

U.S. Global Leadership Coalition
International Affairs Budget Update
December 15, 2009

FY10 International Affairs Budget Finalized at \$51 billion

Congress cleared a Consolidated Appropriations spending bill on Sunday that completes the FY 2010 International Affairs Budget, providing a total of \$50.9 billion. This figure includes State, Foreign Operations funding and a few other small International Affairs Budget accounts passed in the Omnibus measure, as well as international food assistance enacted in October.

There are two ways to compare FY 2009 to the FY 2010 funding levels, creating some confusion. The FY10 figures represent a 4.1% cut from total funding for FY09. However, Congress added approximately \$1.9 billion in “forward funding” to the FY09 Emergency Supplemental appropriations in June that was actually requested for FY10. Adjusting the final FY10 totals for this “forward funding” and deducting it from the FY09 base means the FY10 International Affairs Budget is a 3.3% increase from last year.

Although President Obama planned to include all International Affairs Budget funding in the regular appropriations process and avoid the past practice of filling gaps in international affairs spending through emergency supplementals, the \$50.9 billion level may not be the final total for FY10. With the decision to increase U.S. military forces in Afghanistan, the Administration is expected to submit a supplemental proposal that some expect may reach nearly \$40 billion, including roughly \$5 billion for economic assistance and other civilian operational needs in Afghanistan. The timing of this request, however, remains uncertain.

FY10 International Affairs Budget

The Consolidated Appropriations bill includes \$49 billion of the FY10 International Affairs Budget, roughly mid-way between the House-passed and Senate Appropriations Committee bills in July 2009. The largest component – \$48.6 billion or 95 percent of the International Affairs Budget – is the FY10 State, Foreign Operations and Related Programs Appropriations bill. The other component – \$1.9 billion for international food assistance – was approved by Congress in October in the Agriculture Appropriations bill. The total \$50.9 billion FY10 International Affairs Budget is:

- \$3 billion or 5.5 percent less than the Administration’s request;
- \$2.2 billion or 4.1 percent less than FY09 (but a 3.3% increase when adjusted for FY10 forward funding, as noted above); and
- \$7.7 billion or 17.8 percent higher than FY08.

Passage of the Consolidated Appropriation bill comes as the Administration finalizes its FY 2011 Budget request, which will be submitted to Congress on February 1, 2010, in what is widely expected to be a very difficult and constrained resource environment.

Included in this Update:

1. Highlights: FY10 International Affairs Budget
2. Notable Account Increases and Decreases
3. Snapshot: FY10 International Affairs Budget

1. HIGHLIGHTS: FY10 INTERNATIONAL AFFAIRS BUDGET

The final spending bill includes account levels that are both higher and lower than the previous year. Several spending accounts fall below FY09 amounts in keeping with the Administration's request, including the State Department's Capital Investment Fund, the Economic Support Fund, non-UN Peacekeeping Operations, Contributions to International Peacekeeping Activities (CIPA), and international food aid. Lawmakers also cut spending for two new multilateral Clean Technology and Climate Change Funds.

For a few other accounts – most notably International Narcotics, Foreign Military Financing, Diplomatic and Consular Programs, and Embassy Security – final FY10 appropriations fall well below FY09 and the FY10 request. However, when FY10 amounts are adjusted to include “forward funding” provided in the FY09 Supplemental, these accounts come close to being fully funded.

Other highlights:

State Department & USAID Capacity Building – Considerable attention has been placed in recent years on strengthening personnel, training, and technical expertise at the State Department and USAID. For both the State Department and USAID, Congress provides more funding than last year, but not at the requested amount.

- For State Department operations, conferees provided \$8.2 billion, \$633 million less than requested but nearly \$1.1 billion more than FY09, adding an additional 745 positions at the Department.
- For USAID operating expenses, the bill provides \$1.39 billion, \$50 million less than the request but \$329 million higher than last year, allowing USAID to add about 300 new Foreign Service Officers in FY10.
- The conference agreement grants State and USAID greater flexibility in addressing contingency situations by providing \$50 million for a Complex Crisis Fund, managed by USAID. The Fund will be available to respond to disasters and emergencies, usually of a long-term nature, that have political, security, and humanitarian dimensions. The appropriation measure encourages State and USAID to enhance crisis prevention and response capabilities so that most, if not all, of the activities currently carried out by DOD under Sec. 1207 authorities can be performed by the civilian agencies.
- Congress also approved \$120 million for the State Department and \$30 million for USAID for the Civilian Stabilization Initiative.

Millennium Challenge Corporation – The MCC receives \$1.1 billion, \$381 million below the request, but \$155 million higher than the Senate proposal and \$230 million higher than FY09. Although this may require the MCC to scale back somewhat on three likely compacts for FY10, Appropriators agreed to an important policy change that will allow the MCC greater flexibility in funding pending compact packages. Current law caps compacts to low-middle income countries at 25 percent of annual appropriations. The MCC is currently negotiating several compacts with low-middle income nations, including Jordan, Indonesia, and the Philippines. With this new exemption for FY10, the MCC will be better positioned to finalize at least one of these compacts without the 25 percent limitation.

