

HOW IS U.S. FOREIGN ASSISTANCE FUNDED?

LEGISLATIVE AUTHORITY

The authority for funding foreign assistance comes from the **Foreign Assistance Act of 1961**, which “promote[s] the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.”⁴⁰ The Foreign Assistance Act has been amended multiple times since initial passage but never fully reauthorized.



U.S. GOVERNMENT BUDGET OVERVIEW

The government goes through the budget process annually to determine discretionary spending levels (32% of the overall U.S. federal budget).

The latest spending levels show that the State, Foreign Operations, and Related Programs Bill, which funds most of humanitarian and development accounts, **represents approximately 1% of the entire budget.**⁴¹



KEY FOREIGN ASSISTANCE ACCOUNTS



International Development

The primary development accounts are **Development Assistance** and the **Economic Support Fund**. These accounts fund Food Security and Agricultural Development, Democracy Programs, Environmental Programs, and Basic Education across the globe, together totaling **\$7 billion.**⁴²



Humanitarian Assistance

The U.S. government provides humanitarian assistance primarily through three accounts, which together total **\$7.6 billion: International Disaster Assistance, Migration and Refugee Assistance, and Emergency Refugee and Migration Assistance.**⁴³



International Organizations and Programs

The **International Organizations and Programs (IO&P)** account provides voluntary contributions to international organizations that advance U.S. strategic goals across a broad spectrum of critical development, humanitarian, and scientific activities.



Global Health

The U.S. provides **\$8.7 billion** in global health funding for maternal and child health, nutrition, family planning, and vaccines, as well as for prevention and treatment for HIV, malaria, and tuberculosis.⁴⁴

HOW U.S. FUNDING IS DELIVERED TO PROGRAMS

Guided by directives from Congress, government agencies and departments set policy and implement programs. Most of these agencies and organizations deliver the funds to beneficiaries on the ground through implementing partners, such as NGOs in the InterAction community, in the form of grants, cooperative agreements, and/or contracts.

U.S. GOVERNMENT FUNDING PROCESS

The Executive Branch⁵⁸

Agencies and OMB develop budget justifications for the entire U.S. government.

- The budget development process can begin more than two years in advance of enactment.
- Each year, the Office of Management and Budget (OMB) creates general guidelines for the budgeting process of each agency. The agencies will develop their budgets based on those guidelines and their needs, submitting the resulting budget request to OMB.
- OMB develops and publishes the President's Budget Request for Congress after internal review.

The Legislative Branch

Congress appropriates funding through 12 appropriations bills each fiscal year.

Appropriations Authority

- Congress has the constitutional power to appropriate money for the federal government.
- Appropriations subcommittees will put together 12 appropriations bills that fund the operations and programs of the U.S. government.
- Currently, foreign assistance funding comes from three different appropriations bills: The State and Foreign Operations Bill (SFOPs), the Agriculture Appropriations Bill, and the Labor, Health and Human Services Bill.

The Congressional Budget Process

- The Congressional Appropriations Process begins after the release of the President's Budget Request. Congress then holds hearings on topics of interest to the drafting of the appropriations bills.
- The regular appropriations process is supposed to end on September 30 of the previous fiscal year with the enactment of the 12 appropriation bills the appropriations bill; recently, however, the government has been operating on continuing resolutions and enacting final legislation in February or March of the year for which they are appropriating funds.
- Recently, the process has been significantly delayed, often with no agreement reached until February or March. The process that is supposed to take a few months instead takes more than a year.

Foreign Assistance Allocation Process

Congress and Executive Agencies work together to allocate appropriated funds.

- After enactment, the Foreign Assistance Act and the SFOPs bill require DoS/USAID to develop and submit certain plans and notifications to Congress for some programs.
- The agencies present plans and notifications to Congress.
- Upon completion, funds then undergo a procurement process – a process that identifies ways for the agencies to disburse and spend money.
- This entire process, from enactment to spending, can take up to two years.

Regular Appropriations Process



STEP 1

Appropriations subcommittees of both chambers draft and vote on the bill.



STEP 2

Appropriations committees of both chambers vote on the bill.



STEP 3

STEP 3. Full House and Senate floor discussion and vote on the bill.



STEP 4

STEP 4. Conference by both chambers to reach an agreement on the bill.



STEP 5

STEP 5. Becomes public law after the President signs the bill.

FUNDING CHALLENGES FOR U.S. FOREIGN ASSISTANCE

The growing need. U.S. foreign assistance resources have not kept pace with the growing global need.

The uncertain process. The long and complex funding processes prevent beneficiaries from obtaining the best development and humanitarian assistance available.

The threat of rescissions. The threat of rescissions for humanitarian and development funds limits or reduces the scale and scope of beneficiaries that depend on the U.S.' help to survive.