

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Proposed Appropriation Language

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act (Public Law 96–8), [\$21,174,000]
\$21,420,000. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

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Resource Summary (\$ in thousands)

Appropriations	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
Funds	16,840	21,174	21,420	246

Program Description

To support U.S. interests in Taiwan, the American Institute in Taiwan (AIT) serves as the advocate to Taiwan authorities for U.S. political and security interests and analyzes and reports on political and economic events critical to U.S. interests. AIT advances U.S. commercial and agricultural interests in Taiwan, including the promotion of U.S. exports. AIT provides the full range of consular services, including both immigrant and non-immigrant visas as well as American citizen services, and supports border protection and anti-terrorism efforts. AIT participates in cultural, scientific, and information exchange programs, and facilitates U.S. arms sales to Taiwan. In addition, AIT negotiates agreements on behalf of the U.S. with its Taiwan counterpart, the Taipei Economic and Cultural Representative Office (TECRO) in Taiwan and in the U.S.

AIT's Washington headquarters carries out executive functions and acts as the liaison between various U.S. Government agencies and TECRO. In particular, the Washington office provides executive and administrative direction for AIT, financial oversight and contract administration of all agency agreements, and coordination of negotiations and agreements. In accordance with the AIT-TECRO Agreement on Privileges and Immunities, the Washington office also issues identity and tax exemption cards to TECRO employees and their dependents, and serves as the liaison between TECRO, the Department of State, the Department of Homeland Security regarding visas and adjustments of status.

Support for AIT operations comes from three funding sources: this Department of State appropriation; reimbursements by U.S. Government agencies such as the Departments of Commerce, Agriculture, Defense, Energy and Homeland security for specific staff positions on an actual cost-reimbursable basis; and visa processing fees (charged by AIT under Department of State authority). These sources amount to approximately \$21.9 million in reimbursements from other agency contracts and compensation associated with supporting the Foreign Service Institute's Chinese Language School, as well as approximately \$19.2 million in visa processing fees.

Before FY 2009 visa processing fees were sufficient to fund consular service upgrades as well as incrementally fund a capital projects account. Visa processing fees have also covered shortfalls in the appropriation and exchange rate losses. However, visa processing receipts dropped 28% in 2009 at the same time that State, Commerce and Agriculture Foreign Service salaries increased by more than 7%. This trend in visa processing fee collections continues in 2010 and is anticipated to continue in the future. Of the estimated \$19.2 million in visa processing fees, approximately \$15.884 million will be needed to cover direct and indirect operating expenses in addition to the appropriation provided. The remaining funds will be set aside for consular upgrades and will also be used to cover any further increases in Foreign Service salaries and adverse exchange rate changes. The remainder, will be added to capital projects.

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Justification of Request

The Department's FY 2011 request of \$21.4 million includes increases to maintain current services and support several key initiatives. The requested increase of \$246,000 for statutory pay raises, domestic and overseas inflation, and increased facility costs maintains the FY 2010 level of activity.

Funds by Program Activity (\$ in thousands)

Activities	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
Agriculture Services	461	635	635	0
Commercial Services	1,227	1,483	1,599	116
Consular Services	3,679	4,659	4,695	36
Economic Services	1,465	1,906	1,906	0
Other Services	6,906	8,793	8,897	104
Public Affairs Services	1,388	1,983	1,927	(56)
Washington Headquarters	1,714	1,715	1,761	46
Total	16,840	21,174	21,420	246

Funds by Object Class (\$ in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
1100 Personnel Compensation	14,023	17,575	17,821	246
1200 Personnel Benefits	2,497	3,176	3,176	0
2500 Other Services	320	423	423	0
Total	16,840	21,174	21,420	246