



No. 18 (Revised)

July 9, 2003

S. 925 — Foreign Relations Authorization Act, Fiscal Year 2004

Calendar No. 77

Reported as an original bill from the Committee on Foreign Relations on April 24, 2003, with amendments, by a vote of 19-0; S. Rept. 108-39.

NOTEWORTHY

- *This Legislative Notice on S. 925 was originally issued on May 1, 2003. It has been revised to reflect the manager's amendment (as provided by the Republican staff of the Senate Foreign Relations Committee), and provides updated information about possible amendments.*
- Under a unanimous consent agreement reached on July 7, the Senate today will begin consideration of S. 925, the Foreign Relations Authorization Act for Fiscal Year 2004. The consent agreement does not limit time or amendments, and amendments are anticipated (see discussion below). It is the Majority Leader's intention to complete action on the bill in short order so that the Senate may turn to available appropriations bills.
- S. 925 authorizes funding and activities for the Department of State and the United States international broadcasting activities for fiscal year 2004, for the Peace Corps for fiscal years 2004-2007, and for other foreign affairs programs. The legislation authorizes appropriations of \$8.8 billion for the Department of State and related agencies for 2004. It also authorizes appropriations totaling about \$1.7 billion for the Peace Corps through FY 2007.
- Chairman Lugar may seek to move S. 925 as a package, combined with S. 1161 (Foreign Assistance Authorization) and S. 1240 (Millennium Challenge Act). S. 1161 is on the Senate Calendar (No. 116; S. Rept. 108-56); S. 1240 is a revised version of the Committee-reported bill (S. 1160). Summaries of both S. 1161 and S. 1240 are contained in the Possible Amendments section at the end of this Notice.

HIGHLIGHTS

S. 925 —

— Increases funding for embassy construction above the current authorization, and authorizes the Secretary of State, beginning in FY 2005, to collect fees from federal agencies using embassy compounds.

— Grants new legal and police powers to State Department Diplomatic Security and Uniformed Security Officers.

— Requires the Secretary of State to seek reimbursement from the U.S. Olympic Committee for security provided to the U.S. Olympic Team by Diplomatic Security in Athens, 2004.

— Makes permanent the annual rate of 27.4 percent for U.S. payments to the U.N. peacekeeping budget.

— Requires that the U.S. Government make every effort possible to prevent terrorist states and countries subject to United Nations sanctions from gaining positions on the U.N. Security Council, U.N. Human Rights Commission, and all other entities and leadership positions within and associated with the United Nations.

— Modifies how the Secretary of State designates and renews designations of foreign terrorist organizations.

— Requires the President to develop an international public diplomacy plan focusing on regions with significant Muslim populations, and requires the Secretary of State to integrate public diplomacy efforts into each bureau and mission's overall plan.

— Restores \$8.9 million for international radio broadcasting to several nations in Central and Eastern Europe previously cut by the Broadcasting Board of Governors, and requires the Secretary of State to report to Congress on the status of democratic governance and freedom of the press in many of the nations throughout Central and Eastern Europe.

— Adds \$30 million to strengthen U.S. educational, cultural and public diplomacy outreach to the Muslim world, and authorizes the establishment of a satellite-television-based Middle East Broadcasting Network.

— Amends and strengthens the Secretary of State's ability to deny visas to family members in international child abduction cases.

- Reaffirms U.S. policy supporting Jerusalem as Israel’s capital.
- Reaffirms U.S. policy regarding the criteria for recognizing a Palestinian state.
- Requires the Peace Corps Director to submit an annual report to Congress on development of new initiatives, cooperative programs and initiatives with international voluntary organizations, and the cost and impact of the Peace Corps’ initiatives.
- Calls on the Peace Corps Director to develop a plan to double the number of volunteers.
- Authorizes funds through FY 2007 at the Administration’s requested levels.

BILL PROVISIONS

Title I — Authorization of Appropriations

This title includes the authorization of funds for foreign affairs administration (sec. 101), U.S. educational, cultural, and public diplomacy programs (sec. 102), international organization contributions (sec. 103), international commission funds (sec. 104), migration and refugee assistance contributions (sec. 105), and international broadcasting operations (sec. 111).

