



July 15, 2004

Policy Brief..... FY 2005 Foreign Operations Appropriations

BY THE NUMBERS:

Budget Authority in Millions of Dollars

	FY '04 Enacted	FY '05 Request	FY '05 Cmte Bill
Appropriations	17,563	21,319	19,386
Supplemental Spending	21,212	0	0
<i>Grand Total</i>	<i>38,717</i>	<i>21,319</i>	<i>19,386</i>

Excluding Iraq reconstruction supplemental spending, the Committee bill is:

- **\$1.9 billion or 11% above last year; and**
- **\$1.9 or 10% below the request.**

H.R. 4766 is within the 302(b) allocation for the Foreign Operations Appropriations Subcommittee and thus complies with the Budget Act.

Note: In the past six years, foreign operations spending has grown 35.1% and 5.1% each year on average.

LANGUAGE OF NOTE:

Global AIDS Funding – The bill provides \$1.87 billion to combat international HIV/AIDS, including \$1.26 billion for the State Department’s Global HIV/AIDS Initiative, \$570 million from USAID, and \$36 million from various other accounts. In addition, the bill provides an additional \$330 million to combat tuberculosis and malaria. Such funding levels fully meet the President’s request.

Export-Import Bank – The bill provides \$166 million, an increase of \$127 million or 330% for the Export-Import Bank. In the past, some conservatives have expressed concern that the Bank subsidizes corporations that export to other countries. For instance, in FY2000, Boeing, General Electric, and United Technologies were among the top beneficiaries of the Bank.

Economic Support Fund – The bill contains \$2.45 billion for global economic support, including \$360 million for Israel, \$535 million for Egypt, \$250 million for Jordan, \$200 million for Pakistan, \$35 million for Lebanon, and \$50 million for Haiti.

International Fund for Ireland – The bill contains \$18.5 million (\$10 million more than the President requested) in economic support for Ireland. Northern Ireland's current unemployment is less than the U.S.

Russian Assistance to Iran – Withholds 60% of the funds allocated for the Government of the Russian Federation until the President certifies that they terminated any arrangements to provide nuclear assistance to Iran and are providing access to humanitarian relief for Chechen refugees.

Millennium Challenge Accounts – The bill provides \$1.25 billion (25% increase) for Millennium Challenge Accounts – President Bush's initiative to restructure foreign aid to reward (and therefore provide incentives to) those countries exhibiting certain best practices that lead to economic independence.

Foreign Military Financing – The bill contains \$4.8 billion for foreign military financing (an increase of \$221 million or 4.9%), including \$2.2 billion for Israel (an increase of \$72 million) and \$1.3 billion for Egypt (an increase of \$7.7 million). Such funding levels for Israel and Egypt fully meet the President's request.

Pro-Life Provisions – Maintains the Kemp-Kasten language that allows the President to take funding away from any group that supports a coercive population control program; maintains the Tiahrt language to require family planning be voluntary; maintains the ban on foreign aid funding for abortion; maintains the ban on using Peace Corps funds for abortion

UNFPA Funding – Provides \$25 million for the United Nations Population Fund (UNFPA), provided that the UNFPA does not fund abortions and that amounts spent in China by UNFPA be deducted from the U.S. contribution to UNFPA. **Note:** Since FY02, the Bush Administration has determined that "UNFPA's support of, and involvement in, China's population-planning activities allows the Chinese government to implement more effectively its program of coercive abortion" (Source: Secretary Powell, July 21, 2002). This determination has triggered the Kemp-Kasten statutory language and thus UNFPA has not received any U.S. taxpayer funds in the past three years, despite the fact that the appropriations committee continues to earmark funds for the organization. Because UNFPA refuses to stop its collusion with the enforcers of China's brutal one-child policy, it is expected the FY05 funds allocated in this bill would again be frozen. For further background see: <http://johnshadegg.house.gov/RSC/Unfpa.pdf> and <http://johnshadegg.house.gov/RSC/China.pdf>

Funding Commodities in Surplus – Restricts funding for expanding production of any commodity for export by a country other than the U.S., if the commodity is likely to be in surplus on the world market and if such assistance will injure U.S. producers.

