A Foreign Affairs Budget
for the Future

Fixing the Crisis in Diplomatic Readiness

October 2008

Resources
for US Global
Engagement

Full Report

The American Academy of Diplomacy

STIMSON
PRAGMATIC STEPS FOR GLOBAL SECURITY

Dear Colleague,

The new Administration will face multiple, critical foreign policy challenges with inadequate diplomatic personnel and resources to carry out policy effectively. To lead the way in presenting detailed recommendations tied to specific analysis, we are very pleased to present *A Foreign Affairs Budget for the Future*. This study examines key elements of the resource crisis in America's ability to conduct its international programs and policies. Our study considers the 21st century challenges for American diplomacy, and proposes a budget that would provide the financial and human capacity to address those fundamental tasks that make such a vital contribution to international peace, development and security and to the promotion of US interests globally.
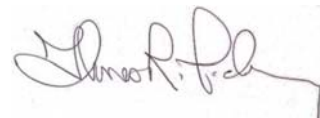
The American Academy of Diplomacy, with vital support from the Una Chapman Cox Foundation, launched this project in 2007 and named Ambassador Thomas Boyatt as Project Chairman. The Academy turned to the Stimson Center to conduct research and draft the report. To guide key directions of the research, the Academy organized, under the leadership of former Under Secretary of State Thomas Pickering, an Advisory Group and a Red Team, comprised of distinguished members of the Academy and senior former policy makers from outside its ranks. Their participation in a series of meetings and feedback was critical in establishing the key assumptions for the study. The Stimson team was led by former USAID Budget Director Richard Nygard. Former OMB official Gordon Adams, now a Distinguished Fellow at Stimson, was a key advisor to the project. The full list of American Academy and Stimson contributors can be found inside.

This study is intended to provide solutions for and stimulate a needed conversation about the urgent need to provide the necessary funding for our nation's foreign policies. We need more diplomats, foreign assistance professionals and public diplomacy experts to achieve our national objectives and fulfill our international obligations. This study offers a path forward, identifying responsible and achievable ways to meet the nation's needs. It is our hope that the US Congress and the Obama Administration will use this study to build the right foreign affairs budget for the future.
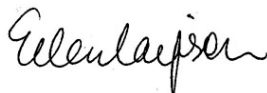
Sincerely,

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Specific report findings and recommendations do not necessarily reflect the views of or endorsements by all members of the American Academy of Diplomacy, Advisory Group, Red Team, Una Chapman Cox Foundation, or Stimson Center.

Note: The Ambassadors listed above are not currently serving in ambassadorial positions.

Summary of Recommendations

This study reviews four major categories of foreign affairs activity – 1) core diplomacy, 2) public diplomacy, 3) economic assistance, and 4) reconstruction/stabilization – and finds critical gaps in each of them.[1] In addition to staffing shortfalls, there are "authority shortfalls" relating to certain economic and security assistance programs that should be in the Secretary's civilian toolkit but that are currently being exercised by the Secretary of Defense. We also conclude that increased staffing capacity alone will be insufficient to meet U.S. Public Diplomacy goals; in addition, a number of international exchange and other programs should be expanded to help meet the country's foreign relations goals and objectives.

As a result of our analysis, we recommend the following:

- The State Department should hire 1,099 additional staff members by FY 2014 for its core diplomatic functions. This increase will require an additional $510.5 million in FY 2014 above the Congressional Budget Office (CBO) baseline. In addition, the Academy recommends funding to permit ambassadors to respond effectively to humanitarian and political emergencies be increased by $125 million in FY 2010 and $75 million annually thereafter. Finally, we recommend shifting 493 Consular positions from fee to appropriated funded status, at a cost over baseline of $160.6 million.

- Permanent American staffing at the State Department should be further increased by 1,287 by FY 2014 primarily to support institutionalized workforce re-training and professional development, with the goal to continuously update the specialized competencies of State to meet new policy demands. This staffing increase will cost $309.8 million annually by FY 2014.

- To fill current shortfalls and enhance the public diplomacy efforts of the State Department, there should be an increase in U.S. direct-hire staff by 487 and an increase of 369 locally employed staff (LES) for Public Diplomacy by FY 2014. This increase will cost $155.2 million in FY 2014 above the CBO baseline. Certain existing programs in the area of public diplomacy should also be expanded to give the Secretary of State more tools at his or her disposal to conduct public diplomacy around the world. The total cost for these additional programs in FY 2014 is estimated at $455.2 million. Increases for Public Diplomacy total $610.4 million.

- For USAID, staffing should be increased by 1,050 Foreign Service Officers and 200 civil servants for a total U.S. direct-hire staffing increase of 1,250 by 2014. USAID should also reduce its reliance on Personal Service Contractors (PSC) and Foreign Service Limited appointments (FSL) because many of these workers perform functions that should be done by permanent direct-hire staff; accordingly, we recommend that the number of PSC and FSL staff be cut by 700 (these savings would be in USAID's program accounts and would not reduce operating expenses). The USAID staffing increases would cost an additional $521.1 million in USAID's operating expenses account over the CBO baseline in FY 2014.

