

Press Releases: Briefing on the President's Fiscal Year 2019 Budget Request for the U.S. Department of State and USAID

Special Briefing
John J. Sullivan

Deputy Secretary of State
Mark Green

USAID Administrator

and Experts
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MS NAUERT: Good afternoon, everyone. Come on over, gentlemen. Thank you so

much for coming today, Monday, a non-briefing day, but obviously, we have the budget rollout today. So it is my pleasure to introduce Deputy Secretary of State John Sullivan and also our USAID Administrator Mark Green. They will make some opening remarks on President Trump's Fiscal Year 2019 budget request for the U.S. Department of State and also USAID.

We're also joined by Doug Pitkin. He's the Director of the Bureau of Budget and Planning at the State Department. Hari Sastry is the Director of the Office of U.S. Foreign Assistance Resources at the State Department, and Peter Wiebler is the Acting Director of the Office of Budget and Resource Management at USAID. The gentlemen here will make a few opening remarks, and then we'll bring in our others to take some of your questions. I will call on you to take the questions just to facilitate since I know you and they haven't met all of you yet. So thanks. And now Deputy Secretary.

DEPUTY SECRETARY SULLIVAN: Thank you, Heather, for that introduction. And thank you to my friend and colleague USAID Administrator Ambassador Mark Green for joining me today to present the Fiscal Year 2019 budget request for the Department of State and USAID.

The President's FY 2019 budget request proposes \$39.3 billion for the State Department and USAID. I'm pleased that congressional leaders reached a bipartisan deal that would increase discretionary spending by nearly 300 billion over two years. As part of this deal, budget caps on non-defense discretionary spending, which includes spending for State and USAID, would be increased by 63 billion this year and 68 billion next year. This reflects an additional 1.5 billion for State and USAID provided specifically for humanitarian assistance and global health programs as well as contributions to international organizations. The deal also permits us to transition 12 billion in overseas contingency funding back to base funding.

With this funding level, we will protect Americans at home and overseas by countering the gravest threats to U.S. national security. The State Department will build the strength and intensity of international effort to prevent North Korea, Iran, and other actors from unlawfully acquiring weapons of mass destruction in their means of delivery. We'll strengthen the capacity of partner nations actively to assist in this effort. We'll maintain support for the coalition efforts to defeat ISIS and other transnational terrorist and criminal groups that threaten the American homeland. And we will support our commitment to our key ally Israel and our critical strategic partnership with Jordan.

The Fiscal Year 2019 budget request enables us to protect U.S. overseas personnel and facilities by fully funding the State Department and USAID's share of embassy construction as recommended by the Benghazi Accountability Review Board. It upholds U.S. commitments to key partners and allies through strategic selective investments in international organizations and peacekeeping activities that advance shared interests and promote global peace and stability. It allows the United States to continue to be the single largest donor to global HIV/AIDS relief efforts, including to PEPFAR.

We'll also remain a global leader in responding to the needs of millions of

refugees, disaster and conflict victims, and internally displaced persons, and other vulnerable populations around the world through critical programs that provide protection, water, sanitation, health care, food, and other essential services.

Economic and development assistance also remain a priority for this administration, and the State Department and USAID will continue to promote more stable, resilient, and democratic societies that lead their own development and contribute to a more secure and prosperous world.

Our budget request for 2019 promotes American foreign policy goals by engaging foreign audiences around the globe and sustaining outreach programs that communicate and project American values and by promoting unfettered forms of communication.

Additionally, this budget includes new State Department funding to mitigate the disruptive effects of and combat state sponsored disinformation campaigns, working through increased collaboration with nongovernmental organization, private sector partners, and like-minded governments. The budget proposes significant investments in modernizing the architecture and delivery of enterprise-level information technology services, including wireless and cloud-based services, to provide our employees with greater mobility and responsiveness.

In addition, we will improve our data analytic capabilities to improve decision making and take better advantage of strategic opportunities.

Finally, our request supports vital investment in human capital to develop a more flexible workforce through improved talent management, new leadership initiatives, and optimized human resources processes. As these initiatives are implemented, State and USAID's workforce will be sustained at FY 2018 levels, helping to deliver a smaller but more effective government that is accountable to the American taxpayer.