This title provides additional funding above the Administration’s request for the following:

- **(Sec. 101 Administration of Foreign Affairs)** Provides \$7.96 million for Diplomatic and Consular Programs to allow the current cap on danger and hardship pay to be raised by 10 percent. This increase is expected to affect about 31 posts.
- **(Sec. 101)** Provides \$312 million above the current \$1.5 billion authorized for embassy construction in FY 2004 (see also Title II, Sec. 206 for details on the inter-agency cost sharing program).
- **(Sec. 102(a)(1) U.S. Educational, Cultural, and Public Diplomacy Programs)** Provides \$57 million for education, cultural exchanges, and public diplomacy programs. The additional funding includes:
 - \$30 million to strengthen outreach to the Muslim world. Specifically, this money will be used to increase the number of participants from the Middle East and from other predominantly Muslim regions in already existing programs, as well as to establish a new program designed to attract and engage young people from Muslim nations.

—\$25 million for educational and cultural exchange programs in the Freedom Support Act (FSA) and Support for Eastern European Democracy (SEED) countries of Central and Southeastern Europe, and in the nations of the former Soviet Union.

—\$2 million for the Secretary of State to organize a new program on non-proliferation, bringing foreign students to U.S. centers and academic institutions that specialize in non-proliferation studies to encourage and build a cadre of experts whose future careers would be devoted to addressing the risk that weapons of mass destruction pose to the entire world.

- **(Sec. 102(a)(204) and (b))** Provides \$8.5 million for the National Endowment for Democracy (\$42 million), the Asia Foundation, and the Center for Cultural and Technical Interchange Between East and West (each at \$15 million). These funds reflect funding levels authorized in FY 2003.
- **(Sec. 111)** Provides \$8.9 million for programming to many Central and East European nations that was cut from the budget by the Broadcasting Board of Governors (see also Title VIII, Sec. 803).

Title II — Department of State Basic Authorities and Activities

Title II highlights:

- **(Sec. 201 Interference with Protective Functions)** This section adds a new criminal provision to make it a crime to knowingly and willfully obstruct or interfere with Diplomatic Security agents involved in the performance of their protective duties.
- **(Sec. 202 Authority to Issue Administrative Subpoenas)** This section grants the Secretary of State narrow administrative subpoena authority if there is determined to be an “imminent threat” to persons, missions or organizations protected by Diplomatic Security. This authority can be delegated by the Secretary only to the Deputy Secretary. The Secretary must report annually to the Committee on its use.
- **(Sec. 203 Enhanced Department of State Authority for Uniformed Security Officers)** This section allows the Secretary of State to designate Department of State uniformed guards as law enforcement officers for duty in connection with the protection of buildings and areas within the United States for which the Department of State provides protective services, including duty in areas outside the property to the extent necessary to protect the property and persons on the property. The Secretary may also designate firearms and explosives training officers as law enforcement officers for the limited purpose of safeguarding firearms, ammunition, and explosives that are located at firearms and explosives training facilities approved by the Secretary or are in transit between training facilities and Department of State weapons and munitions vaults.

- **(Sec. 206 Capital Security Cost Sharing)** This section allows the Secretary of State, beginning in FY 2005, to collect from every agency of the Federal Government that has assigned employees to any United States diplomatic facility a fee for the purpose of constructing new United States diplomatic facilities. The Secretary is authorized to determine annually and charge each Federal agency the amount to be collected from the agency.
- **(Sec. 208 Reimbursement from U.S. Olympic Committee)** This section authorizes the Secretary of State to seek, to the extent practicable, reimbursement from the United States Olympic Committee for security provided to the United States Olympic Team by Diplomatic Security Special Agents during the 2004 Summer Olympics.
- **(Sec. 212 United States Diplomacy Center)** This section authorizes the Secretary of State to establish a United States Diplomacy Center, housing a museum and conference center.
- **(Sec. 213 Latin America Civilian Government Security Program)** This section authorizes the Secretary of State to establish, through an institution of higher education in the United States that has prior experience in the field, an educational program designed to promote civilian control of government ministries in Latin America that perform national security functions by teaching and reinforcing among young professionals from countries in Latin America the analytical skills, knowledge of civil institutions, and leadership skills necessary to manage national security functions within a democratic civil society.