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[1] This study's scope does not explicitly comprise Department of State assistance, administrative, and diplomatic security activities, although some of these, such as overseas Counter-narcotics and refugee work, should in the Academy's view be considered basic elements of U.S. diplomacy.

- In the area of reconstruction and stabilization, staffing should be increased by 562 U.S. direct-hire staff by 2014. This increase would cost an additional $286 million in FY 2014, including equipment, deployment and training costs.

- Authority over selected Security Assistance programs should be moved in stages from the Department of Defense to the Department of State (DOS), with implementation largely remaining at Defense. In addition, 50 new staff would be required to manage the increased workload necessitated by the transfer of authorities and increased appropriations. These transfers of authority and appropriations could increase the international affairs budget by $785 million by 2014.

In total, the Academy recommends that U.S. direct-hire staffing be increased by 4,735 during the 2010-2014 time period, a growth of 46% above current levels in the four categories listed above. This increase should be accompanied by significant increases in training opportunities and in the number of locally employed staff retained overseas. The cost of these additional staff and related expenses will rise to $2 billion annually by 2014. In addition, program increases in Core Diplomacy, Public Diplomacy and Security Assistance will cost $1.3 billion annually by FY 2014.

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Introduction and Overview

> "Our diplomatic leaders – be they in ambassadors' suites or on the State Department's seventh floor – must have the resources and political support needed to fully exercise their statutory responsibilities in leading American foreign policy."
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> *-Defense Secretary Robert Gates, July 2008*

The situation that Secretary Gates calls for does not exist today. Currently, the United States faces a wide range of problems ranging from Al-Qaeda and other terrorist organizations to the challenges of globalization, HIV/AIDS and other pandemics, environmental degradation, proliferation and failed states. Opportunities also abound in relation to rising powers, strengthening of international trade and financial systems, development and improvements in governance and the quality of life in developing and transitioning societies. These dynamic challenges and opportunities can only be met proactively and effectively through a significantly more robust foreign affairs capacity that features skilled diplomats and foreign assistance professionals.

Since the fall of the Berlin Wall, the diplomatic capacity of the United States has been hollowed out. The chart below illustrates the decline in foreign affairs staffing that has contributed to the diminished diplomatic capacity of the United States.
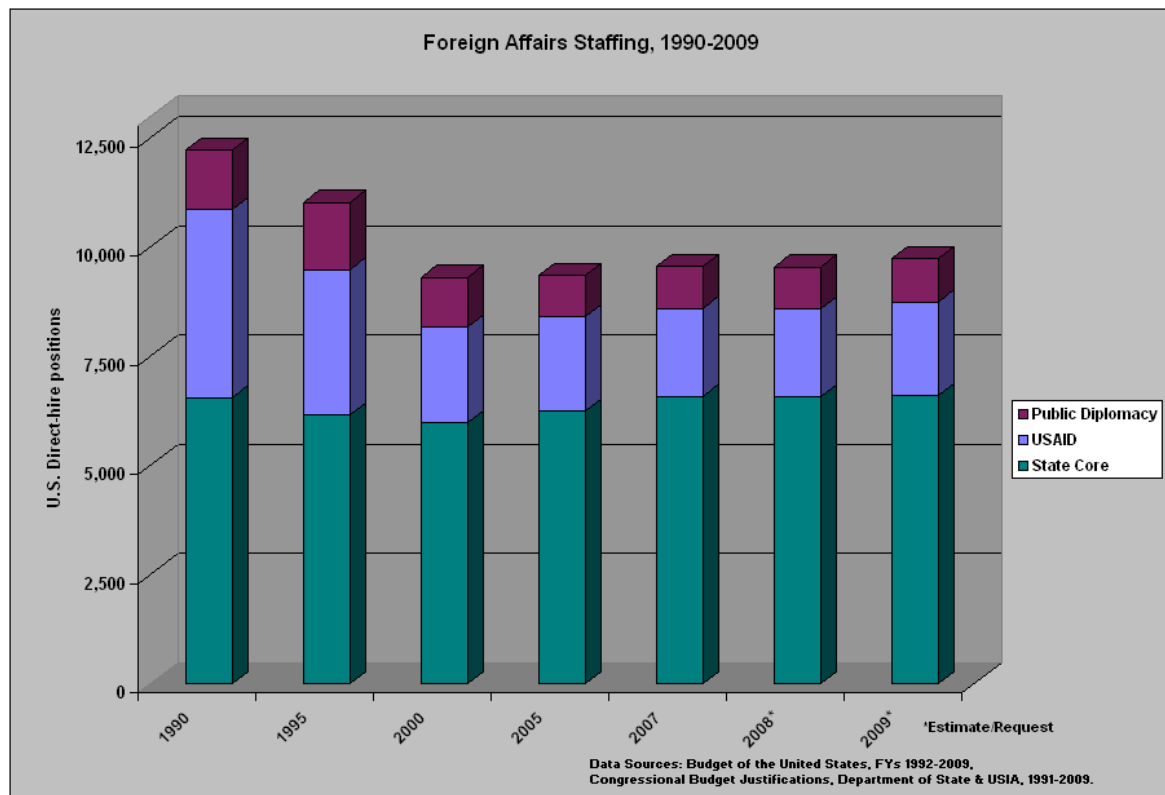
A combination of reduced personnel, program cuts, and sharply increased responsibilities has put maximum pressure on the capacity of those US agencies that are responsible for the missions of core diplomacy, public diplomacy, foreign assistance, and reconstruction and stabilization under the 150 Account.   These missions are defined as follows:

