

Section 13: Department of State

In FY 2010, the Department of State received \$26.3 billion in discretionary funding, a 8.9 percent increase over last year's non-emergency discretionary level.

This amendment would rescind \$1.3 billion (five percent) from the Department and direct the Secretary to eliminate and consolidate six duplicative programs at the Department and eliminate waste to produce savings.

Duplicative Department of State Programs

Funded at \$23 million annually, the Center for Cultural and Technical Interchange Between East and West, also known as the East-West Center (EWC) is a nonprofit organization whose purpose is to by bringing Americans and individuals from the Asia Pacific region to the Center for policy-oriented study, research, and cultural training. The program is intended to “strengthen relations and understanding among the people and nations of Asia, the Pacific, and the United States.”¹

The EWC was originally created in 1960 to facilitate intellectual discourse between the people of Asia and the United States. While in 1960, there was comparatively little travel and interaction between Asian and U.S. academics, today U.S. hosts over a quarter million international students from Asia. Additionally the United States is composed of 13 million Americans that are Asian. The President has proposed, in his reductions, terminations, and savings list, that the EWC should “compete for other Federal grants and pursue increased contributions from private entities, foundations, corporations, and other governments.”²

The East-West Center duplicates the work that the State Department does with its cultural exchanges. This year the State Department Bureau of Educational and Cultural Exchanges has been appropriated \$635 million to administer educational, private sector, professional and cultural exchange programs ³ in order to “increase mutual understanding between the people of the United States and the people of other countries.”⁴

¹ Center for Cultural and Technical Interchange Between East and West Mission and Organization Overview, Accessed January 6, 2010, www.eastwestcenter.org/about-ewc/.

² Office of Management and Budget, “Terminations, Reductions, and Savings: Budget of the U.S. Government Fiscal Year 2010,” p. 75

³ Consolidated Appropriations Act, 2010, Public Law 111-117, p. 281 (of HR 3288)

⁴ United States Department of State, Bureau of Educational and Cultural Affairs Mission, Accessed January 6, 2010, <http://exchanges.state.gov>.

The Asia Foundation

The Asia Foundation was founded in the 1950s to help fight the war of ideas against the Soviet Union. It currently administers programs to support training and technical assistance to strengthen civil society and democratic institutions in Asia. This non-profit, non-governmental organization receives charitable donations from individuals, corporations, and foundations as well as grants from the United States Agency for International Development.

Rescinding funding for this program would not prevent it from operating without direct federal appropriations. It would remain available to apply for separate competitive grants from the State Department and the United States Agency for International Development. The Asia Foundation currently has \$38 million in unspent fund balances and received more than \$5 million more than it spent last year according to financial statements.⁵

The Asia Foundation duplicates the work done by the United States Agency for International Development and other agencies. For example, Congress has appropriated \$16,547,000 in funding for Asia through the National Endowment for Democracy.⁶ The mission of the National Endowment for Democracy is to “strengthen democratic institutions around the world through nongovernmental efforts.”⁷

Overseas Private Investment Corporation

The Overseas Private Investment Corporation (OPIC) (\$52 million) loans private U.S. companies funding for foreign investments and insurance. While U.S. businesses may have needed help from OPIC during the years after World War II, today’s global finance markets mean that U.S. companies have much more access to capital and no longer require government assistance in this area. According to the Congressional Budget office, “its subsidies to nations of strategic importance to the United States tend to overlap with and duplicate those provided by the U.S. Agency for International Development. They also could hamper the development of local financial institutions and markets in those countries.”⁸

OPIC duplicates the efforts of the United States Trade and Development Agency, which received \$55,200,000 in appropriations funding this year⁹ to

⁵ The Asia Foundation, “Financial Statements and Report of Independent Certified Public Accountants,” Accessed January 7, 2010, <http://www.asiafoundation.org/resources/pdfs/FY08AuditReport.pdf>

⁶ Consolidated Appropriations Act, 2010, Public Law 111-117, p. 27 (of HR 3288)

⁷ National Endowment for Democracy, “About Us,” Accessed January 7, 2010, <http://www.ned.org/about/about.html>

⁸ Congressional Budget Office Report 08-06, “Budget Options – Volume 2” August, 2009, p. 36,

<http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf>.

⁹ Consolidated Appropriations Act, 2010, Public Law 111-117, p. 310 (of HR 3288)

“promote economic growth in developing and middle income countries, while simultaneously helping American businesses to export their products and services.”¹⁰

Department of State Waste and Mismanagement

The Department of State ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated State funds is projected to be approximately \$3.8 billion.

The United States donates billions of taxpayer dollars per year to the United Nations. The United Nations Procurement Task Force determined that at least \$610 million of procurement activities were tainted by significant fraud and detection schemes.

More than \$13 billion (\$1.8 billion annual average) in U.S. aid meant for Iraq reconstruction aid has been classified as wasted, stolen, or lost by investigators in Iraq. In one example, Iraqi Defense Ministry officials created two fake companies to buy planes, tanks, rifles and other equipment with \$1.7 billion in U.S. funds. The companies delivered a tiny fraction of the equipment that had been ordered despite being fully paid.

Congress provides \$5 million annually for continued support of the Colombian National Park Service and nongovernmental organizations working in buffer zones to protect Colombia's national parks and indigenous reserves.

The Department of State spends \$20 million annually on tropical forest and coral conservation funding. This act forgives debts owed the United States by developing countries in exchange for the preservation of significant tropical forests and coral reefs in other countries. Other nations should be responsible for the conservation of their own tropical forests or funds could be raised through private entities. Earlier this year the United States agreed to forgive nearly \$30 million in debt to Indonesia to agree to protect forests populated with endangered species despite the fact that Indonesia's Gross Domestic Product (GDP) for this year is expected to be above 4% and the unemployment rate is below 8%. The United States unemployment rate is over 10%.

¹⁰ United States Trade and Development Agency Mission Statement, Accessed January 6, 2010, <http://www.ustda.gov/about/index.asp>.