Title III — Organization and Personnel of the Department of State

Title III highlights:

- **(Sec. 301 Fellowship of Hope Program)** This section clarifies the authority of the existing exchange program with the foreign ministries of EU countries and the EU Commission in Brussels and expands it to NATO countries and NATO headquarters. Under the expanded program, mid-level diplomats will spend a year working in the foreign ministries of participating countries or in the European Commission or NATO headquarters.
- **(Sec. 306 Suspension of Foreign Service Members Without Pay)** This section authorizes the Secretary of State to suspend a member of the Foreign Service without pay when there is reasonable cause to believe that the member has committed a crime for which a sentence of imprisonment may be imposed and there is a connection between the conduct and the efficiency of the Foreign Service.

- **(Sec. 312 Provision of Living Quarters and Allowances to the United States Representatives to the United Nations)** This section allows the Secretary of State to make available leased or rented living quarters to the Permanent Representative of the United States to the United Nations and the Deputy Permanent Representative as well as no more than 40 members of the Foreign Service assigned to the United States Mission to the United Nations or other United States representatives to the United Nations.

Title IV — International Organizations

Title IV highlights:

- **(Sec. 401 Limitation on the United States' Share of Assessments for United Nations Peacekeeping Operations After Calendar Year 2004)** This section extends and makes permanent the rate of 27.4 percent for U.S. payments to the United Nations peacekeeping budget.
- **(Sec. 402 Report to Congress on Implementation of the Brahimi Report)** This section requires the Secretary of State to submit a report 120 days after enactment to the appropriate congressional committees assessing the progress made to implement the recommendations of the 2000 Report of the Panel on United Nations Peace Operations (known as the “Brahimi Report”) and U.S. support of UN progress in this area. *(This provision reflects revisions made by the manager’s amendment.)*
- **(Sec. 403 Membership on United Nations Councils and Commissions)** This section amends Section 408 of the Foreign Relations Authorization Act, Fiscal Year 2003 (P.L. 107-228), to require the United States to make every reasonable effort to prevent state sponsors of terrorism and countries subject to United Nations sanctions from gaining membership positions on the UN Security Council or the UN Human Rights Commission. The section further requires the United States to advocate against the selection of any member nation that the Secretary determines is a sponsor of terrorism or is the subject of UN sanctions to a leadership position in the United Nations General Assembly, the United Nations Commission on Human Rights, the United Nations Security Council, or any other entity of the United Nations.

Title V — Designation of Foreign Terrorist Organizations

- **(Sec. 501 Designation of Foreign Terrorist Organizations)** This section eliminates the requirement under current law that designations of foreign terrorist organizations (FTOs) lapse after two years unless renewed by the Secretary of State. It replaces this requirement with procedures allowing entities designated as FTOs to petition the Secretary every two years to have their designations revoked. The decision of the Secretary on such petitions

would be subject to judicial review, as they are under current law. In the event that in any four-year period an entity designated as an FTO does not petition to have its designation revoked, this section would require the Secretary to review the entity's designation on his own initiative, and to determine whether the designation should be revoked. The Secretary's determination in such a mandatory review would not be subject to judicial review.

- Section 501(b) allows the Secretary of State to amend an entity's designation as an FTO to take account of aliases or different names used by the entity after it is designated, without the need to create a separate administrative record for such an amendment.
- The manager's amendment establishes a 180-day deadline for the Secretary to complete reviews of certain Foreign Terrorist Organization designations required by Section 501(a).

Title VI — Strengthening Outreach to the Islamic World

Title VI highlights:

- **(Sec. 601 Plans, Reports, and Budget Documents)** This section requires the President to develop and report to the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives an international information strategy. The international information strategy shall consist of public information plans designed for major regions of the world, including a focus on regions with significant Muslim populations. The President shall ensure that the report includes a comprehensive discussion of how public diplomacy activities are integrated into the national security strategy of the United States, and how such activities are designed to advance the goals and objectives identified in the report. In addition, the Secretary of State shall identify how public diplomacy activities of the Department are designed to advance each strategic goal identified in the plan, and is required to ensure that each bureau and mission include an extensive public diplomacy component.
- The manager's amendment establishes a 180-day deadline after enactment for the President to submit to Congress an international information strategy required by Section 601, and clarifies which Department of State planning documents are required to include components on public diplomacy under Section 601.