- **Core diplomacy** consists of political, economic and certain consular functions, as well as emerging priorities such as expanded science and technology and multilateral diplomacy;
- **Public Diplomacy** includes exchanges and overseas public diplomacy and cultural affairs work;
- **Foreign Assistance** covers the work of the U.S. Agency for International Development and the management and oversight of security assistance programs; and,
- **Reconstruction and Stabilization** refers to an expanding area that provides for a civilian "surge" capacity that can respond quickly to pre- and post-crisis situations.

During the 1990s, overseas staffing for these functions was significantly reduced in the context of the roughly 30% real dollar reduction in U.S. international affairs spending as the "peace dividend" was cashed. In addition, the implosions of the Soviet Union and Yugoslavia resulted in the need to staff some 20 new embassies in the new countries created as a result, and to expand staff based in other Eastern European nations. By September 11, 2001, the overseas staffing shortfall in the State Department had approached 20%, with a larger gap within USAID.

Secretary of State Powell's Diplomatic Readiness Initiative (DRI) created more than 1,000 new State Department diplomatic positions during 2001 to 2004, bolstering core diplomatic staffing to above that of post-Cold War levels. These increases, however, were quickly absorbed by the diplomatic surges in Iraq, Afghanistan and neighboring countries.

Since the DRI ended in 2004, staffing increases at State have been concentrated in consular affairs and diplomatic security. Core diplomatic staffing deficits have, in effect, returned to 2000 levels. The current realities are as follows:

- As of 2008, State faces a personnel shortfall of more than 2,000 staff-years relating solely to enduring core diplomatic work, emerging policy challenges, and critical training needs. Persistent staffing gaps at hardship posts continue to impede important policy pursuits. Staffing demands related to Iraq and Afghanistan translates not only into needs for resident personnel, but for significant ongoing waves of short-term staff who are diverted temporarily from other jobs to the detriment of other work.

- Training lags because of personnel shortages. A well-trained workforce is extremely difficult to achieve when every training assignment leaves a position unfilled. A 2006 report by the Government Accountability Office (GAO) found that 29% of language-designated positions at embassies and consulates were not filled with language-proficient staff. [2] Functional training lags as well.

- USAID currently has 2,200 direct-hire personnel who administer more than $8 billion annually in development and other assistance (excluding cash grants), following cumulative staff reductions of nearly 40% during the past two decades. In 1990, USAID had nearly 3,500 personnel assigned to the task of administering a total of approximately $5 billion annually.

- In public diplomacy, reduced budgets and staff devoted to explaining America abroad after the end of the Cold War contributed to a reduced understanding of and respect

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[2] General Accounting Office, *Staffing and Foreign Language Shortfalls Persist Despite Initiatives to Address Gap* Washington, D.C.: GAO, Report 06-894, p 25.

for the United States in many parts of the world. Increased resources, including larger numbers of skilled personnel, are required in this area.

- There will be an increasing need for pre- and post-conflict stabilization efforts in many parts of the world, which should be managed by civilian leadership. While a Presidential directive (NSPD-44) directs the State Department to coordinate government-wide stabilization and reconstruction operations and that Department is doing so, the Department of Defense (DOD) has assumed responsibility for implementing the largest of these programs, those in Iraq and Afghanistan. There needs to be a permanent core of civilian experts who are ready to "surge" when required in non-combat zones; these experts should, in turn, be supported by others in government and in other sectors that can provide additional or related support.

- The "militarization of diplomacy" is noticeably expanding as DOD personnel assume public diplomacy and assistance responsibilities that the civilian agencies do not have the trained staff to execute. In addition, in the area of security assistance - traditionally under the authority of the Secretary of State but implemented largely by the Defense Department - a number of new DOD authorities have been created, further reducing the role of the Secretary of State in this vital area of U.S. foreign policy.

The administration has proposed significant staffing increases for the State Department and USAID for FY 2009 (1,152 new positions). These proposals are consistent with the direction in which we believe the government should move and have, in some cases, provided a partial basis on which our forward projections have been built. The staffing models used by USAID and in part by State for both overseas and headquarters contain the critical policy and workforce factors needed to project staffing needs and we have utilized them in our analysis. We have, however, revised or added to the input data applied to these models. Given the likelihood that the Administration's proposed increases will not be enacted and that the government will spend much of FY 2009 under a series of Continuing Resolutions that extend FY 2008 funding levels, we have used the FY 2008 enacted levels as the base for our projections. We have built in some increases for FY 2009, based on supplemental appropriations enacted late in FY 2008, but have assumed that significant growth in staffing and funding will not occur until a new administration presents its budget for FY 2010. Funding increases described in each of the sections represent increments above the current services baseline used by the Congressional Budget Office (CBO), which projects programs at current levels in real terms, assuming modest levels of inflation.