Thank you. Now let me turn the podium over to my colleague, USAID Administration Ambassador Mark Green.

AMBASSADOR GREEN: Thank you, Heather, and thank you, John, Deputy Secretary Sullivan. The Deputy Secretary spoke to – well to our joint priorities, so I'll keep my remarks brief. Today's request for USAID is oriented towards our goal of supporting partners in their journey to become more self-reliant, to build their capacity for leading their own development and growth. By reducing the reach of conflict, preventing the spread of pandemic disease, and counteracting the drivers of violence, instability, transnational crime and other security threats, the priorities laid out in this request will help us in that mission. It's designed to promote American prosperity through investments that expand markets for American goods, create a level playing field for American businesses, support more stable, resilient, and democratic societies, and address crises.

The request reaffirms that we will always stand with people when disaster strikes or crisis emerges, because that's who we are as Americans. We will

remain the world leader in humanitarian assistance, but will also call on others to do their part and work relentlessly to assure that assistance is delivered as effectively and as efficiently as possible.

With this request, we aimed to balance fiscal needs here at home with our leadership role on the world stage. To complement this plan, we will continue to make important strides towards making our resources go as far as possible. We're working hard to encourage other donor nations to increase their contributions to the overall humanitarian and development effort. We're taking steps to ensure that our programs and procedures are more private enterprise friendly, that they better leverage our resources, bring new ideas and partners to our work, and increase opportunities for American businesses.

Through procurement reform, we're striving to become more flexible and more responsible and more responsive. Finally, we're taking steps to ensure that our programs are of the highest quality and fully reflective of America's key foreign policy priorities. This includes using the best metrics available to guide our support for partner countries as they progress on their journeys to self-reliance.

I believe we're creating an agency that is capable of leveraging our influence, authority, and available resources to transform the way that humanitarian and development assistance are provided, and alongside the rest of the world, to help meet the daunting challenges that we face. With the funding generously provided by Congress, we will ensure that USAID remains the world premier international development agency and continues the work we do each and every day to protect America's future security and prosperity.

Thank you.

MS NAUERT: Thank you, gentlemen. Thank you so much. And we'll have our numbers folks come on up and take some of your questions. So a reminder: This is Doug Pitkin over here at the right; Doug is with the Bureau of Budget and Planning at the State Department. And then Hari Sastry, the Director of the Office of U.S. Foreign Assistance Resources at the State Department. And then Peter Wiebler, the acting director, Office of Budget and Resource Management for USAID. Thank you, gentlemen, so much.

We'll start our first question with Josh from the Associated Press.

QUESTION: Thanks for doing this. So the – what – last year, when the Trump administration proposed slashing overseas spending by roughly a third, it was predicated on the notion that we needed to bring some fiscal order to our house, which seems like a reasonable goal. But this year, (inaudible) again calling for about a 30 percent cut from enacted FY 2017 levels, and yet the budget doesn't even purport to try to bring things into order. There's no balancing of the budget even after 10 years. So if we're still cutting about a third and we're not even trying to bring some – to bring our budget into alignment, then what takeaway should the public have other than that the Trump administration doesn't seem to put a lot of priority on diplomacy?

MR PITKIN: Well, I think the – in terms of the overall fiscal strategy, the

administration would continue to say that irregardless of the caps that were negotiated, that it still seeks to restrain non-defense discretionary spending. And so even with the additional proposals that were added as a result of the spending agreement last week, the full request for FY19 does not reach to – for non-defense discretionary up to the levels that Congress would've provided. This, I think, is consistent with the administration's perspective that they're seeking to constrain Washington's spending. In that vein, then, I think the fact that we have a slight increase in our request – about 4.5 percent – and the total, say, 80 requests over FY18 recognize that we do have a higher level under the caps. It also seeks to bring all of the OCO spending – all \$12 billion of OCO spending – under the caps after seven years of contingency spending, which now about a third or more of our budget is now contingency spending. It tries to bring that more in line with normal order.

So I think it's consistent with that message that the defense caps are consistent with what the administration has sought, and to rebuild the U.S. military, and then also looking at the revenue side on the tax reform bill. But in terms of non-defense discretionary spending, I think you'll still see overall restraint compared to what past spending levels has been.

MS NAUERT: Dave Clark with AFP.

