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Foreign Aid in the 115th Congress: A Legislative Wrap-Up in Brief

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Introduction

The 115th Congress, through a range of foreign aid funding and authorizing legislation, maintained a high degree of consistency with past patterns in U.S. foreign aid policy and funding allocations, despite calls from the Trump Administration for significant changes in these areas. In total, Congress passed two State Department, Foreign Operations and Related Programs (SFOPS) appropriations bills, extended authorizations for several existing aid programs, enacted a number of reforms to aid programs, and passed a law to create a new international development finance institution. The Foreign Operations titles of the annual SFOPS appropriations bills, together with the international food aid title within the annual agriculture appropriation, establish foreign aid funding levels as well as policy.[1] This report summarizes legislative action related to foreign assistance in the 115th Congress.

Appropriations Laws

Foreign assistance policy was not a top priority in the 115th Congress, and as has been typical in recent years, the enactment of appropriations legislation constituted the most significant legislative action related to foreign assistance in the 115th Congress. Nevertheless, the 115th Congress addressed significant across-the-board foreign aid funding cuts proposed by the Trump Administration, including the proposed elimination of several long-standing funding accounts, programs, and independent agencies. It also addressed key funding issues related to responses to protracted humanitarian crises and to the use of the Overseas Contingency Operations (OCO) designation within the foreign aid budget, among other issues. Congress did not adopt the broad and deep foreign aid cuts proposed by the Administration or eliminate whole accounts, programs, or agencies. It did enact cuts to some programs while keeping humanitarian aid levels nearly as high or higher than in the 114th Congress. Likewise, all appropriations bills in the 115th Congress used the OCO designation—albeit for a smaller share of the foreign aid budget than in the past—despite Administration efforts to zero out such funding in FY2019.[2]

Foreign aid appropriations bills considered in the 115th Congress are summarized below.

FY2017: In early May 2017, the 115th Congress finished work begun under the 114th Congress, passing the Consolidated Appropriations Act, 2017 (P.L. 115-31), which provided $39.44 billion for foreign assistance accounts. Together with $2.59 billion in supplemental funds enacted in December 2016 (P.L. 114-254), total enacted foreign aid funding in the international affairs budget for FY2017 was $40.91 billion, a nearly 7% increase over the FY2016 funding level ($38.28 billion) and about 1% below the Obama Administration's budget request (as amended by a November 2016 supplemental request). Congress designated almost $14 billion (34%) of this funding as OCO. The increase over prior-year funding was largely driven by increases in humanitarian aid in response to famine and near famine conditions in South Sudan, Nigeria, Somalia, and Yemen.[3]

[1] This report discusses only foreign assistance in the international affairs budget, which includes funds appropriated through the Foreign Operations accounts in the State-Foreign Operations appropriations bill, and the Food for Peace and McGovern-Dole accounts in the Agriculture appropriation. It does not include funding from the Department of Defense budget or other budget functions that is included in some foreign assistance reporting.

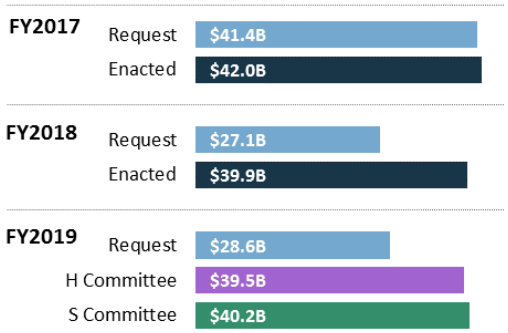
[2] For more information on the OCO designation, see CRS In Focus IF10143, *Foreign Affairs Overseas Contingency Operations (OCO) Funding: Background and Current Status*, by Susan B. Epstein.

[3] For more on FY2017 SFOPS legislation and key issues, see CRS Report R44391, *State, Foreign Operations and Related Programs: FY2017 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Cory R. Gill.