- **(Sec. 612 Expansion of Educational and Cultural Exchanges)** This section authorizes the expansion, in eligible countries (defined as those in Africa, the Middle East, South Asia, and Southeast Asia that have a significant Muslim population and are designated by the Secretary as eligible countries), of several current international exchange programs, including the Fulbright exchange program, the Hubert Humphrey Fellowship program, and the International Visitors Program. It also authorizes the development or creation of other programs, such as a library exchange program and a program to bridge the “digital divide.” Finally, the section authorizes a program of scholarships for students from eligible countries at colleges or universities that are located in eligible countries, organized under U.S. law, accredited, and not under the control of the host government.
- **(Sec. 614 Authorization of Appropriations)** This section authorizes \$30 million above the administration’s request to be expended on Muslim outreach programs outlined in this section.
- **(Sec. 622 Fellowship Program)** This section establishes a fellowship program pursuant to which the Broadcasting Board of Governors shall provide fellowships to foreign national journalists while they serve, for a period of six months, in positions at the Voice of America, RFE/RL, Incorporated, or Radio Free Asia. The program will be called the “Edward R. Murrow Fellowships.” The purpose of the program is give recipients direct exposure to the operations of professional journalists. No more than 20 fellowships may be provided each fiscal year. Remuneration, housing and other incurred costs will be provided to the recipients under the terms of the fellowship.

Title VII — International Parental Child Abduction Prevention

Title VII highlights:

- **(Sec. 702(a) Inadmissibility of Aliens Supporting International Child Abductors and Relatives of Such Abductors)** This section makes certain changes in the Secretary of State’s authority in international child abduction cases to permit him to deny visas to certain family members of child abductors. It expands the category of persons the Secretary of State may designate as ineligible to receive visas to include grandchildren, grandparents, cousins, uncles, aunts, nephews and nieces of a child abductor.
- **(Sec. 702(b))** This section clarifies the authority of the Secretary to implement and terminate designations of visa ineligibility in child abduction cases. Designations of child abductors and those that provide them material support may only be terminated if the child is returned or when the child reaches age 21. Designations of family members of a child

abductor may be terminated at the Secretary's discretion in order to permit the Secretary flexibility in seeking the help of such persons in securing a child's return.

- **(Sec. 703(c))** This section requires the Secretary of State to report to the Congress annually for five years on the use of this visa denial authority.

Title VIII — Miscellaneous Provisions

Title VII highlights:

- **(Sec. 803 Foreign Language Broadcasting)** This section states that, during the one-year period following the date of enactment of this Act, the Broadcasting Board of Governors may not eliminate foreign language broadcasting in any of the following languages: Bulgarian, Czech, Estonian, Hungarian, Latvian, Lithuanian, Polish, Slovene, Slovak, Romanian, Croatian, Armenian and Ukrainian. This section also adds a reporting requirement that, not later than six months after the date of the enactment of this Act, the Secretary shall report to the appropriate congressional committees on the state of democratic governance and freedom of the press in the following countries: Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia, Romania, Croatia, Armenia and Ukraine.
- **(Sec. 804 Fellowships for Multidisciplinary Training on Nonproliferation Issues)** This section authorizes the Secretary of State to design and implement a program to encourage eligible students to study at an accredited United States institution of higher education in an appropriate graduate program, i.e., a program that provides for the multidisciplinary study of issues relating to weapons nonproliferation and includes training in diplomacy, arms control, multilateral export controls or threat reduction assistance.
- **(Sec. 805 Requirement for Report on United States Policy Toward Haiti)** This section requires the Secretary of State, in consultation with the Secretary of the Treasury, to submit to the appropriate congressional committees a report that describes United States policy toward Haiti.
- **(Sec. 810 Middle East Broadcasting Network)** This section amends the United States International Broadcasting Act of 1994 (22 U.S.C 6201 et seq.) to authorize the establishment of a Middle East Broadcasting Network as a non-federal grantee organization, similar to RFE/RL and Radio Free Asia. The Middle East Broadcasting Network shall provide radio and television programming to the Middle East region. Duplication of language services and technical operations between the Middle East Broadcasting Network (including Radio Sawa), RFE/RL and the International Broadcasting Bureau will be reduced to the extent appropriate.

