



Budget Watchdog

House Budget Committee Democratic Staff

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Administration Foreign Assistance Proposals

Earlier this year, Democrats highlighted the fact that the President's budget and the House Republican budget resolution are not credible budget blueprints for the country. For example, we noted that the House Republican "budget" shows only five years worth of numbers; that it abandons the Congressional Budget Office's estimates for the more favorable figures from the Office of Management and Budget; and that it understates future non-defense discretionary spending.

Now we are beginning to see more evidence of the unrealistic nature of the Republican "budgets." This document is part of an ongoing effort by Budget Committee Democrats to notify Congress and the nation when Republican proposals are inconsistent with the House Republican "budget."

The Administration recently proposed to increase foreign assistance to promote basic education and to combat the spread of HIV/AIDS. This follows the Administration's March proposal for a major increase in American foreign assistance through a new Millennium Challenge Account. We welcome these initiatives. At the same time, we think it is important to note that neither the President's budget nor this year's House Republican budget included funding for these proposals.

The Administration has proposed the following:

- creating a Millennium Challenge Account to provide increased funding to support a variety of development objectives in countries meeting new accountability criteria. This proposal would increase foreign assistance beginning in 2004, and by 2007 would increase the foreign assistance budget by \$5 billion per year above the current level;

- spending \$500 million over three years to help prevent the transmission of the AIDS virus from mothers to infants in Africa and the Caribbean. This funding reportedly would consist of \$200 million included in both House and Senate versions of the FY2002 supplemental, as well as an additional \$300 million in FY2004; and
- increasing funding for the African Education Initiative from \$100 million to \$200 million over the next five years.

Constructive proposals such as these to advance American interests through foreign assistance programs are welcome. At the same time, the current budget situation — with deficits as far as the eye can see and funds from the Social Security Trust Fund surplus being diverted to fund the general operations of government — necessitates clear statements about how to pay for new initiatives. The Administration has not yet issued details about how it would fund these proposals. In particular, it is not yet clear whether these proposals would be offset by cuts in existing foreign assistance commitments or whether these proposals would require diverting additional funds from the Social Security Trust Fund surplus. What is clear is that this year's Republican budgets included no funding for these initiatives.

This inconsistency between the Republican "budgets" and the Administration's proposals suggests yet again that Republicans need to negotiate a real budget that will protect Social Security and Medicare while adequately funding our nation's other priorities.