Our review has led to the following conclusions:

1. Existing staffing levels are inadequate to meet ongoing requirements as demonstrated by significant vacancy rates and insufficient personnel flexibility to permit needed training and transfers;
2. New programmatic and substantive requirements in each of the areas will require additional staff with new and updated skills if they are to be addressed successfully;
3. In order to manage the foreign policy portfolio, certain authorities and programs in the area of security assistance now exercised in the Department of Defense should be under the authority of the Department of State; and,
4. Enhanced training, through the Foreign Service Institute and elsewhere, will be an essential complement to the recruitment of new staff.

Effective implementation of U.S. foreign policy will require an increase of 4,735 Direct-hire Foreign Service and civil service American staff by 2014, plus 2,350 Foreign Service Nationals (FSN) or Locally Engaged Staff (LES).   This staffing increase will require increased funding for Function 150 totaling $2 billion above FY 2014 CBO Current Services estimates.   New program funding, primarily in the areas of public diplomacy and security assistance, will add another $1.3 billion to Function 150.

Staffing Level Summary[3]									
	2008	2009	2010	2011	2012	2013	2014	Delta	% Increase
Core	6,407	6,480	6,740	7,034	7,312	7,506	7,506	1,099	
Training	306	351	891	1,325	1,593	1,593	1,593	1,287	
PD	1,332	1,352	1,558	1,670	1,727	1,784	1,819	487	
USAID	2,020	2,150	2,500	2,850	3,100	3,270	3,270	1,250	
Stabilization	19	69	331	406	481	531	581	562	
Sec. Asst.	38	38	41	56	76	88	88	50	
Total	**10,122**	**10,440**	**12,061**	**13,341**	**14,289**	**14,772**	**14,857**	**4,735**	**46%**

Staffing Increases - New Hires Per Year							
	2008/9	2010	2011	2012	2013	2014	Total
Core	73	260	294	278	194	-	**1,099**
Training	45	540	434	268	-	-	**1,287**
PD	20	206	112	57	57	35	**487**
USAID	130	350	350	250	170		**1,250**
Stabilization	50	262	75	75	50	50	**562**
Sec. Asst.	-	3	15	20	12	-	**50**
Total	**318**	**1621**	**1280**	**948**	**483**	**85**	**4,735**

Cost Increase over CBO Baseline Selected Functions ($ in millions)								
	2008	2009	2010	2011	2012	2013	2014	% Increase
Baseline	$14,114	$14,382	$14,655	$14,963	$15,292	$15,629	$15,973	
Core Diplomacy								
Staff	-	$15.4	$88.6	$183.8	$323.9	$447.9	$510.5	
Consular Staff			$21.1	$65.5	$112	$147.7	$160.6	
Program	-	-	$125	$75	$75	$75	$75	
Training								
Staff	-	$4.7	$68.5	$170.3	$258	$299.3	$309.8	
Public Diplomacy								
Staff	-	$3.1	$34.9	$82.5	$112.6	$136	$155.2	
Program	-	-	$101.7	$192	$274.8	$362.5	$455.2	
USAID								
Staff	-	$38.2	$112.3	$245.1	$370.6	$479.8	$521.1	
Stabilization								
Staff	-	$38.2	$190.1	$210.5	$237.2	$261.7	$286	
Sec. Asst.								
Staff	-	-	$.6	$5.2	$14	$21.3	$24.2	
Program	-	-	$35	$135	$385	$535	$785	
Increases	*-*	*$100*	*$778*	*$1,361*	*$2,151*	*$2,746*	*$3,283*	
Total	$14,114	$14,482	$15,437	$16,358	$17,476	$18,418	$19,256	**21%**

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[3] Staffing figures throughout this study are considered U.S. Direct-Hire (USDH), unless otherwise specified, and represent people on board at the end of the year.

STAFFING AND RESOURCES REQUIRED

STAFFING FOR CORE DIPLOMACY

Summary

Significant recent work has gone far in defining the prospective global policy environment. Credible commissions, advisory groups and task forces have delineated likely over-the-horizon policy scenarios, and have set out a range of diplomatic activities required to rise to expected challenges and opportunities.[4] On the basis of available information, a number of analyses have suggested critical gaps between needed and existing diplomatic capacity. This section attempts to quantify those gaps in terms of specific activities and associated financial costs and to set out a budgetary framework for their public presentation and execution.

