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11 Issues for Congress in the President's FY 2015 International Affairs Budget Request

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President Barack Obama released his fiscal year (FY) 2015 budget proposal on March 4, 2014. Although much of the budget reflects long-standing programmatic and budgetary practice, there are 11 specific issues that Congress should address.

The President's FY 2015 budget request for International Affairs (IA) totals \$50.01 billion, including a base budget of \$44.1 billion and an additional \$5.91 billion for Overseas Contingency Operations (OCO) tied to operational costs for Afghanistan, Iraq, and associated activities of the global war on terrorism (GWOT). This request is \$714 million less than the FY 2014 estimated budget and \$1.8 billion less than the FY 2013 actual budget.¹ Within this budget request are a number of controversial budgetary and policy positions that Congress should reject or modify, as well as others that the Obama Administration ignores or inappropriately seeks to eliminate or curtail. Specifically, Congress should:

1. Reverse the excessive budget growth of the past decade. Even with the slight decline in recent years, the FY 2015 budget request represents a 40 percent increase over the FY 2005 International Affairs budget of \$35.6 billion in nominal terms and

a 19 percent increase in real terms.² The growth has been especially significant for the conduct of foreign affairs and for international development and humanitarian assistance. Congress should closely examine these increases to verify their need and contribution to U.S. interests.

2. Phase out GWOT/OCO funding. After 9/11, the U.S. government approved increased funding for the military and civilian costs associated with operations in Afghanistan, Iraq, and other activities related to GWOT, which the Obama Administration prefers to call OCO. These expenses were understood to be exceptional and linked to GWOT/OCO, not permanent increases in the base budgets of the federal government. In its 2015 budget, the Administration calls for applying OCO funding to new priorities, such as the Syrian crisis and peacekeeping activities in Africa. These issues may merit funding but should be authorized and appropriated through standard budgetary processes or supplemental appropriations. With military operations in Iraq ended and those in Afghanistan drawing down, Congress should phase out OCO funding and authorize and appropriate budgets based on ongoing priorities and address emergencies, if necessary, through supplemental appropriations.

3. Enforce the U.S. cap on contributions to United Nations peacekeeping. The President is requesting \$2.5 billion for Contributions for International Peacekeeping Activities, which pays for the U.S. share of the U.N. peacekeeping budget. This is a 43 percent increase over FY 2014. Some of this reflects increased costs associated with newly estab-

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lished or expanded missions. However, a significant portion of the increase results from the Administration seeking to pay 28.4 percent of the U.N. peacekeeping budget instead of the 25 percent maximum signed into law in 1994 by President Bill Clinton. A decade ago, Congress agreed to pay U.S. arrears under the 1999 Helms–Biden agreement in return for assurances that the U.N. would lower the U.S. peacekeeping assessment to 25 percent. Instead, the U.N. has raised the U.S. assessment repeatedly since 2010. Congress and the Obama Administration encouraged these reversals through amendments to U.S. law allowing payments above 25 percent. The U.S. should resume pressure on the U.N. to lower the U.S. peacekeeping assessment to 25 percent by refusing to pay more than this amount and tying payment of any resulting arrears to adoption by the U.N. of a maximum peacekeeping assessment of 25 percent.³

4. Reject the proposal for a peacekeeping response mechanism. The President wants to establish a new \$150 million account to “support critical requirements for peacekeeping operations and activities that emerge outside of the regular budget cycle.” Generally, such missions take weeks or months to stand up and should be funded through transfer of existing resources, the normal budgetary process, or, if necessary, emergency supplemental appropriations.

5. Expand food aid reforms. U.S. law requires most food assistance to be purchased from U.S. producers and shipped on U.S.-flagged vessels. This policy is inefficient, costly, and shortsighted. To increase efficiency and responsiveness, the President is seek-

ing to exempt 25 percent of this food assistance from these requirements, which the Administration estimates could result in an additional 2 million beneficiaries with the same resources. While these reforms are welcome, the proposal falls far short of the potential benefit. Congress should eliminate these requirements entirely to maximize the impact of these programs and, through efficiency gains, trim the budget while benefiting more people.⁴

6. Oppose International Monetary Fund (IMF) reforms. The budget seeks congressional support for changes in the financial structure and governance of the IMF negotiated in 2010. The package would shift resources from an IMF supplementary fund, the New Arrangements to Borrow, to the IMF’s quota resources where the U.S. has less influence. It would also allow the IMF membership to overrule the President’s candidate for the U.S. seat on the IMF executive board.⁵

7. Review Economic Support Fund (ESF) allocations. The Administration is seeking \$3.4 billion for the ESF, which provides political, economic, and security assistance to governments in support of U.S. interests. Congress should scrutinize the justifications for specified allocations to determine whether they are supporting U.S. interests, particularly the larger amounts, such as the \$370 million request for the West Bank and Gaza, which does not seem to have had the intended effect of encouraging economic growth, promoting democratic governance, or “creating an environment supportive of a peace agreement and contributing to the overall stability and security of the region.”

