

REPATRIATION LOANS PROGRAM ACCOUNT

Proposed Appropriation Language

REPATRIATION LOANS PROGRAM ACCOUNT (INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, [\$1,447,000] *\$1,800,000*, as authorized, of which [\$710,000] *\$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 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Funds	1,574	1,447	1,800	353

FY 2011 Actual includes \$127,134 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 destitute 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 individuals 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 destitution. 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 and are 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. 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 destitute. Review of FY 2011 data indicates that 1,001 repatriation loans were serviced overseas.

FY 2011 Actual Loans Serviced

<u>Bureau</u>	
Africa	58
Americas	295
East Asia/Pacific	215
Europe	163
Near East and South Central Asia	270
Total	1,001

Administration

Contract positions (non Consular Affairs) to administer the loan program are funded with the administration component of the Repatriation Loan Program. These positions handle the loans from just after Consular Affairs approval to final payoff. Currently about 90 percent of the administrative funding

REPATRIATION LOANS PROGRAM ACCOUNT

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 correctly account for payoffs and to track defaulted loans.

Subsidy

Amounts requested for subsidy represents the estimated costs to the U.S. Government of loans that are unlikely to be repaid.

Justification of Request

The FY 2013 request is \$1.8 million, a \$353,000 increase from the FY 2012 estimate level. The FY 2013 subsidy request is \$1.1 million and the administrative request is \$711,000. The 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 recent loan volume. This activity is funded as a direct loan program in accordance with the Credit Reform Act.

Repatriation loan cases have steadily increased over the last few fiscal years. 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 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Administration	711	710	711	1
Subsidy	863	737	1,089	352
Total	1,574	1,447	1,800	353

The FY 2013 subsidy request of \$1,089,000 (57.67 percent) will provide a loan level of \$1,888,330. The subsidy appropriation represents the estimated costs to the U.S. Government of loans that are unlikely to be repaid. For FY 2013, 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 2013 administration request of \$711,000 will provide for operation and management of the loan program consistent with the Credit Reform Act. 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, the Department has made significant improvements in defaulted loan collections with the administration funding it has received, resulting in a 20 percent decrease in the subsidy costs to the U.S. Government.

REPATRIATION LOANS PROGRAM ACCOUNT

Funds by Object Class

(\$ in thousands)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
2500 Other Services	711	710	711	1
3300 Investments and Loans	863	737	1,089	352
Total	1,574	1,447	1,800	353

This page intentionally left blank