

FUNCTION 150: INTERNATIONAL AFFAIRS

FUNCTION SUMMARY

Function 150 includes operation of the foreign affairs establishment including embassies and other diplomatic missions abroad, foreign aid loan and technical assistance activities in developing countries, security assistance to foreign governments, activities of the Foreign Military Sales Trust Fund, U.S. contributions to international financial institutions, Export-Import Bank and other trade promotion activities, and refugee assistance.

In 1998, spending for Function 150 was \$15.2 billion in BA and \$14.1 billion in outlays. Discretionary spending in 1998 was \$19.1 billion in BA and \$18.7 billion in outlays, which was a 6 percent increase over the 1997 spending level of \$18.0 billion in BA.

Funding for the Department of State, Foreign Military financing, the Economic Support Fund, international organizations, and the Export-Import Bank account for most of this discretionary spending. Funding for Department of State programs in 1998 totaled approximately \$2.5 billion. Historical levels of funding for the Middle East were funded through Foreign Military Financing and the Economic Support Fund. International organizations (including the United Nations) were funded at a level of \$1.5 billion and the Export-Import Bank was funded at a level of \$696 million.

As reflected in the spending summary table, under the freeze baseline, Function 150 will increase by 6 percent from 1998 to 2003. This is due primarily to changes in mandatory programs, including the phase-out of pre-Credit Reform and economic assistance loan repayments and lower receipts in the Foreign Military Sales trust fund.

The BBA designated Function 150 as a protected function and specified \$18.6 billion in BA and \$18.8 billion in outlays as the discretionary level for 1999. The BBA levels drop to \$18.2 billion in BA and \$18.4 billion in outlays by 2002. The functional levels in the BBA do not include arrears to the United Nations and multilateral development banks, or funding for the International Monetary Fund. Section 314(b)(3) of the Congressional Budget Act, as amended by the BBA, addresses funding for these programs. The agreement provides an adjustment to the discretionary spending caps, committee allocations, and the budgetary aggregates as these programs are funded, up to \$1.884 billion for arrearages and an unspecified amount for contributions to the IMF.

FUNCTION 150: INTERNATIONAL AFFAIRS

SPENDING SUMMARY (\$ billions)

		1998	1999	2000	2001	2002	2003
Chairman's Mark*	BA	15.2	14.6	14.3	15.1	15.2	15.2
	OT	14.1	14.2	14.7	14.5	14.5	14.4
BBA	BA	15.2	14.3	14.5	15.2	15.3	15.9
	OT	14.1	14.5	14.8	14.6	14.6	15.2
Freeze Baseline*	BA	15.2	14.4	14.6	15.5	15.7	15.8
	OT	14.1	14.1	14.7	14.6	14.7	14.8
Chairman's Mark compared to:							
BBA	BA	--	+0.3	-0.2	-0.1	-0.1	-0.7
	OT	--	-0.2	-(*)	-(*)	-0.1	-0.8
Freeze Baseline	BA	--	+0.3	-0.3	-0.4	-0.5	-0.6
	OT	--	+0.2	+0.1	-0.1	-0.2	-0.3

* Totals exclude arrears to the United Nations and other organizations.

DESCRIPTION OF CHAIRMAN'S MARK

The Chairman's Mark proposes discretionary spending of \$18.9 billion in BA and \$18.6 billion in outlays. The BBA protected levels for Function 150 in 1999 are \$18.6 billion in BA and \$18.8 billion in outlays. The 1999 Chairman's Mark is \$0.3 billion **above** the BBA levels in BA and \$0.2 billion **below** the BBA levels in outlays, \$0.3 billion in BA and \$0.2 billion in outlays **above** the 1998 freeze levels, and \$0.9 billion in BA and \$0.3 billion in outlays **below** the President's 1999 request.

These levels exclude arrears to the United Nations, international organizations and multilateral development banks (MDBs) and funding for the International Monetary Fund's (IMF) New Arrangements to Borrow and US quota subscription, as referred to in Section 314(b)(3) of the Congressional Budget Act (CBA). The President proposes \$366 million in arrears for MDBs in the 1999 Budget Request that are eligible for CBA adjustments. A 1998 supplemental request addresses the UN arrears and IMF funding.

FUNCTION 150: INTERNATIONAL AFFAIRS

The Chairman's Mark proposes increases in the following programs:

- ▶ The Chairman's Mark assumes \$641 million in BA for the **State Department Security and Maintenance of US Missions account**, full funding of the President's Request for 1999 and a 61 percent increase from a 1998 freeze level. This funding level includes increases for embassies in Beijing and Berlin.
- ▶ Assumed in the Chairman's Mark is the President's requested level of \$825 million in BA for the **Export Import Bank**, a \$128 million increase from a 1998 freeze level. This funding will partially address an anticipated budget shortfall for 1998 expected to be carried over to 1999.
- ▶ The Chairman's Mark assumes the President's requested level of \$118 million in BA for the **State Department's Capital Investment Fund**, a 37 percent increase from a 1998 freeze level. This funding increase is to allow the State Department to continue updating its information technology infrastructure.
- ▶ Assumed in the Chairman's Mark is the President's requested level of \$216 million in BA for the **Non-proliferation, Antiterrorism, Demining and Related Programs account**, a 37 percent increase from a 1998 freeze level. This funding increase includes \$29 million for the Comprehensive Test Ban Treaty preparatory commission used in part to develop and install an international monitoring system (IMS) to detect nuclear explosions.
- ▶ The Chairman's Mark assumes the President's requested levels for the **Treasury's Debt Reduction Program** at a level of \$72 million in 1999, a \$45 million increase from 1998. This increase is to cover the cost of forgiving debt owed to the US and international financial institutions. The increase partly covers the debt of African nations, giving emphasis to countries pursuing economic reforms.

1998 Supplemental Request

The Chairman's Mark supports enactment of the three supplemental requests for 1998: the arrearage payments to the United Nations and other international organizations and the IMF's New Arrangements to Borrow and US quota subscription. The President asks for advance appropriations of \$475 million in 1999 and \$446 million in 2000 for US arrears to the United Nations. The President requested for 1998 approximately \$14.5 billion for the US quota subscription to the IMF and \$3.5 billion for the IMF's New Arrangements to Borrow.

FUNCTION 150: INTERNATIONAL AFFAIRS