- **(Sec. 811 Sense of the Congress Relating to International and Economic Support for a Successor Regime in Iraq)** This section is an expression of the sense of the Congress that the President should be commended for seeking the support of the international community to build a stable and secure Iraq, that the President's position that the oil resources of Iraq are the sovereign possessions of the Iraqi people is supported, and the President should pursue measures to protect an interim or successor regime in Iraq from the negative economic implications of indebtedness incurred by Saddam Hussein's regime and to assist in developing a resolution of all outstanding claims against Iraq.
- **(Sec. 813 Sense of the Congress on Climate Change)** This section is an expression of the sense of the Congress that the United States should demonstrate international leadership and responsibility in reducing the health, environmental and economic risks posed by climate change by taking responsible action to ensure significant and meaningful reductions in emissions of greenhouse gases from all sectors, participating in international negotiations and establishing a bipartisan Senate observer group designated by the chairman and ranking member of the Committee on Foreign Relations of the Senate, to monitor any international negotiations on climate change, and to ensure that the advice and consent function of the Senate is exercised in a manner so as to facilitate timely consideration of any new treaty submitted to the Senate.
- **(Sec. 814 Extension of Authorization of Appropriation for the United States Commission on International Religious Freedom)** This section extends the authorization of the \$3 million authorized in previous legislation to FY 2004 for the Commission on International Religious Freedom.

Title IX —Peace Corps Charter for the 21st Century

Title IX highlights:

- **(Sec. 905 Reports and Conclusions)** This section requires the Director of the Peace Corps to submit an annual report to Congress, which will include a description of efforts to improve coordination of activities of the Peace Corps with activities of international voluntary service organizations, any new initiatives being proposed by the organization, the cost associated with and impact of such initiatives, and a description of in-country security procedures being implemented by the organization. It also calls for timely Congressional consultation by the Peace Corps Director with respect to any major new initiatives undertaken by the organization which have not been previously described in annual reports to Congress. It also mandates a one-time report to Congress, within 30 days of enactment of this Act, describing current student loan forgiveness programs available to volunteers, and a comparison with other government-sponsored loan forgiveness programs.

- **(Sec. 906 Increasing the Number of Volunteers)** This section calls upon the Director of the Peace Corps to develop a plan for doubling the number of volunteer placements and to report to the Congress the details of that plan not later than 30 days after enactment. It provides for annual reports thereafter until the doubling of volunteer placements has been achieved.
- **(Sec. 907 Special Volunteer Recruitment and Placement for Countries Whose Governments are Seeking To Foster Greater Understanding Between Their Citizens and the United States)** This section mandates that the Director of the Peace Corps transmit a report to Congress identifying countries where a greater understanding of the United States would serve U.S. interests, and its recruitment and training strategy for equipping volunteers with necessary skills to meet the special challenges posed by such countries. It authorizes the Director to utilize the experience and insight of returned volunteers in opening or reopening programs in such countries.
- **(Sec. 908 Global Infectious Disease Initiative)** This section states that the Peace Corps Director shall develop a training program for all volunteers in the areas of education, prevention, and treatment of infectious diseases.
- **(Sec. 911 Programs and Projects of Returned Peace Corps Volunteers To Promote the Goals of the Peace Corps)** This section authorizes the Corporation for National and Community Service, subject to the availability of appropriations, to award grants to private non-profit corporations for the purpose of using the knowledge, experience and expertise of returned Peace Corps volunteers to help carry out the third goal of the Peace Corps Act. It includes a \$10 million authorization of appropriations to carry out the purposes of this section. Grant monies are to be used to support programs or proposals submitted by returned Peace Corps volunteers. Not more than 20 percent of the funding available to the corporation may be used for administrative, overhead or salary expenses. In addition, the nonprofit corporation(s) will be required to raise private funds and donations after two years of operation in order to remain eligible for continued grant money under this section.
- **(Sec. 912 Authorization of Appropriations)** This section authorizes funds through fiscal year 2007 at the administration's requested levels: \$359 million for fiscal year 2004, \$401 million for fiscal year 2005, \$443 million for fiscal year 2006, and \$485 million for fiscal year 2007.

ADMINISTRATION POSITION

At press time, the Administration had not offered an official position.

COST

The bill would authorize appropriations of about \$8.8 billion for the Department of State and related agencies for 2004. It also would authorize appropriations totaling about \$1.7 billion for the Peace Corps through FY 2007. The bill also contains provisions that would raise the cost of discretionary programs for personnel and public diplomacy through FY 2007. CBO estimates that those provisions would require appropriations of \$360 million over those four years. CBO estimates that appropriation of the authorized and estimated amounts would result in additional discretionary spending of \$10.5 billion over the 2004-2008 period.