QUESTION: Hi, I – yeah, just an arithmetic question, really. When the OCO money, the 12 billion, is brought under the caps, does that effectively expand the 39.3 up to 50 billion? Or will that be rolled into the 39.3?

MR PITKIN: It's all part of the 39.3. So previous to this adjustment, if you look at the printed materials that are going to come out today from both our initial budget and OMB, that 12 billion will be separate. So it'll be 30 – about 27 in the base budget, and then 12 billion –

QUESTION: So that 12 billion is just being renamed.

MR PITKIN: It's being renamed or –

QUESTION: It's not disappearing or –

MR PITKIN: Right. Right, right.

QUESTION: – being added onto anything?

MR PITKIN: It's still the same topline amount. The advantage is it's now all now under the same spending caps that all the other agencies have to operate under as well.

QUESTION: And just a very small amount of money. The initial embargo materials we had this morning, it was 37.8. And then, when the press release was released after noon, it was 39.3. This is the 1.5 billion that the President's added in?

MR PITKIN: That's correct.

QUESTION: Okay.

MR PITKIN: That's correct.

QUESTION: Through the addendum?

MR PITKIN: Through the addendum, that's correct.

QUESTION: All right. Thanks.

MS NAUERT: Nicole from CNN.

QUESTION: Can you just break down what that 1.5 billion is going to go to? And just to follow up on Josh's question, you said the administration's intent is to restrain non-defense discretionary funding. Isn't that just another way of saying they are not putting a priority on diplomacy?

MR PITKIN: We haven't yet seen the full range of all the non-defense discretionary requests, so I can't really speak yet to how State and AID fit into the broader fiscal picture. But the general messaging for this budget is to still restrain non-defense discretionary spending. The fact that we are requesting a 4.5 percent increase in State and AID relative to last year's request we think is positive. Again, I think –

QUESTION: That is relative to a decrease, as Josh pointed out, of something like 30 percent from 2017, though. So –

MR PITKIN: That's true. But again, I think, the – as the Secretary has said that we did not think that the \$55 billion that was provided last year, including a supplemental, was sustainable over the long term. So I think even the House and the Senate – we'll wait and see what the House and the Senate do for FY18. I think until we have to – it's hard to compare what we're requesting now versus '18 because the House and the Senate still have to act on FY18 appropriations, take into consideration these caps. But we would note that the levels that the committees marked up back several months ago did not even there reach the \$55 billion level. But again, we have to wait and see what Congress says for '18 before we can make a true apples-apples comparison. But even they were not at the FY17 level; they were down as well.

QUESTION: Okay. And that 1.5 billion?

MR PITKIN: (Inaudible) Hari –

MR SASTRY: So the 1.5 billion, 1 billion of that is in humanitarian assistance. \$400 million is in PEPFAR, and \$100 million is for the UN regular budget.

MS NAUERT: Conor with ABC News.

QUESTION: Thanks very much for doing this. I'm wondering if there were any cuts in the budget specifically due to the UN vote, the General Assembly vote about recognizing – or voting against the U.S.'s recognition of Jerusalem as the capital of Israel.

MR SASTRY: So our foreign assistance, the President and the Secretary continue to believe, should be aligned to U.S. interests, so this budget certainly reflects that. Voting in multilateral fora is one factor to consider among many, but there are – if you look at our budget, it is focused on where we think the most appropriate assistance level should be based on where our security needs are.

QUESTION: So does that mean that not yet there have been any cuts because of the –

MR SASTRY: There's nothing specific just tied to that, because that is only one factor.

MS NAUERT: John Hudson.

QUESTION: So the budget request cuts funding for the National Endowment for Democracy and DRL and ESF, which my understanding is – funds in some cases groups like IRI which Mark Green used to be a part of. Does that have – validate in any way the criticisms that people have that say this administration doesn't have a strong priority for democracy promotion?

MR SASTRY: So our total democracy for the – for this budget is \$1.4 billion, and so it is a significant investment. There is a reduction in NED, as you mentioned. The reduction is also a recognition that this administration is not going to fund 501 (c)(3) organizations directly, and so that money has actually been moved to both DRL and DCHA DRG. So if you look at the reduction, it's about \$36 million in NED. That \$36 million has been shifted to DRL and DCHA so they – so those organizations can compete directly for those funds.