FY2018: The Trump Administration's first budget request, for FY2018, proposed $27.05 billion total for foreign assistance accounts, a 34% reduction from enacted FY2017 levels. About 30% of requested funds were designated as OCO. Significant reductions were proposed in every aid category, with cuts of more than 40% for several aid sectors, including environmental protection, rule of law and human rights, agriculture, disaster readiness, and family planning and reproductive health programs. The Administration also proposed to merge several aid accounts and eliminate several aid agencies, including the Overseas Private Investment Corporation (OPIC), the Trade & Development Agency, the African Development Foundation (ADF), and the Inter-American Foundation (I-AF), as well as to end the Food for Peace food aid program. The Administration described the proposed changes as an effort to improve efficiency and realign foreign policy to better reflect the goals of promoting U.S. security interests, asserting U.S. leadership globally, and creating U.S. business opportunities.

Congress largely disregarded the Administration's request for FY2018, enacting $39.92 billion in aid in P.L. 115-141, about a 2.2% cut from the FY2017 funding. About 20% of the enacted funds were designated as OCO. Humanitarian assistance increased by 15% over 2017 levels, and funding for USAID operations and security assistance stayed almost level. Bilateral economic assistance funds were cut by about 12% and multilateral aid by 11%. Food for Peace allocations were cut by about 10% relative to FY2017—when such funding peaked, including as a result of transfers from other accounts—rather than eliminated. None of the proposed account consolidations and program eliminations were adopted, although the Emergency Refugee and Migration Assistance account, which the Administration proposed to eliminate, was nearly zeroed out with an appropriation of $1 million.[4]

Figure 1. Foreign Aid Request and Funding, 115th Congress



Source: Annual international affairs congressional budget justifications; P.L. 114-254; P.L. 115-31; P.L. 115-141, H.R. 6385; S. 3108.

Notes: Includes only foreign aid in the international affairs budget accounts. Figures are in billions of U.S.$.

FY2019: For FY2019, the Administration requested $28.60 billion for foreign aid programs within the international affairs (function 150) budget, about 28% less than the estimated FY2018 funding level. This time, none of the requested funding was designated as OCO. As in the FY2018 request, cuts were proposed across virtually all accounts and aid sectors, and the Administration proposed the same account consolidations and eliminations and most of the same agency eliminations, with some exceptions. The Administration also proposed to cut family planning and reproductive health program funds, but not to eliminate them as it had requested in FY2018. It proposed that ADF and I-AF be merged into USAID rather than terminated, and rather than eliminate OPIC, as proposed in FY2018, the Administration requested that the agency's authorities be expanded and consolidated with some USAID programs to create a new and bigger development financing institution.

[4] For more on FY2018 SFOPS appropriations legislation and key issues, see CRS Report R44890, *Department of State, Foreign Operations, and Related Programs: FY2018 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Cory R. Gill.

As in the FY2018 cycle, Congress demonstrated little interest in aid cuts on the scale proposed by the Administration for FY2019. The House and Senate appropriations committees reported bills that would provide $39.5 billion and $40.2 billion, respectively, for foreign assistance accounts, both nearly level with FY2018-enacted funding. Both bills rejected the proposed account changes, with the exception of the elimination of the ERMA account, which the House bill eliminated and the Senate bill sought to fund with $1 million. Both would have funded IAF and ADF at the FY2018 levels while explicitly disapproving of their consolidation within USAID. Congress did support the creation of a new development finance institution to replace OPIC (discussed below) outside of the appropriations process. However, the 115th Congress did not enact final SFOPS legislation before adjourning on January 3, 2019, leaving the final funding question for the 116th Congress.[5]

Authorization Laws

Congress has not passed comprehensive foreign assistance authorizing legislation since 1985, but it has created new and updated authorities for specific programs and activities. The 115th Congress enacted legislation on a range of foreign assistance issues, from Peace Corps volunteer health and safety, to aid restrictions in support of sanctions policy, to the creation of a new international development finance institution. Most enacted aid legislation simply extended existing authorities that would otherwise have expired at the end of 2018.