CBO estimates that the bill also would affect direct spending by less than \$500,000 a year and increase governmental receipts (revenues) by an insignificant amount each year by creating new criminal penalties related to law enforcement and protective functions of State Department special agents and guards.

POSSIBLE AMENDMENTS

Amendments are anticipated. No agreement had been reached at press time, but it is likely that Chairman Lugar or other committee members will seek to amend the bill with the additions of the following two bills, S. 1240, the Millennium Challenge Act, and S. 1161, the Foreign Assistance Authorization. Other amendments are likely but were not known at press time.

S. 1240 (Millennium Challenge Act):

This bill would establish the Millennium Challenge Corporation (MCC). S.1240 was introduced on June 11 by Senator Lugar, and it was referred to Committee on Foreign Relations. This bill differs from S. 1160, its predecessor, in that it contains changes regarding the independent status and the operation of the MCC.

S. 1240 will create in the executive branch a Millennium Challenge Corporation (MCC), governed by a Board of Directors and reporting to the Secretary of State, with the authority to provide assistance (grants) from a newly created Millennium Challenge Account (MCA) to eligible developing countries that meet certain criteria defined in the bill.

The bill is the direct result of President Bush's March 2002 initiative in which he called for a "new compact for global development, defined by greater accountability for both rich and poor

nations alike.” The President pledged that the United States would lead by example and increase its core development assistance by 50 percent over the next three years, resulting in an annual increase of \$5 billion by FY 2006 with these funds going directly into a Millennium Challenge Account. The President announced that the MCA will be “devoted to projects in nations that govern justly, invest in their people, and encourage economic freedom.”

Highlights of S.1240, which is a revised version of the President’s initiative, include the following:

Title I — Millennium Challenge Assistance

- **(Sec. 102 Authorization for Millennium Challenge Assistance).** This section authorizes the MCC to provide assistance to eligible developing countries; prohibits assistance monies from being used for military assistance or training; states that assistance may be provided for in the form of grants; states that any assistance should be coordinated with other U.S. foreign assistance programs; and outlines the proposal process for requesting assistance monies.
- **(Sec. 103 Candidate Country)** This section defines the qualifications a candidate country must meet in order to be eligible to receive loans. It also establishes limitations on assistance to certain countries.
- **(Sec. 104 Eligible Country)** This section outlines the criteria by which the MCC Board shall determine whether a candidate country is an eligible country (see Sec. 104 (a) for detailed criteria); declares that the Board shall use objective and quantifiable indicators of a candidate country’s performance (see Sec. 104 (b) for detailed indicators); states that the Board shall publish in the *Federal Register* the indicators that it proposes to use in any given year; and states that the Board shall consider any public comments that are received within 30 days of the indicators being published in the *Federal Register*.
- **(Sec. 105 Eligible Entity)** This section states that any eligible entity may receive assistance under this Act to carry out a project in an eligible country as long as its purpose is related to the goals of Millennium Challenge Account. The Board has the authority to determine an entity’s eligibility.
- **(Sec. 106 Millennium Challenge Contract)** This section states that the MCC Board shall invite eligible country governments to enter into a contract with MCC, and, in doing so, establish a multi-year plan for the eligible country to achieve specific objectives (see Sec. 106 for multi-year plan details)
- **(Sec. 107 Suspension of Assistance to an Eligible Country)** This section empowers the Secretary of State to direct the CEO of MCC [see section 201] to suspend assistance to an eligible country if the country becomes ineligible to receive assistance in accordance with established indicators.

- **(Sec. 109 Annual Report to Congress)** This section requires the President to submit annually to Congress a report on all Millennium Challenge assistance.