Development Assistance – Funding for the Development Assistance account also presents a mixed picture. The \$2.5 billion for Development Assistance falls 7.8 percent short of the President's request. Some is off-set by increases for specific countries in other foreign aid accounts, while most of the balance appears to be the result of Congress scaling back President Obama's Global Food Security Initiative first announced in May at the G-20 summit in London. Overall, Congress provides:

- \$1.17 billion for Agriculture assistance across all funding accounts, \$190 million (-14 percent) less than the request.
- \$925 million for Basic Education, slightly above the request and 18 percent higher than FY09.

- Funding for Clean Water nearly doubles; Higher Education increases by 6 percent; Biodiversity by 10 percent; and Microenterprise by 60 percent (all compared with the request and including funding from accounts other than Development Assistance).

Global Health – Overall, Congress provides \$7.78 billion for Global Health and Child Survival, 2.4 percent higher than President Obama proposed and 6 percent more than last year. HIV/AIDS appropriations increase by \$100 million (+2 percent) over FY09 and FY10 requested levels, but Congress shifts some resources from bilateral activities in order to increase the U.S. contribution to the Global Fund to Fight HIV/AIDS, Tuberculosis (TB), and Malaria.

- PEPFAR – the Bush Administration’s signature HIV/AIDS, tuberculosis, and malaria health program – continues to make up a large portion of global health funding and foreign assistance overall. For some parts of PEPFAR, however, the growth is far less than in previous years.
- The Global Fund receives \$1.05 billion from two appropriation accounts, up from \$1 billion in FY09 and \$900 million requested.
- Lawmakers add about \$50 million for TB (+30 percent) and set malaria funding at \$585 million, the same level as the request but more than 50 percent above FY09. For Maternal Health and Child Survival, Congress provides \$549 million, 5 percent more than the request and 11 percent higher than FY09. Family Planning/Reproductive Health receives a total of \$648 million, 19 percent above FY09 and \$55 million more than the request.

Afghanistan & Pakistan – Even with extensive attention in recent weeks on Administration plans to increase military forces in Afghanistan, Congress trims slightly the amounts requested for both Afghanistan and Pakistan.

- Total economic and counter-narcotics aid for Afghanistan is set at \$2.6 billion, about \$150 million less than requested (military assistance for Afghanistan is provided in DOD appropriations).
- Combined economic, military, and counter-narcotics assistance for Pakistan is \$1.4 billion, \$124 million below the request, although the Administration can transfer an additional \$60 million from economic to military assistance in order to close some of this gap.
- Congress further provides authority for the Administration to engage in government-to-government programs with Afghanistan and Pakistan only if there is in place bilateral agreements that provide for strong accountability and oversight in order to avoid corruption and mismanagement. This issue has been of special concern in recent months to U.S. NGOs and contractors who have been implementing much of the assistance provided to these two countries.
- As noted above, supplemental funding is expected for both countries in 2010.

[Account by Account Summary](#)

2. NOTABLE ACCOUNT INCREASES AND DECREASES

NOTABLE ACCOUNT INCREASES COMPARED WITH FY09

Global Health and Child Survival

FY10 Consolidated	\$7.779 billion
FY10 Request	\$7.605 billion (+ \$174 million)
FY09 Total	\$7.339 billion (+ \$440 million)

Key Highlights:

- HIV/AIDS programs: \$5.7 billion, \$100 million more than requested
- Global Fund to Fight HIV/AIDS, TB, and Malaria: within the HIV/AIDS total, the Global Fund receives \$750 million, plus \$300 million in the Labor-HHS appropriations
- Malaria: \$585 million, the level requested
- Tuberculosis: \$225 million, \$52 million above the request

- Maternal Health: \$549 million, \$26 million higher than requested
- Family Planning, Reproductive Health and UNFPA: \$648 million, \$55 million more than requested, including \$55 million for UNFPA.

Development Assistance

FY10 Consolidated	\$2.52 billion
FY10 Request	\$2.73 billion (- \$210 million)
FY09 Total	\$2.0 billion (+ \$520 million)

Key Highlights:

- Basic Education: \$925 million across all accounts, \$5 million more than requested and \$239 million above FY09
- Agriculture: \$1.17 billion across all accounts, \$190 million less than requested but \$132 million higher than FY09
- Clean Water: \$315 million across all accounts, \$142 million above the request and \$23 million more than FY09

International Disaster and Famine Assistance

FY10 Consolidated	\$845 million
FY10 Request	\$880 million (- \$35 million)
FY09 Total	\$820 million (+ \$25 million)

USAID Operating Expenses

FY10 Consolidated	\$1.389 billion
FY10 Request	\$1.439 billion (- \$50 million)
FY09 Total	\$1.06 billion (+ \$329 million)

Migration and Refugee Assistance

FY10 Consolidated	\$1.685 billion
FY10 Request	\$1.48 billion (+ \$205 million)
FY09 Total	\$1.675 billion (+ \$10 million)

Peace Corps

FY10 Consolidated	\$400 million
FY10 Request	\$373 million (+ \$27 million)
FY09 Total	\$340 million (+ \$60 million)