For Core Diplomacy, the Academy recommends staffing increases totaling 1,099, and total underlying budget growth of $510.5 million by FY 2014, as follows:

Core Diplomacy – Staffing and Cost Increases, 2010-2014 ($ in millions)							
	2009	2010	2011	2012	2013	2014	Total Staff Increase
New Hires in Year (USDH)	73	260	294	278	194	-	1,099
Cost Increase Over Base							
Staff	$15.4	$88.6	$183.8	$323.9	$447.9	$510.5	
Consular Staff		$21.1	$65.5	$112	$147.7	$160.6	
Program	-	$125	$75	$75	$75	$75	
Total Cost	**$15.4**	**$234.7**	**$324.3**	**$510.9**	**$670.6**	**$746.1**	

For the purpose of our analysis, core diplomacy includes the following activities:[5]

- ***Conduct of Diplomatic Relations:***
    - o Government-to-government diplomacy, implementing policy, representing U.S. interests and advocating U.S. policy positions abroad, negotiation;
    - o Intelligence, in terms of overt collection, analysis and reporting of information from foreign sources;
    - o Transnational issue diplomacy, executing specialized U.S. policy pursuits, in areas ranging from law enforcement to energy.

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[4] e.g., Advisory Committee on Transformational Diplomacy, *Final Report of the State Department in 2025 Working Group*, U.S. Department of State, Washington DC, 2008, and prior analyses cited in its bibliography.
[5] Department of State, *Congressional Budget Justification, FY 2009. Excluded from "Core Diplomacy" for analytical purposes are the budget activity sets corresponding to "Diplomatic Security," as well as those corresponding to indirect management/administrative support. However, core diplomatic costs include full per capita shares of full funding for needed overseas administrative support services, without which none of the policy demands identified can be met.*

- **Conduct of Consular Relations:**
  - Adjudication of non immigrant and immigrant visa requests;
  - Routine and emergency assistance to American citizens in distress;
  - Public information activities for the benefit of American travelers and the U.S. travel industry; and,
  - Adjudication of passport applications, and passport issuance or denial for U.S. citizens.

- ***Policy Formulation:*** Development of substantive policy positions and strategies for their pursuit.

- ***Multilateral Diplomacy:*** Conduct of relations at multilateral organizations.

In addition, State will also need to increase core diplomatic staffing and expertise to manage the following new emerging foreign policy imperatives:[6]

- ***Proactive and Preventive Shaping Capabilities:*** To create conditions favorable to U.S. interests on an anticipatory (vice reactive) and results-oriented basis, specifically consisting of proactive multilateral leadership, pre-crisis conflict mediation and resolution, the ability to activate and influence emerging areas of international law, development of joint-planning and joint-response strategies with both state and non-state actors.

- ***Engagement of Non-Traditional Actors***: A strengthened institutional means to understand, engage and partner creatively with private sector and Non-Governmental Organization (NGO) actors.

- ***Capacity to Integrate U.S. Government Global Affairs Activities:*** Coordinating the periodic development of a Global Affairs Strategic Plan and presenting a related and integrated annual Global Affairs Budget; and, leading development of government-wide regional strategic plans and expanding its senior-level diplomatic visibility.

Background

Against a backdrop of overall post-Cold War fiscal constraint during the 1990s, aggregate funding for U.S. international affairs fell in both nominal and real terms until the end of the decade. As a subset of this, State Department staffing for so-called "core" diplomatic and policy activities remained static at a time when workload demands were growing significantly. During this timeframe, the Department absorbed most of the staffing needs associated with the opening of 20 new embassies, principally in the states of the former Soviet Union and Yugoslavia, and primarily by staffing down (and even closing some) Western European posts.[7] The following chart illustrates these trends:

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[6] Based on recommendations 1-3, Advisory Committee on Transformational Diplomacy, *op. cit.*
[7] Department of State, *Congressional Budget Justifications*, Washington DC, 1992-95.

State Department Worldwide Core Diplomacy Staffing by Program Activity 1990-2008

Legend: Policy Formulation | Multilateral Diplomacy | Conduct of Diplomatic Relations | ACDA Merger | Post-Cold-War Posts | Post-9/11 O/S