Title II — Structure, Function, and Powers of the Millennium Challenge Corporation

- **(Sec. 201 Chief Executive Officer)** This section states that the President shall appoint and the Senate shall approve a chief executive officer of the MCC. The CEO shall report to and be under the direct authority and foreign policy guidance of the Secretary of State. This section also reaffirms that the Secretary of State shall coordinate the provision of United States foreign assistance (see Sec. 201 for listing of CEO's duties).
- **(Sec. 202 Millennium Challenge Board)** This section establishes a Board to oversee the functions of the MCC; it defines the composition of the Board (Secretary of State, who shall serve as Chairman of the Board; Secretary of the Treasury; Administrator of U.S. Agency for International Development; CEO of MCC; and the U.S. Trade Representative).
- **(Sec. 203 Coordination with USAID)** This section states that an MCC employee stationed abroad shall coordinate in-country MCC functions with the USAID officer located in such country.
- **(Sec. 204-210 Powers of the Corporation et al.)** These sections provide the MCC with powers to operate the Corporation, maintain a principal office in Washington, D.C, prescribe regulations that establish a human resources system, and they allow the MCC to utilize U.S. government facilities and personnel on a reimbursable basis (see Secs. 204-210 for additional details).

Title III — The Millennium Challenge Account and Authorization of Appropriations

- **(Sec. 301 Establishment of the Millennium Challenge Account)** This section establishes in the U.S. Treasury a Millennium Challenge Account that shall be administered by the MCC CEO under the direction of the MCC Board.
- **(Sec. 302 Authorization of Appropriations)** This section authorizes \$1 billion for FY 2004, \$2.3 billion for FY 2005, and \$5 billion for FY 2006.

The House International Relations Committee reported an amended Millennium Challenge Account authorization bill (H.R. 2441) on June 12. Differences between the two bills exist.

S.1161 (Foreign Assistance Authorization):

This bill authorizes funding for a majority of the U.S. economic, security, and humanitarian aid programs. It also revises and updates existing authorities to make them consistent with current practices. The bill authorizes full U.S. participation in several multilateral development bank replenishments, and includes two new initiatives, the Radiological Terrorism Threat Reduction Act, and the Global Pathogen Surveillance Act. It was reported by the Foreign Relations Committee on May 29 by a vote of 19-0.

S.1161 authorizes funding levels for most of the foreign operations accounts within Function 150 for fiscal year 2004. The Foreign Relations Committee used the President's February 2004 proposal as its base text. S.1161 authorizes foreign assistance funding for FY 2004 at \$17 billion.

Congress has not passed an Omnibus Foreign Assistance Authorization Act since 1985. The House is considering a two-year, \$25 billion State Department Authorization bill (H.R. 1950) that contains many foreign-aid provisions. The House is not considering a separate foreign assistance authorization bill.

Highlights of S.1161 include the following (for additional details see, Report 108-56):

Title I – Authorization of Appropriations

- The title authorizes monies for most programs at the levels requested in the President's request.
- This title authorizes an increase in monies above the President's request for the following: \$15 million above the request for development assistance for unspecified purposes; \$70 million above the request for aid to the former Soviet Union; \$40 million additional for assistance to East European nations; \$100 million additional for the Nonproliferation, Anti-Terrorism, De-mining, and Related Assistance (NADR) programs; and \$6 million additional for peacekeeping operations.
- The title authorizes funding below the President's request for the following: \$31 million below the request for counter-narcotics programs for the Andean region.
- **(Sec 109 Famine Assistance)** This section authorizes the appropriation of such sums as may be necessary in FY 2004 for a new Famine Fund. Assistance is authorized for famine prevention and relief, including mitigation of the effects of famine.
- **(Sec. 121 Complex Foreign Contingencies)** This section amends the Foreign Assistance Act and authorizes the establishment of a complex foreign contingencies fund that can be used to support a range of foreign assistance activities, including support for peace and humanitarian intervention operations. This fund provides the President with resources to

address immediate and unanticipated global crises without reprogramming funds from existing foreign assistance accounts.

- **(Sec. 123 Economic Support Fund)** This section authorizes the appropriation of \$2.53 billion for Economic Support Fund (ESF) programs to provide assistance to allies and countries in transition to democracy, to support the Middle East peace process, including the Administration's efforts to make progress under the Road Map, and to finance economic stabilization programs. This section authorizes continued ESF assistance to Israel, despite the Administration's intention to phase out such assistance for this country. This section also authorizes continued ESF assistance to Egypt.
- **(Sec 151 Authorization of Assistance for Relief and Reconstruction)** This section authorizes the \$2.47 billion appropriated in the FY 2003 Emergency Wartime Supplemental Appropriations Act for humanitarian assistance in Iraq for use through FY 2004. These funds are also authorized to be used to reimburse accounts for obligations incurred for these purposes prior to the enactment of the FY 2003 supplemental. Also, this section includes a statement declaring that it is U.S. policy to work toward the full and active participation of women in the reconstruction of Iraq by promoting the involvement of women in all levels of Government and decision-making bodies.