QUESTION: But DRL has also – is funded at a lower level –

MR SASTRY: Well, DRL's an increase from our '18 budget. It is lower than '17, yes, but it is an increase for – from our '18 President's budget.

QUESTION: Okay. But so would you reject the criticisms about a priority for democracy promotion, or is it part of this Trump administration notion that the U.S. isn't about changing other people's societies?

MR SASTRY: So democracy is certainly – with \$1.4 billion in the budget, it is certainly one of our larger investments, so it's certainly a priority. I think figuring out the spending level within the funding restraint that Doug talked about in non-defense discretionary is why you might see a difference from '17 and what the Congress passed, but it is certainly still something that we're pursuing.

MS NAUERT: Michele Kelemen with NPR.

QUESTION: Thank you. I have a kind of a country-specific question on South Sudan, because the U.S. has been talking about wanting to cut UN peacekeeping budgets, but in South Sudan, the Security Council voted to raise the number. Are you guys committed to fully funding what the UN needs in South Sudan? It's a country also on the brink of famine.

MR PITKIN: At this point in our request for the peacekeeping account, we've not made a specific commitment to any particular mission. At this point, the request for the contribution to the international peacekeeping account would be sufficient to fund about 56 percent on average of our assessments. This is something that over the course of the year, as the UN Security Council considers new mandates, we'll be looking at the broader context of the entire peacekeeping budget, looking for cost savings where possible. Certainly we've raised concerns, I know, in the UN about the level of peacekeeping spending even as we want to make sure these missions are effective, so we have not yet made a specific determination of how the South Sudan mission would be prioritized against the others. But because we are looking for greater cost containment in the UN more generally, we do have a lower funding level than the full peacekeeping estimate, but again, we have not yet made a determination how South Sudan might rank against other missions that are currently active.

QUESTION: So wait, when you said 56 percent of – that's of the whatever, the 22 to 25 percent the – that the U.S. usually pays?

MR PITKIN: It would be 56 percent of the U.S. – or the U.S. rate is 20 percent, and so basically it would be about just over half of that in terms of what we've put in this budget.

MS NAUERT: Go ahead, Nike from Voice of America.

QUESTION: Yes. Also a country-specific question on Pakistan. Could you please elaborate the breakdown of assistance – security assistance and other assistance – to that country comparing to the year before. And I have another follow-up. Thank you.

MR SASTRY: Sure. So the Pakistan assistance in total is down about \$10 million, to \$351 million. Security assistance is \$80 million, our foreign military financing, and this remains – our foreign military financing is only right now with – we only have funded about 10 of our critical partners, so this shows the importance of Pakistan as a major security partner for us. And then our ESMF funding is about 100 million – or sorry, \$200 million in '19.

QUESTION: Another follow-up on – could you – what is – is assistance to Israel and Jordan? Is there an increase or decrease? And if there is an increase in the assistance to Jordan, would that be included in the MOU that Secretary Tillerson is about to sign when he goes to Jordan? Thank you.

MR SASTRY: Sure. So Israel, the total is \$3.3 billion, which is a \$200 million increase from the previous year and reflects the newly signed MOU, newly signed 10-year MOU. For Jordan, the total is 1.275, which is a \$275 million increase from the previous year and also does reflect the MOU that the Secretary – that we are in negotiation and the Secretary intends to sign.

QUESTION: What is the increased amount used?

MR SASTRY: 275 million for Jordan.

MS NAUERT: And final question, please. Go right ahead, (inaudible).

QUESTION: Thank you. In the budget it says the budget actually sustains American leadership to address China's growing ambitions in Asia Pacific. I wonder if you could talk about specifically the budget for East Asia Pacific region. Is that an increase or decrease, and how does this actually meet your goal?

MR SASTRY: Sure. So the new – this administration has over the past year rolled out a policy in the Indo-Pacific region, and to support that, the increase for both – for EAP and pieces of Central Asia is about 6.5 percent from the '18 President's budget, and it maintains the key pillars of a free, open, secure East Asia with territorial sovereignty. And so this – our programs support that and it is an increase from where we are in '18.

MS NAUERT: Thank you, everyone. Thanks for coming in today, and gentlemen, thank you so much for taking the questions. All right, have a good day.

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