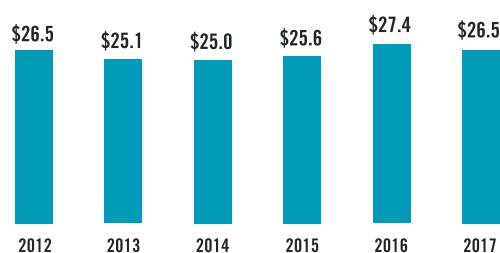


of \$835 million (3 percent) from 2016. This decrease of net costs was mainly due to decreases in spending for International Organizations and Commissions as a result of timing differences in assessments received from the international organizations and decreases in spending for global health programs. This decrease is offset by an increase in pension expense in the FSRDF due to actuarial assumption changes.

#### TREND IN NET COST OF OPERATIONS (2012 – 2017) (dollars in billions)



The six-year trend in the Department's net cost of operations is presented in the "Trend in Net Cost of Operations" bar chart. There is a decrease from 2012 with a return to 2012 levels by 2017. Increases from 2014 generally reflect costs associated with new program areas related to countering security threats and sustaining stable states, as well as the higher cost of day-to-day operations such as inflation and increased global presence.

The "Net Cost of Operations by Major Program" pie chart illustrates the results of operations by major program, as reported on the Statement of Net Cost. As shown, net costs associated with two of the major programs (Health, Education and Social Services) and (Diplomatic and Consular Programs) represents the largest net costs in 2017 – a combined \$15.8 billion (60 percent). The largest decrease was in the International Organizations and Commissions program. This program decreased by \$927 million as a result of timing differences in assessments received from the international organizations. There were fewer assessments received in 2017. In the Administration of Foreign Affairs program, net costs increased by \$574 million as a result of increases in the actuarial loss on pension assumption changes for the FSRDF. There was a decrease in the ten year rolling inflation rate used to calculate the pension assumption changes.

#### Earned Revenues

Earned revenues occur when the Department provides goods or services to another Federal entity or the public. The Department reports earned revenues regardless of whether it is permitted to retain the revenue or remit it to Treasury. Revenue from other Federal agencies must be established and billed based on actual costs, without profit. Revenue from the public, in the form of fees for service (e.g., visa issuance), is also without profit. Consular fees are established on a cost recovery basis and determined by periodic cost studies. Certain fees, such as the machine readable Border Crossing

#### NET COST OF OPERATIONS BY MAJOR PROGRAM 2017 (dollars in billions)