Title II – Amendments to General Foreign Assistance Authorities

- This section includes 35 updates and amendments to existing and long-standing foreign aid authorities (for details, see Report 108-56) including: assistance of non-governmental organizations (Sec. 202); restrictions on economic support funds for Lebanon (Sec. 210); de-mining programs (Sec. 212); special waiver authority (Sec. 213); prohibition of assistance for countries in default (Sec. 214); military coups (Sec. 215); assistance for law enforcement forces (Sec. 221); special debt relief for the poorest countries (Sec. 222); Congo Basin Forest Partnership (Sec. 223); landmine clearance programs (Sec. 224); the Middle East Foundation (Sec. 225); and Haiti Coast Guard (Sec. 238).
- **(Sec. 231 Thresholds for Advance Notice to Congress of Sales or Upgrades to Defense Articles, Design and Construction Services, and Major Defense Equipment)** This section raises the minimum dollar thresholds at which certain defense articles, designs, and construction services, and major defense articles must be reported to Congress.
- **(Sec. 233 Exception to Bilateral Agreement Requirement for Transfers of Defense Items Within Australia)** This section provides an exception to the requirements on bilateral agreements for country exemptions from International Traffic in Arms Regulations (ITAR) with respect to transfers within Australia of certain U.S.-origin defense items.
- **(Sec. 239 Sense of Congress Relating to Bilateral Agreement on Exports of Defense Items to the United Kingdom)** This section expresses the sense of the Congress that once a bilateral agreement with the United Kingdom for an exemption from ITAR for certain

U.S.-origin defense items is finalized, the U.S. should approve an appropriately-crafted exception to the requirement of section 38(j) of the Arms Export Control Act.

Title III – Radiological Terrorism Threat Reduction Act

- **(Sec. 304 International Storage Facilities for Radioactive Sources)** This section authorizes the Secretary of State to propose that the International Atomic Energy Agency (IAEA) conclude agreements with up to eight countries under which each country would provide temporary secure storage for orphaned, unused, surplus, or other radioactive sources. The Secretary of State is authorized to make voluntary contributions and provide the IAEA with technical assistance to carry out these activities.
- **(Sec. 305 Discovery, Inventory, and Recovery of Radioactive Sources)** This section authorizes the Secretary of State to provide assistance to support an IAEA program to promote the discovery, inventory, and recovery of radioactive sources in member nations of the IAEA.
- **(Sec. 307 Foreign First Responders)** This section authorizes the Secretary of State to assist foreign countries, or to propose that the IAEA assist foreign countries, in the development of first responders to: detect, identify, and characterize radioactive material understand the hazards posed by radioactive contamination and the risks encountered at various dose rates; enter contaminated areas safely and speedily; and evacuate personnel within a contaminated area. This section authorizes \$2 million to carry out such duties.
- **(Sec. 308 Threat Assessment Reports)** This section requires the Secretary of State to submit to the appropriate congressional committees a report detailing the preparations made at U.S. diplomatic missions abroad to detect and mitigate against a radiological attack.

Title IV – Global Pathogen Surveillance

- This title authorizes \$35 million for FY 2004 to enhance the capability of developing nations to detect, identify, and contain infectious disease outbreaks. Secs. 406 and 407 provide assistance, through both a fellowship program and in-country training, for medical and health personnel in developing countries to pursue training. Secs. 410 and 411 permit the expansion of the Centers for Disease Control facilities overseas to further the goals of global disease monitoring.

Title V – Miscellaneous Provisions

- This title includes numerous provisions including:
 - eliminating and modifying certain reporting requirements (Sec. 501, Annual Report on Territorial Integrity; Sec. 502, Annual Reports on Activities in Colombia; Sec.

503, Annual Report on Foreign Military Training; and Sec. 504, Report on Human Rights in Haiti);

- expressing support for Sierra Leone (Sec. 513), Somalia (Sec. 515), and Central African States (Sec. 516); and
- authorizing the Africa Contingency Operations Training and Assistance Program (ACOTA) (Sec. 517).