A brief summary of authorizing legislation enacted in the 115th Congress with foreign assistance as a primary focus, ordered by date of enactment, is provided below.

- The **Countering America's Adversaries Through Sanctions Act** (P.L. 115-44, 08/02/2017) focused on sanctions on Iran, Russia, and North Korea, but also included several foreign assistance provisions. The law authorized $250 million annually for FY2018 and FY2019 for the Countering Russian Influence Fund to assist the countries of Europe and Eurasia. The emphasis of the fund, which receives appropriations through Foreign Operations accounts, is on protecting critical infrastructure and electoral mechanisms from cyberattacks, combatting corruption, responding to humanitarian needs and instability related to the Russian invasion and occupation of Georgia and Ukraine, improving legislative processes and political transparency, and building the capacity of civil society and media to counter Russian influence and propaganda. The North Korea title of the law also restricts foreign assistance to governments that provide defense articles and services to North Korea, or receive such articles and services from North Korea, expanding a prior restriction that applied only to the provision of lethal military equipment.
- The **African Growth and Opportunity Act (AGOA) and Millennium Challenge Act Modernization Act** (P.L. 115-167, 04/23/2018) required the Administration to increase transparency around AGOA by establishing an official AGOA website with information on the outcomes of the annual AGOA Forum, and directed the Administration to develop and implement policies to build the trade capacity of African businesses. The MCC title includes several policy changes, most notably an authorization provision—which the MCC had sought for concurrent aid compacts—allowing a country to participate in a regionally

[5] For more information on the FY2019 SFOPS appropriation, see CRS Report R45168, *Department of State, Foreign Operations and Related Programs: FY2019 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Cory R. Gill.

focused aid compact while a separate country-specific compact is in effect. The law also clarified the treatment of countries that change income classification during a fiscal year, made the treatment of civil society in compact-eligible countries a factor in compact selection, and called for a study on the feasibility and desirability of subnational partnerships to complement national compacts. It also changed various congressional reporting and notification requirements.[6]

- The **North Korean Human Rights Reauthorization Act of 2017** (P.L. 115-198, 07/20/2019) reauthorized through FY2022 foreign assistance programs aimed at promoting human rights and democracy, market economies, and freedom of information in North Korea, among other ends.
- The **Better Utilization of Investments Leading to Development (BUILD) Act of 2018** (P.L. 115-254, 10/05/2018) authorized creation of a U.S. International Development Finance Corporation (IDFC) as a successor agency to the Overseas Private Investment Corporation (OPIC). The new IDFC, which is expected to be established in 2019, will also incorporate the Development Credit Authority (DCA), which is currently part of the U.S. Agency for International Development (USAID), and potentially certain other USAID programs. The IDFC is authorized to provide the loan guarantees and risk insurance that OPIC has long provided, and will also be able to make equity investments, establish enterprise funds, and provide technical assistance. It will have a $60 billion exposure cap, about double the maximum contingency liability of OPIC.[7]
- The **Sam Farr and Nick Castle Peace Corps Reform Act of 2018** (P.L. 115-256, 10/09/2018) amends Peace Corps authorities to improve volunteer safety and access to medical care, among other ends. The law heightens standards applied to medical staff overseas, calls for a review and evaluation of Peace Corps health services, and extends medical coverage to volunteers with service-related conditions for four months after their return from overseas postings. It also allows Peace Corps to exempt some positions requiring special skills and knowledge of Peace Corps operations from the current law limiting most employees to a single five-year term. It extends the authorization of programs to assist volunteers who are victims of sexual assault, requires an independent inquiry following all volunteer deaths, and requires that volunteers have access to information about crimes against and risks to volunteers in the country in which they are invited to serve.[8]
- The **Global Food Security Reauthorization Act of 2017** (P.L. 115-266, 10/11/2018) extended the original two-year authorization of the Global Food Security Act (GFSA). The original authorization passed in 2016 and codified many aspects of the Obama Administration's Feed the Future initiative, which sought to improve the focus and coordination of agricultural and rural development assistance. The law reauthorized the Global Food Security Strategy and the Emergency Food Security Program from FY2018 through FY2023 and

[6] For background information on the MCC, see CRS Report RL32427, *Millennium Challenge Corporation*, by Curt Tarnoff.