Relocation of U.S. Businesses and Workers Rights – Prohibits funds from being used to provide an incentive for U.S. businesses to relocate outside the U.S. if such a relocation will reduce employment in the U.S. Also prohibits funding for any activity that contributes to a violation of internationally recognized worker rights.

Prohibition On Assistance to Governments That Support Terrorism – Prohibits assistance to countries that export lethal military equipment to countries supporting international terrorism.

Assistance to the PLO – The bill contains several specific restrictions on providing assistance to the PLO (See Sections 544, 547, 550, and 558).

Palestinian State – Prohibits funding to support a Palestinian State unless certain conditions are met (See Section 555).

Assistance to Afghanistan – Provides that not less than \$977 million shall be provided as assistance for Afghanistan.

Debt Relief for the Poorest Countries – The bill authorizes the reduction of debt owed to the U.S. by the poorest counties so long as appropriations have been made in advance.

EARMARKS:

University Programs – The Committee report directs USAID to actively consider funding (but still subject to the competitive process, if applicable) 42 separate projects at universities. For a list see pages 28-30 of the Committee Report.

FUNDING SUMMARIES:

Dollars in Thousands

	FY 2004 Enacted	FY 2005 Request	FY 2005 Cmte	Cmte Vs. FY 2004	Cmte Vs. Request	Cmte Vs. FY 2004	Cmte Vs. Request
Export-Import Bank.....	38,465	167,040	165,900	127,435	-1,140	331.30%	-0.68%
OPIC Subsidy Appropriation.....	23,858	24,000	24,000	142	0	0.60%	0.00%
OPIC Admin Expenses.....	41,141	42,885	42,885	1,744	0	4.24%	0.00%
Trade & Development Agency.....	49,705	50,000	50,000	295	0	0.59%	0.00%
Agency for International Development.....	4,445,129	3,971,000	4,248,800	-196,329	277,800	-4.42%	7.00%
Child Survival.....	1,824,174	1,420,000	1,648,500	-175,674	228,500	-9.63%	16.09%
Reproductive Health Family Planning.....	432,000	403,400	432,000	0	28,600	0.00%	7.09%
Development Assistance.....	1,376,829	1,329,000	1,429,000	52,171	100,000	3.79%	7.52%
Int'l Disaster Assistance.....	253,993	385,500	355,500	101,507	-30,000	39.96%	-7.78%
<i>Supplemental Int'l Disaster Assistance.....</i>	<i>110,000</i>	<i>0</i>	<i>0</i>	<i>-110,000</i>	<i>0</i>	<i>-100.00%</i>	
AID Operating Expenses.....	600,536	623,400	618,000	17,464	-5,400	2.91%	-0.87%
<i>Supplemental AID Operating Expenses.....</i>	<i>40,000</i>	<i>0</i>	<i>0</i>	<i>-40,000</i>	<i>0</i>	<i>-100.00%</i>	
AID Inspector General.....	34,794	35,000	35,000	206	0	0.59%	0.00%
Economic Support Fund.....	2,991,919	2,511,500	2,450,000	-541,919	-61,500	-18.11%	-2.45%
Economic Assistance to Israel.....	477,168	360,000	360,000	-117,168	0	-24.55%	0.00%
Economic Assistance to Egypt.....	571,608	535,000	535,000	-36,608	0	-6.40%	0.00%
Int'l Fund for Ireland.....	18,391	8,500	18,500	109	10,000	0.59%	117.65%
Assistance for Eastern Europe.....	442,375	410,000	375,000	-67,375	-35,000	-15.23%	-8.54%
Assistance to the Former Soviet Union.....	584,531	550,000	550,000	-34,531	0	-5.91%	0.00%