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1. U.S. Department of State, “FY 2015 Congressional Budget Justification—Department of State, Foreign Operations, and Related Programs,” March 4, 2014, <http://www.state.gov/s/d/rm/rls/ebs/2015/index.htm> (accessed March 21, 2014).
 2. FY 2005 budget data from Department of State, “FY 2007 International Affairs (Function 150) Budget Request,” February 6, 2006, <http://www.state.gov/s/d/rm/rls/iab/2007/html/60199.htm> (accessed March 21, 2014), and U.S. Office of Management and Budget, “Historical Tables: Table 10.1—Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2019,” <http://www.whitehouse.gov/omb/budget/Historicals> (accessed March 21, 2015). The FY 2005 data in the State Department congressional budget justification for FY 2007 are higher than the U.S. Office of Management and Budget (OMB) Budget Authority figure of \$32.85 billion in “Table 5.1—Budget Authority by Function and Subfunction: 1976–2019.” Real data use the OMB GDP (chained) price index estimate for 2014.
 3. Brett D. Schaefer, “U.S. Must Enforce Peacekeeping Cap to Lower America’s U.N. Assessment,” Heritage Foundation *Backgrounder* No. 2762, January 25, 2013, <http://www.heritage.org/research/reports/2013/01/us-must-enforce-peacekeeping-cap-to-lower-americas-un-assessment>.
 4. Bryan Riley and Brett D. Schaefer, “U.S. Food Aid Should Focus on Combating Hunger and Malnutrition in Poor Nations,” Heritage Foundation *Issue Brief* No. 3910, April 15, 2013, <http://www.heritage.org/research/reports/2013/04/us-food-aid-should-focus-on-combating-hunger-and-malnutrition-in-poor-nations>.
 5. James M. Roberts, “Congress Should Block the Morally Hazardous IMF ‘Reform’ Package,” Heritage Foundation *Issue Brief* No. 4124, January 14, 2014, <http://www.heritage.org/research/reports/2014/01/us-congress-should-block-the-hazardous-imf-reform-package>.

8. Maintain the prohibition of funding U.N. organizations that grant full membership to the Palestinians. Current law prohibits U.S. funds from going to international organizations that grant full membership to the Palestinians. Although the Palestinians have threatened to seek membership in other U.N. specialized agencies, the only organization currently affected by this prohibition is the U.N. Educational, Scientific, and Cultural Organization (UNESCO), which granted the Palestinians full membership in 2011. The Administration has been seeking authority to waive this restriction since then and reiterates this request in its FY 2015 budget. Waiving the restriction would reward UNESCO for its imprudent action and remove the most significant incentive for other organizations not to grant membership to the Palestinians.

9. Trim funding for climate change programs. The FY 2015 budget requests hundreds of millions of dollars for various climate change initiatives, including \$317 million in development assistance for global climate change adaptation in developing countries. This commitment is excessive considering outstanding questions on the extent of real world warming versus computer model projections and weak scientific support for claims that extreme weather events have increased in frequency or intensity as a consequence of climate change.⁶

10. Retain critical reporting requirements, restrictions, and other legislative instructions. The appendix to the FY 2015 budget indicates that the President wishes to eliminate dozens of provisions, limitations, restrictions, certifications, and reporting requirements enacted in previous years, including those relating to the Arms Trade Treaty; U.N. peacekeeping; U.N. transparency and budgets;

unobligated balances; the U.S. Embassy to the Holy See; transfer of funds between agencies; use of Foreign Military Financing and International Military Education and Training; assistance to governments supporting international terrorism; international financial institutions; foreign assistance transparency; Palestinian statehood; assistance to the West Bank, Gaza, and the Palestinian Authority; and assistance to specific countries and regions including Burma, China, Libya, North Korea, Sudan, Syria, and Zimbabwe.⁷ Congress enacted these provisions and should resist such a sweeping effort to diminish its oversight function.

11. Increase oversight of international organizations. United Nations system revenues nearly tripled between 2002 and 2012 and the U.N. received a total of more than \$312 billion over that period. The U.S. has been and remains the U.N. system's largest contributor, providing an average of about one-fifth of total contributions annually over that period—totaling approximately \$60 billion.⁸ Congress should demand that the Administration conduct a cost-benefit analysis of U.S. participation in all international organizations, enact a permanent annual reporting requirement for all U.S. contributions to the U.N. system to be conducted by the Office of Management and Budget, and establish a dedicated unit for international organizations in the Office of Inspector General for the Department of State.

Conclusion. The Obama Administration is using the FY 2015 budget to advance its funding and policy priorities, as is to be expected. However, as a equal branch of government with power of the purse, Congress should exercise its authority to express and defend its budgetary and policy priorities.

6. Richard McNider and John Christy, "Why Kerry Is Flat Wrong on Climate Change," *The Wall Street Journal*, February 19, 2014; Roy W. Spencer, "Statement to the Committee on Environment and Public Works of the U.S. Senate" for the hearing *Climate Change: It's Happening Now*, July 18, 2013, http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=16e80c55-9ebf-42e4-852e-1f6e960b0902 (accessed March 21, 2014); and Roger Pielke Jr., "Statement to the Environment and Public Works Committee of the United States Senate" for the hearing *Climate Change: It's Happening Now*, July 18, 2013, http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=a6df9665-e8c8-4b0f-a550-07669df48b15 (accessed March 21, 2014).

7. Office of Management and Budget, *Appendix: Budget of the U.S. Government Fiscal Year 2015*, pp. 825-940, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/appendix.pdf> (accessed March 21, 2014).

8. Brett D. Schaefer, "U.S. Should Demand Increased Transparency and Accountability as U.N. Revenues Rise," Heritage Foundation *Issue Brief* No. 4154, February 26, 2014, <http://www.heritage.org/research/reports/2014/02/as-un-revenues-rise-the-us-should-demand-increased-transparency-and-accountability>.

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