \$1 million for audience research. Broadcasting to Cuba's funding requirement was estimated by the Administration to be \$22.1 million, down from FY1997's level of \$24.8 million largely because of its move from Washington, D.C. to Miami. The Senate passed \$339.7 million for broadcasting which included a recommendation of \$20 million for RFA. The Senate also provided a separate direct funding level of \$22.1 million for Cuba Broadcasting. The House passed \$391.6 million, including unspecified funding levels for Cuba Broadcasting and a recommendation of \$30 million for RFA. Congress funded international broadcasting at \$364.4 million, including \$25 million for RFA and VOA broadcasting to Asia. In addition, Cuba Broadcasting received a direct appropriation of \$22.1 million for FY1998.

- *Technology Fund* -- The Technology Fund was established in 1996 to provide a central source of funding to modernize the agency's nonbroadcasting computer and telecommunications infrastructure and to replace an investment strategy that has relied on year-end funds. The Administration requested \$7 million in FY1998 for this account, up more than 37% over the current funding level of \$5.1 million. The increased funding was to develop a new integrated financial management system, improve telecommunications with and between posts, and develop a digital library targeted toward USIA's overseas audiences. Noting that the USIA has had to meet increasing demands with declining resources, the Senate nearly doubled the President's request, setting this account at \$10 million for FY1998. The House voted to continue this account at its FY1997 level of \$5.1 million which is the level that Congress appropriated.
- *East-West and North-South Centers* -- The Center for Cultural and Technical Interchange between East and West (East-West Center), located in Honolulu, HI, 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 FY1998 Administration request for these centers was \$8.5 million, down 26.1% from the FY1997 level. While requesting less, the Administration urged the centers to seek funds from private sources. In contrast, the Senate passed \$22 million for the East-West Center and \$3 million for the North-South Center. The House, on the other hand, voted to end funding for both the East-West or the North-South Center. Congress passed \$12 million for the East-West Center and \$1.5 million for the North-South Center.

Arms Control and Disarmament Agency

ACDA's mission is to strengthen U.S. national security by advocating, formulating, negotiating, implementing and verifying sound arms control nonproliferation, and disarmament policies and agreements. This quasi-independent agency has close bureaucratic ties to the Department of State. (For more detail on ACDA, see CRS Report 95-692, *Arms Control and Disarmament Agency: Background and Current Issues*).

The Administration's FY1998 budget request for ACDA totaled \$46.2 million--. \$42.1 million for ongoing ACDA activities and \$4.1 million for new activities, such as the Comprehensive Test Ban Treaty, the Chemical Weapons Convention, and Non Proliferation. The Senate Committee referred to the imminent absorption of ACDA into State and, therefore, recommended a reduction in ACDA funding to \$32.6 million in FY1998. The full Senate agreed. The House approved funding ACDA at its current level of \$41.5 million. Congress agreed with the House-passed level, but also rescinded \$700,000 of unexpended no-year funds.

STATE DEPARTMENT, USIA, & RELATED AGENCIES APPROPRIATIONS
(millions of dollars)