	FY 2004 Enacted	FY 2005 Request	FY 2005 Cmte	Cmte Vs. FY 2004	Cmte Vs. Request	Cmte Vs. FY 2004	Cmte Vs. Request
<i>Supplemental Iraq Relief and Reconstruction Fund.</i>	18,649,000	0	0	-18,649,000	0	-100.00%	
Inter-American Foundation.....	16,238	15,185	16,238	0	1,053	0.00%	6.93%
African Development Foundation.....	18,579	17,000	18,579	0	1,579	0.00%	9.29%
Peace Corps.....	308,171	401,000	330,000	21,829	-71,000	7.08%	-17.71%
Millennium Challenge Corporation.....	994,100	2,500,000	1,250,000	255,900	-1,250,000	25.74%	-50.00%
Global HIV/AIDS Initiative.....	488,103	1,450,000	1,260,000	771,897	-190,000	158.14%	-13.10%
Int'l Narcotics Control & Law Enforcement.....	240,274	358,820	328,820	88,546	-30,000	36.85%	-8.36%
<i>Supplemental Int'l Narcotics Control.....</i>	170,000	0	0	-170,000	0	-100.00%	
Andean Counterdrug Initiative.....	726,687	731,000	731,000	4,313	0	0.59%	0.00%
Migration & Refugee Assistance.....	755,712	729,789	756,000	288	26,211	0.04%	3.59%
Emergency Refugee & Migration Assistance Fund.....	29,823	20,000	20,000	-9,823	0	-32.94%	0.00%
Nonproliferation, anti-terrorism, demining.....	351,414	415,200	382,000	30,586	-33,200	8.70%	-8.00%
<i>Supplemental Nonproliferation, etc.....</i>	35,000	0	0	-35,000	0	-100.00%	
Dept of Treasury Int'l Technical Assistance.....	18,888	17,500	19,000	112	1,500	0.59%	8.57%
Debt Restructuring.....	94,440	200,000	105,000	10,560	-95,000	11.18%	-47.50%
Int'l Military Education & Training.....	91,159	89,730	89,730	-1,429	0	-1.57%	0.00%
Foreign Military Financing.....	4,555,665	4,957,500	4,777,500	221,835	-180,000	4.87%	-3.63%
<i>Military Assistance to Israel.....</i>	2,147,256	2,220,000	2,220,000	72,744	0	3.39%	0.00%
<i>Military Assistance to Egypt.....</i>	1,292,330	1,300,000	1,300,000	7,670	0	0.59%	0.00%
<i>Supplemental Foreign Military Financing.....</i>	287,000	0	0	-287,000	0	-100.00%	
Peacekeeping Operations.....	74,458	104,000	104,000	29,542	0	39.68%	0.00%
<i>Supplemental Peacekeeping Operations.....</i>	50,000	0	0	-50,000	0	-100.00%	
Contribution to the Global Environmental Facility.....	138,418	120,678	107,500	-30,918	-13,178	-22.34%	-10.92%
Contribution to the Int'l Development Assoc.....	907,812	1,061,310	850,000	-57,812	-211,310	-6.37%	-19.91%
Contribution to the Multilateral Investment Guarantee.	1,117	0	0	-1,117	0	-100.00%	
Contribution to Inter-American Development Bank.....	24,853	25,000	25,000	147	0	0.59%	0.00%
Contribution to the Asian Development Bank.....	143,569	112,212	112,212	-31,357	0	-21.84%	0.00%
Contribution to the African Development Bank.....	117,135	123,100	123,100	5,965	0	5.09%	0.00%
Contribution to the European Bank for Reconstruction.	35,222	35,431	35,431	209	0	0.59%	0.00%
Contribution to the Int'l Fund for Agriculture.....	14,915	15,000	15,000	85	0	0.57%	0.00%
Int'l Organizations and Programs.....	319,752	304,450	323,450	3,698	19,000	1.16%	6.24%

Committee Action: On July 13, 2004, the House Appropriations Committee reported the legislation to the full House.

Constitutional Authority: The Appropriations Committee, in House Report 108-577, cites constitutional authority in Article I, Section 9, Clause 7 (“No money shall be drawn from the Treasury but in consequence of Appropriations made by law”).

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