Data Source: Department of State, Congressional Budget Justifications, 1992-2009.
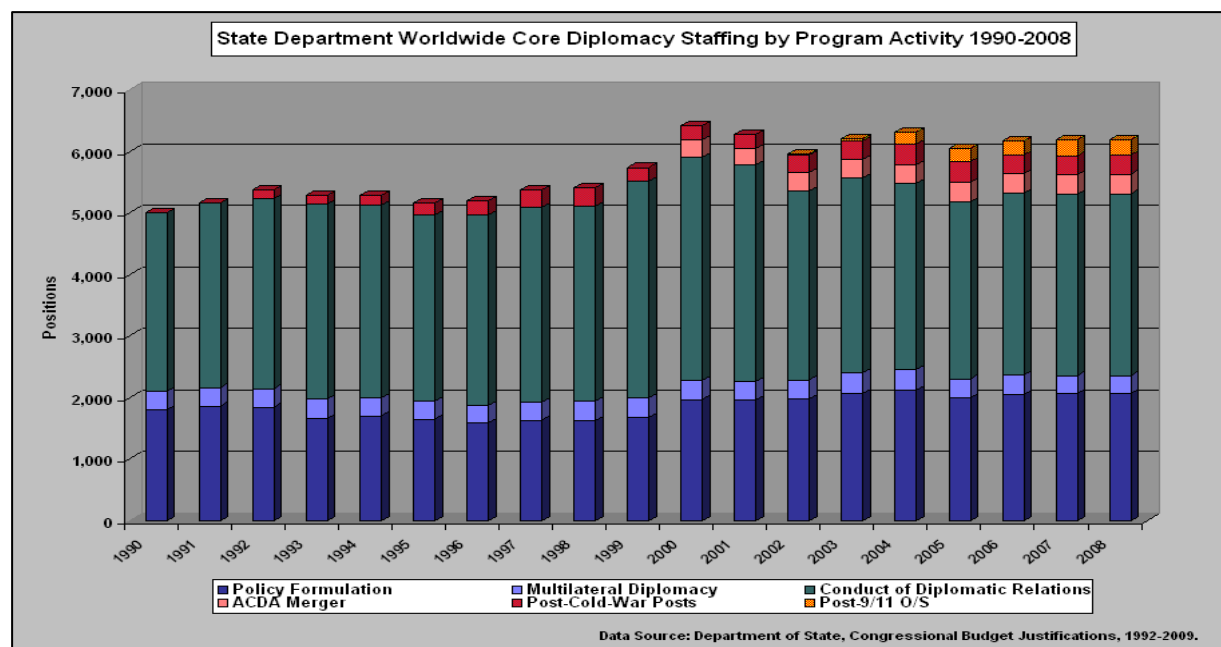
At the same time, shifts in U.S. political thinking to a Cold War-victory mindset served to reinforce the downward drift in funding for international affairs generally and for diplomatic engagement specifically. Congressional debates of the early 1990s manifested a bipartisan drive for disengagement abroad and a fundamental questioning of the purpose of diplomatic missions. Such missions were defended, however, by a minority that warned against a predilection to "want to get off the world" and spoke of an environment "ever more complex, not simple, [to which] closing our eyes will not make the complexity go away."[8] Contemporary academic work also underscored the need for ongoing engagement, while calling for a now-familiar broadening of diplomacy "...to augment state-to-state relations with other avenues of U.S. influence overseas, such as the business community, non-governmental organizations, international organizations, and charitable institutions."[9]

The staffing constraints of the 1990s, in turn, limited the Department's ability to expand and diversify the staff skills needed not only for a broadened mission but for conduct of government-to-government diplomacy in new countries and management of newly-emergent priority transnational issues. This in turn fed into perceptions of the Department's marginal relevance to work that was high on the 1990s policy agenda, such as democracy promotion and global environmental cooperation, further eroding political support for needed budget and staffing growth at State.

These cross-currents also reflected a continuation of debates regarding the extent to which technology and corporate business models could serve to centralize diplomatic activity and reduce overseas staffing accordingly. As early as the 1970s, Zbigniew Brzezinski wrote about U.S. needs for "a foreign-relations machinery that exploits the latest communications techniques ...," and of a "business community [with] extensive experience in foreign operations ... accurate reporting, foreign representation and central control -- without relying on enormous staffs and redundant operations."[10]

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[8] *Congressional Record*, Rep. Dante B. Fascell, July 30, 1992, pp. H7034-7; Sen. Joseph Biden, March 28, 1996, pp. S3144.
[9] Project on the Advocacy of U.S. Interests Abroad, *"Equipped for the Future; Managing U.S. Foreign Affairs in the 21st Century,"* John Schall, Executive Director, The Henry L. Stimson Center, Washington DC, October 1998, p. 7.
[10] Zbigniew Brzezinski, Between Two Ages, Viking Press, 1970, pp. 291-3.

The downward trend in diplomatic staffing partially reversed itself beginning in 1997, with a return to immediate post-Cold War "core" levels by 2001. That was followed by increases of approximately three percent annually over four years. The first year of this growth, however, did little more than offset the impact of post openings that had occurred during the previous decade, and subsequent years were significantly consumed by staffing demands related to Iraq, Afghanistan, and their neighboring countries.

Simultaneous to these events, staffing and funding for security, management, information technology, and administrative activities within the Department rose at higher overall rates than did core funding and staffing. In part, this reflected the need to play catch up after years of infrastructure neglect. A number of these activities - for example new Embassy construction - came to be budgeted for and managed as operating or capital programs in and of themselves, with funding and staffing levels determined according to long-term operational or service quality goals, rather than direct reference to the core activities supported. Consular and security resources also expanded sharply to cope with the new, radically different post-9/11 environment.

Overseas Staffing

Since 2005, the Rice-era State Department has become explicit in emphasizing a more "field-first" staffing orientation that merits support. As this proceeds, the following principles should be seen as central to future overseas staffing:

1. *Universality*: The U.S. will have a resident presence in every country with which it maintains national government-to-government relations, and at every multilateral organization of which it is a member.

