REPATRIATION LOANS PROGRAM ACCOUNT

Proposed Appropriation Language

REPATRIATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $1,800,000, as authorized, of which $711,000 may be made available for administrative expenses necessary to carry out the direct loan program and may be paid to "Diplomatic and Consular Programs": Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.

REPATRIATION LOANS PROGRAM ACCOUNT

Resource Summary

($ in thousands)

Appropriations	FY 2010 Actual	FY 2011 CR	FY 2012 Request
Funds	1,902	1,450	1,800

FY 2010 Actual includes $175,000 transferred from Diplomatic and Consular Programs funding provided by the Supplemental Appropriations Act, 2010 (P.L. 111-212) and $277,000 transferred from Emergencies in the Diplomatic and Consular Service.

Program Description

As authorized by Section 4 of the State Department Basic Authorities Act, the Department of State's Repatriation Loans program provides emergency loans to assist Americans abroad who have no other source of funds to return to the United States. They include Americans temporarily abroad who are without funds because of unforeseen events such as theft, illness, or accident; individuals suffering from serious physical or mental illness who need to return to the United States for medical care; Americans residing abroad with an alien spouse needing assistance to escape an abusive situation; and Americans caught in a disaster or emergency abroad who need to be removed from harm's way. Approval of a repatriation loan is not based on an applicant's credit worthiness but rather the inability to fund the travel because of destitution, disaster or emergency evacuations. State Department repatriation loans are provided for temporary subsistence and transportation to a U.S. port of entry.

When U.S. citizens abroad become destitute or are otherwise unable to fund their return home, they may enlist the assistance of the U.S. Embassy or Consulate in the country in which they are stranded. Before granting a loan, consular officers first attempt to obtain funds for the person in need from family members and/or friends in the United States. If this cannot be done, the post is authorized in certain circumstances to purchase transportation for direct return to the United States and to provide food and lodging for the period prior to the next available flight**,** via U.S. carrier whenever possible. The recipient is required to sign a promissory note for the amount of the loan. The Department of State actively seeks repayment of these loans. To encourage repayment, the recipient's passport is restricted at the time the loan is granted to allow return to the United States only. This restriction remains in effect until the loan is repaid.

The Repatriation Loan Program directly benefits American citizens by providing them with the means to return to the United States if no other options are available. FY 2010 data indicates that 1,465 repatriation loans were serviced overseas. Regional distributions of these loans approximate as follows: Africa 88; the Americas 703; East Asia/Pacific 220; the Near East and South Central Asia 209; and Europe 249. The extraordinary high number identified for the Americas includes 445 repatriation loans which were processed for evacuees from the January 2010 Haiti earthquake disaster.

Justification of Request

The FY 2012 request of $1.8 million is a $102,000 decrease from the FY 2010 Actual level. The FY 2010 Actual level includes $175,000 from the Supplemental Appropriations Act, 2010 (P.L. 111-212) for earthquake related cases in Haiti and a $277,000 transfer from the Emergencies in the Diplomatic and Consular Service (EDCS) account to cover increased loan requirements. This request will allow the Department of State to subsidize and administer the Repatriation Loans program consistent with the

Credit Reform Act of 1990 and at a funding level consistent with historical requirements. This activity is funded as a direct loan program in accordance with the Credit Reform Act.

The Department of State receives a limited level of financing for direct loans from the Department of the Treasury in a separate financing account, disburses these funds to U.S. citizens as needed abroad, and repays the Treasury as the repatriation loans are collected from the public.

Repatriation loan cases have steadily increased over the last few fiscal years. The FY 2010 loan levels not related to the Haiti earthquake evacuation are 10 percent higher than the FY 2009 loan levels. This request will allow the Department to issue repatriation loans at a level that is consistent with increased funding requirements.

Funds by Program Activity

($ in thousands)

Activities	FY 2010 Actual	FY 2011 CR	FY 2012 Request
Administration	**711**	**711**	**711**
Subsidy	**1,191**	**739**	**1,089**
Total	**1,902**	**1,450**	**1,800**

The FY 2012 subsidy request of $1,089,000 (57.85 percent) will provide for a loan level of $1,882,455. The subsidy appropriation represents the estimated costs to the U.S. Government of loans that are unlikely to be repaid. For FY 2012, the Department is also requesting continuation of authority within the Emergencies in the Diplomatic and Consular Service account (EDCS) to allow the transfer of up to $1 million into this account from EDCS if loan requirements exceed the requested level.

The FY 2012 administration request of $711,000 will provide for operation and management of the loan program consistent with the Credit Reform Act. Contract positions (non Consular Affairs) to administer the loan program are funded with the administration component of the Repatriation Loan Program Subsidy. These positions handle the loans from just after Consular Affairs approval to final payoff. Currently about 90 percent of the administrative funding is used to support loans from previous fiscal years and 10 percent for current year loans. Due to changes in accounting systems and practices over the years, the older loans require a great deal of contractor hours in research to account for payoffs and to track defaulted loans. The Department is requesting continuation of authority to transfer the administration portion of this request to the Diplomatic and Consular Programs account. This transfer makes administration of the program more efficient by simplifying financial planning and accounting procedures. In recent years, using administration funding, the Department has made significant improvements in collecting defaulted loans, resulting in a 20 percent decrease in the subsidy costs to the U.S. Government.

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Funds by Object Class

($ in thousands)

	FY 2010 Actual	FY 2011 CR	FY 2012 Request
2500 Other Services	711	711	711
3300 Investments and Loans	1,191	739	1,089
Total	**1,902**	**1,450**	**1,800**