[7] For more information, see CRS Report R45180, *OPIC, USAID, and Proposed Development Finance Reorganization*, by Shayerah Ilias Akhtar and Marian L. Lawson.

[8] For more information about the Peace Corps policy issues, see CRS Report RS21168, *The Peace Corps: Current Issues*, by Marian L. Lawson.

annualized the reporting requirement. The law was a straightforward extension of authority and did not make policy changes.[9]

- The **PEPFAR Extension Act of 2018** (P.L. 115-305, 12/11/2018) extended through 2023 several provisions authorizing global HIV/AIDS activities under the President's Emergency Plan for AIDS Relief (PEPFAR); these were set to expire at the end of 2018. These included provisions related to interagency coordination of oversight; a requirement that the U.S. contribute no more than 33% of total funding to the Global Fund to Fight AIDS, Tuberculosis and Malaria; a requirement that half the PEPFAR budget be used for specified HIV/AIDS treatment and care; and various reporting requirements.[10]
- The **Agricultural Improvement Act of 2018** (P.L. 115-334, 12/20/2018), commonly referred to as the Farm Bill, reauthorized both domestic and international agriculture programs funded through the Department of Agriculture. Among these are the Food for Peace (FFP) and McGovern-Dole Food for Education foreign aid programs. Despite repeated Trump Administration efforts in annual budget requests to eliminate these programs, Congress reauthorized both through 2023, with a number of amendments. Among other things, the law increased the annual amount that must be spent on nonemergency food aid from $350 million to $365 million, but limited it to no more than 30% of FFP funding, while expanding what resources count toward that total. It also removed a requirement that 15% of FFP funds be monetized (used to purchase U.S. commodities that are then sold, with the proceeds used for development programs), and authorized increased funding for program monitoring and evaluation. The McGovern-Dole authorization was amended to allow up to 10% of funds to be used for local and regional food purchases rather than U.S. commodities.[11]

Outlook for the 116th Congress

The FY2019 SFOPS appropriation, along with the other funding bills left pending at the end of the 115th Congress, may be among the first legislation considered in the 116th Congress. Beyond that, the outlook for foreign aid legislation is unclear, but appropriations may continue to be the major vehicle for foreign aid policy in the 116th Congress. A new appropriations cycle will begin with the Administration's FY2020 budget request, which is to be released in February 2019. New leadership in the House of Representatives and the foreign affairs authorizing committees in both chambers may priorities new goals, potentially including comprehensive foreign aid reform legislation. Recent congressional precedent also suggests that the 116th Congress may engage on foreign assistance more through oversight activities than legislation. Key issues for Congress could include implementation of the BUILD Act, ongoing Administration-initiated USAID "Transformation" reforms, the effectiveness of humanitarian assistance, the strategic implications

[9] For background information on GFSA and Feed the Future, see CRS In Focus IF10475, *Global Food Security Act of 2016 (P.L. 114-195)*, by Sonya Hammons, and CRS Report R44216, *The Obama Administration's Feed the Future Initiative*, by Marian L. Lawson, Randy Schnepf, and Nicolas Cook.

[10] For more information about PEPFAR reauthorization, see CRS In Focus IF10797, *PEPFAR Stewardship and Oversight Act: Expiring Authorities*, by Tiaji Salaam-Blyther.

[11] For more information in international food aid, see CRS Report R45422, *U.S. International Food Assistance: An Overview*, by Alyssa R. Casey.

of security assistance, and the role of foreign aid in addressing growing concerns about the global influence of China and Russia.

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