2. *Expanded engagement:* The Department will need to significantly expand interaction with non-national-government actors, requiring concomitant staffing increases.

3. *Location/configuration*: To this end, the Department will need to extend the U.S. presence "in capitals and outside them," as manifested by the establishment of branch offices, American Presence Posts, American Centers, and use of traveling circuit riders.[11]

4. *Security*: "To support a diplomatic presence that is distributed, the Department's security culture and practices must continue to transition from risk avoidance to risk management." It can be anticipated that physical threats to U.S. government personnel abroad will continue, will likely grow with dispersal, and may grow in any event.[12]

With rare exceptions, contemporary staffing needs related to mainstream diplomacy have been gauged on a static basis, that is, in terms of building and maintaining a workforce to meet existing demands only. The most significant, forward-looking foreign affairs staffing initiatives since the 1950's have concerned agencies other than State. Prior to the 2008 budget cycle, such contemporary, State-centric staffing initiatives as were undertaken aimed to close existing gaps and meet established goals in the context of existing conditions. State's two recent "Diplomatic Readiness Initiatives" (of the Christopher and Powell eras, respectively) were constructed largely along these lines. Periodic attempts at "forecasting and matching future (policy) requirements with staff skills" have achieved only limited traction.[13]

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[11] Center for Strategic and International Studies, *"The Embassy of the Future,"* Washington DC, 2007, p. 30.
[12] *Ibid.,* p. 50.
[13] Barry Rubin, Secrets of State, Oxford University Press, 1985, p. 107. This point remains accurate today.

Consistent with this approach, the Department has, since at least the mid-1990s, gauged staffing demands on the basis of separate Overseas and Domestic Staffing Models. The current Overseas Staffing Model (OSM) sets out a framework of five program activity sets for purposes of core diplomatic workload measurement: Executive, Political, Economic, Labor and Science. Staffing requirements for each are then calculated on a post-by-post basis by assigning each post to one of five categories, according to a matrix of: 1) the magnitude of U.S. interests locally at stake, juxtaposed against; 2) the importance of post roles in pursuit of U.S. policy goals as set out in the Department's strategic plan.

For purposes of job categorization, the Department defines corresponding work content overseas according to the following 16 skill codes set out in regulation:[14]

State Skill Codes	
Executive (Chief of Mission, DCM)	Economic Affairs
Political Affairs	Finance & Economic Development
Political-Military Affairs	International Transportation/ Communications
Labor Affairs	Trade
Narcotics Control	Economic Resources & Commodities
Refugee Affairs	Environment, Science, Technology
Legal Affairs	Multifunctional
Intelligence Research	International Relations

As of 2008, overseas staffing gaps related to core diplomacy totaled 234, calculated according to the Department's OSM criteria. In addition, State has identified staffing growth demands of 320 needed to support new initiatives directly, including Transformational Diplomacy (100), opening of new American Presence Posts (75), and Iraq (45). These are being budgeted in annual increments consistent with recruitment and training capacity. Among these requirements, 73 were funded in FY 2008. Although some of these needs were met through the Department's Global Repositioning exercise, none were put in the 2009 budget, leaving a shortfall of 481. All of these components of new initiatives appear to have been developed on the basis of policy drivers, for example, of standard models for staffing needs related to Provincial Reconstruction Teams (PRTs) in Iraq, or target sites for American Presence Posts.[15]

Although State models its overseas staffing configuration on the basis of policy conditions and working environments rather than quantifiable workload, the staffing gap identified appears to correspond to 5% or less of the total overseas workforce for core diplomatic work. There is no basis for believing that legitimate alternative modeling techniques would produce dramatically different results in a range this small.[16] The application of alternative, more robust staffing models to micro-scale new initiatives would likely be similarly unproductive. The one-person American Presence Post concept, for example, has already been field-tested and validated at multiple locations in different environments.

In addition, State will need to increase staffing and expertise by 545 staff-years to assure effective management of new foreign policy imperatives.[17] Current baseline analyses and workload assessments for these activities are difficult to construct because State does not

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[14] 3 FAH-1, Exhibit H-2323.3
[15] *Transformational Diplomacy*, speech, Georgetown University, January 18, 2006.
[16] A 2006 GAO analysis identified shortfalls totaling 154 staff-years. GAO Report 06-894, p. 14.
[17] Based on recommendations 1-3, Advisory Committee on Transformational Diplomacy, *op. cit.*

act in some of these areas and does not frame its activities in this way even where it acts in others. The following staffing guidelines, derived from the emerging activities outlined previously, could be indicative, however:

1. **Multilateral Diplomacy**, meaning development and execution of longer-term more proactive strategies for influencing the agendas of multilateral institutions, and strengthened presence in such institutions to these ends. For the latest year in which records are available (2005), a total of 28 State employees were detailed or seconded to multilateral organizations other than NATO. Assuming two additional State employees assigned to each of a menu of key regional multilateral organizations, specialized U.N. agencies and development banks, 10 additional mainstream U.N. assignments, and another 30 staff added to the static 300 employees working in multilateral diplomacy for the Department directly, a total of 100 additional staff would be needed.[18]

2. **International Law**, in terms of monitoring/driving the development of international law and practice – particularly in new domains, such as climate, genetics, and nanotechnology. The staffing increment associated with this workload would be significant in the context of the existing base, which is likely zero. The Office of State's Legal Advisor has long been assessed as seriously understaffed, and has no overseas assets. Establishment of a minimal staff of attorneys and legal assistants assigned to 5-8 regional hubs abroad would account for 20 total additional staff.