	FY1995 Enacted	FY1996 Enacted	FY1997 Enacted	FY1998 Request	FY1998 +/- FY1997 (%)	House	Senate	Conf.
Department of State								
Diplo. & Consular Prog.	1,725.3*	1,713.7	1,725.3	1,747.0 ^a	+1.3	1,731.0	1728.6	1,730.0
Salaries and expenses	383.9	367.9	352.3	363.5	+3.2	363.5	363.5	363.5
Off. of Inspector Gen.	23.9	27.3	27.5	28.3	+2.9	28.3	27.5	27.5
Representation	4.8	4.5	4.5	4.3	-	4.3	4.1	4.2
Buying power	0.0	0.0	-	0.0	-	-	0.0	-
Protec.-missions &	9.6	8.6	8.3	7.9	-	7.9	7.9	7.9
Security/maint. of	391.8*	321.3*	389.3	373.1	-	373.1	420.3	404.0
Moscow Embassy	0.0	0.0	-	-	-	-	0.0	-
Emerg.-diplo. & consular	6.5	6.0	5.8	5.5	-	5.5	5.5	5.5
Repatriation loans	.8	.8	1.3	1.2	-	1.2	1.2	1.2
Paym. Am. Inst Taiwan	15.5	15.1	14.5	14.5	-	14.0	14.5	14.0
For. Serv. Retirement	129.3	125.4	126.5	129.9	+2.7	129.9	129.9	129.9
MRV Fee Receipts	-	-	-	140.0	-	-	(140)	-
Capitol Investment Fund ^b	.5	16.4	24.6	64.6	+162.6	50.6	105.0	86.0
Total, Admin. of For. Affairs	2,691.9	2,607.0	2,679.9	2,879.8	+7.5	2,709.3	2808.0	2,773.7
Internat. Orgs and Conf.								
Contrib to int'l. orgs.	872.7	892.0	882.0	1,023.0	+14.7	979.0	957.0	955.5
Contrib intl peacekeep	518.7*	359.0	352.4	286.0	-	261.0	200.3	256.0
Int'l. peacek. Supp	-	-	-	-	-	-	-	-
Int'l. conf./ contingen	6.0	3.0	10.0	4.9	-	1.5	0.0	0.0
Total, Int'l. Organ. & Conf.	1,397.4	1,254.0	1,244.4	1,313.9	+5.6	1,241.5	1157.3	1,211.5
Total Intern'l Commissions	40.0	39.1	42.0	45.2	+7.6	43.9	44.2	44.0
Asia Foundation	15.0	5.0	8.0	8.0	0%	8.0	5.0	8.0
Total, Department of State	4,144.3	3,905.1	3,974.3	4,246.9	+6.9	4,002.7	4014.5	4,037.2
U.S. Information Agency (USIA)								
Salaries and expenses	475.4	445.4	441.4	434.1	-	430.6	427.1	427.1
Off. of the Inspector Gen.	4.3	0.0	0.0	-	-	-	-	-
Technology Fund	-	5.1	5.1	7.0	+37.3	5.1	10.0	5.1
Educ. & cultur exch prog.	233.3*	199.7	185.0	197.7	+6.9	193.7	200.0	197.7
Radio construction	69.3*	32.6*	35.5	32.7	-	40.0	32.7	40.0
International Broadcasting								
VOA/WORLDNET	239.1	324.9	350.0	366.8	+4.8	391.6	339.7	364.4
Broadcasting to Cuba	24.8	24.8	(25.0)	(22.1)	-	-	22.1	22.1
Radio Free Asia	5.0*	(5.0)	-	(9.3)	-	(30.0)	(20.0)	(25.0)
Board Int. B'dcasting ^d	229.7	0.0	-	-	-	-	-	-
Trust Fund Programs	4.0	.9	1.0	1.0	0%	1.0	1.0	1.0
East-West & other centers	28.5	13.8	11.5	8.5	-	-	25.0	13.5
Nat'l. Endow. Democ	34.0	30.0	30.0	30.0	0%	30.0	30.0	30.0
Total, U.S.I.A.	1,347.4	1,077.2	1,059.5	1,077.8	+1.7	1,092.0	1087.0	1,100.9
Arms Contr & Disarmament	50.4	38.6	41.5	46.2	+11.3	41.5	32.6	41.5
Miscellaneous For. Affairs^c	44.6	42.5	42.2	43.4	+2.8	42.7	42.3	42.5
TOTAL STATE & AGENC	5,586.7	5,063.4	5,117.5	5,414.8	+5.8	5,178.9	5176.4	5,221.4*

* Accounts adjusted by FY1995 or FY1996 rescissions, or the President's FY1997 supplemental request. FY1998 Conference Total reflects a \$700,000 rescission from ACDA of unspent no year funds.

^aIncludes \$455,000,000 in estimated sums to be derived from immigration, passport and other fees; requires new authority.

^bEstablished by the Foreign Relations Authorization Act for FY 1994 and FY 1995.

^cExcludes a transfer from AID of \$42.0 million.

^dPrior to FY1996, BIB received separate appropriations, independent of USIA.

^eInternational Trade Commission, Japan-U.S. Friendship Commission, Competitiveness Policy Council, and Commissions for the Preservation of America's Heritage Abroad, and Security and Cooperation in Europe.