Millennium Challenge Corporation

FY10 Consolidated	\$1.105 billion
FY10 Request	\$1.425 billion (- \$320 million)
FY09 Total	\$875 million (+ \$230 million)

International Development Association (World Bank)

FY10 Consolidated	\$1.263 billion
FY10 Request	\$1.320 billion (- \$57 million)
FY09 Total	\$1.115 billion (+ \$148 million)

International Organizations and Programs

FY10 Consolidated	\$394 million
FY10 Request	\$367 million (+ \$27 million)
FY09 Total	\$353 million (+ \$41 million)

Key Highlights:

- UNICEF: \$132 million, \$4 million higher than the request
- UNDP: \$101 million, \$26 million more than proposed

- UNFPA: \$55 million, \$5 million more than proposed

Education and Cultural Exchanges

FY10 Consolidated	\$635 million
FY10 Request	\$633 million (+ \$2 million)
FY09 Total	\$538 million (+ \$97 million)

NOTABLE ACCOUNT DECREASES COMPARED WITH FY09, BUT GAP CLOSED WITH FORWARD FUNDING

Foreign Military Financing

FY10 Consolidated	\$4.195 billion (with forward funding, -\$54 million from request)
FY10 Request	\$5.274 billion (- \$1.079 billion)
FY09 Total	\$6.222 billion (- \$2.027 billion)

International Narcotics/Law Enforcement

FY10 Consolidated	\$1.597 billion (with forward funding, at the request)
FY10 Request	\$1.947 billion (- \$350 million)
FY09 Total	\$1.877 billion (- \$280 million)

Diplomatic and Consular Programs

FY10 Consolidated	\$8.227 billion (with forward funding, -\$359 million from request)
FY10 Request	\$8.96 billion (- \$733 million)
FY09 Total	\$7.153 billion (+ \$1.074 billion)

Embassy Security

FY10 Consolidated	\$1.724 billion (with forward funding, at the request)
FY10 Request	\$1.815 billion (- \$91 million)
FY09 Total	\$2.669 billion (- \$945 million)

NOTABLE ACCOUNT DECREASES COMPARED WITH FY09, BUT CONSISTENT WITH FY10 REQUEST

Economic Support Fund

FY10 Consolidated	\$6.337 billion
FY10 Request	\$6.504 billion (- \$167 million)
FY09 Total	\$7.106 billion (- \$769 million)

Peacekeeping Operations

FY10 Consolidated	\$332 million
FY10 Request	\$296 million (+ \$36 million)
FY09 Total	\$530 million (- \$198 million)

P.L. 480 Food Aid

FY10 Final	\$1.69 billion
FY10 Request	\$1.69 billion (+ \$0)
FY09 Total	\$2.321 billion (- \$631 million)

NOTABLE ACCOUNT DECREASES

Contributions for International Peacekeeping Activities

FY10 Consolidated	\$2.125 billion
FY10 Request	\$2.27 billion (- \$145 million)

FY09 Total \$2.389 billion (- \$264 million)

International Clean Technology Fund

FY10 Consolidated \$300 million
 FY10 Request \$500 million (- \$200 million)
 FY09 Total \$0 (+ \$300 million)

Strategic Climate Fund

FY10 Consolidated \$75 million
 FY10 Request \$100 million (- \$25 million)
 FY09 Total \$0 (+ \$75 million)

3. SNAPSHOT: FY10 INTERNATIONAL AFFAIRS BUDGET

FY10 INTERNATIONAL AFFAIRS BUDGET SNAPSHOT	
International Affairs 150 Account	
FY 2010 Enacted	\$ 50.9 billion
FY 2010 Request	\$ 53.9 billion
FY 2010 House	\$ 51.0 billion
FY 2010 Senate	\$ 50.8 billion
FY 2009 Enacted (less forward funding)	\$ 53.1 billion
FY 2010 Decrease from FY2009	\$ 2.2 billion (4.1% decrease)
State & Foreign Operations	
FY 2010 Enacted	\$ 48.6 billion
FY 2010 Request	\$ 51.9 billion
FY 2010 House	\$ 48.7 billion
FY 2010 Senate	\$ 48.5 billion
FY 2009 Enacted	\$ 50.3 billion
FY 2010 Decrease from FY 2009	\$ 1.7 billion (3.4% decrease)
International Agriculture Programs	
FY 2010 Enacted	\$ 1.90 billion
FY 2010 Request	\$ 1.89 billion
FY 2010 House	\$ 1.89 billion
FY 2010 Senate	\$ 1.89 billion
FY 2009 Enacted	\$ 2.42 billion
FY 2010 Decrease from FY 2009	\$ 520 million (21.5% decrease)
Other International Programs*	
FY 2010 Enacted	\$ 384 million
FY 2010 Request	\$ 385 million
FY 2010 House	\$ 385 million
FY 2010 Senate	\$ 385 million
FY 2009 Enacted	\$ 377 million
FY 2010 Increase from FY 2009	\$ 7 million (1.8% increase)

* Other International Programs includes funding for the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria in the Labor-HHS Appropriations bill, and the International Trade Commission and Foreign Claims Settlement Commission in the Treasury bill.