3. **Economics, Science and Technology**, specifically increased focus on economic diplomacy and on coordination of global economic policy execution, as well as expanded engagement in science, engineering, and technology. These functions are understaffed for existing overseas work, according to OSM outputs. Overseas positions allocated to State's economics portfolio, for example, total 519, approximately 8 percent of State's core diplomatic workforce, and this following growth by just under 100 staff-years in the past decade. The Academy specifically recommends a further near-doubling of this growth during the next five years, corresponding to 80 additional staff, to be deployed at posts abroad, detailed to multilateral development banks, and to the offices of U.S. Executive Directors of such institutions.[18]

   The Academy has previously recommended that State "have a formal mandate to manage international science negotiations and … make an aggressive effort to recruit officers with the ability to understand sophisticated scientific issues and methodology."[19] The Department currently has ESTH (Engineering, Science, Technology & Health) staff at 35 locations abroad, including 12 sub-regional hubs. We believe that on the basis of current staff distribution, an increase of 70 overseas staff – 21 at existing ESTH locations and 49 at other posts – is warranted. An illustrative list of possible additional ESTH staff deployments is attached as Appendix A.

4. **Public-Private Partnerships**, meaning strategic engagement of non-state actors to influence the emerging patterns of activity through which they operate, and leverage the growing resources and capabilities at their disposal. It can and should be assumed that some work in this territory is already going on as part of core diplomacy, and that it will be expanded further using the projected one-time staff increases identified earlier for second-tranche APPs and Transformational Diplomacy, and identified separately for Public Diplomacy and Assistance Diplomacy. However, a reasonable out-year expansion (100 staff-years) of this activity in the form of regional hubs and roving staff should be anticipated.

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[18] Examples of specialized U.N. agencies and development banks include: ASEAN, AU, SADC, OAS, EBRD, ADB, AsDB, IADB, UNDP, UNHCR, PAHO, UNICEF, ILO, WIPO, WTO, EU, CARICOM, and ECOWAS.
[19] American Academy of Diplomacy, *op. cit.,* p. 7.

5. Interagency Coordination, in terms of policy planning, development and execution. Both outside groups and the Department's FY 2009 Budget argue for staffing increases in this area. Both recommend an increase in interagency details, for which State proposes 125 additional positions for FY 2009. Other proposals circulating in the Department are more radical, specifically one calling for establishment of regional planning hubs abroad, a concept which merits endorsement, and, we believe, can be accommodated through a staffing increment of 50, in combination with a reasonable reallocation of Washington-based positions; for a total increase of 175 staff.

The first and third of these prescriptions are obviously not new. A 2004 AAD Task Force report and the 2006 U.S. National Strategy for Public Diplomacy and Strategic Communication included similar findings and recommendations.[20] However, even as early as the 1960s, FSOs were targets of Kennedy-Administration-era exhortations to "involve yourselves in every element of foreign life – labor, the class struggle, cultural affairs – attempting to predict in what direction the forces will move …"[21] echoed again a decade later by Brzezinski, "Our diplomatic machinery is still …predominantly geared to government-to-government relations, often neglecting the currently far more important role of social developments."[22]

To play its critical role in managing some of the highest-priority, over-the-horizon US Government (USG) global policy imperatives, State will need to staff up over the medium term - in numbers and expertise - to meet these new work demands. To the extent that State is not staffed accordingly, it is probable that other USG agencies will step into pieces of this territory, and that other critical work will go undone, to obvious public detriment.

Consular Affairs

For much of U.S. history, Consular representation actually outpaced diplomatic representation abroad. The following table illustrates historical trends:[23]

Year	Diplomatic Posts	Consular Posts
1781	4	3
1800	6	52
1820	7	83
1840	20	152
1860	33	282
1880	35	303
1900	41	318
1920	45	368
1940	58	264
1950	74	179
1960	99	166
1970	117	122
1980	133	100
1990	145	97
2008	179	81

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[20] AAD Task Force report, *American Diplomacy for a Changing World,* November 2004, p. 5.
[21] *Foreign Service Journal*, July 1962, p. 28, cited by Rubin, *op. cit.*, p. 100.
[22] Brzezinski, *op cit.*, p. 292.
[23] Source: Department of State, Office of the Historian, and *Congressional Budget Justification, FY 2009*.

The U.S. Diplomatic and Consular Services, originally separate, were merged only in 1924. Transitions from consular to diplomatic representation obviously reflect post-1960s realities of decolonization. However, consulate closings were also an end-result of budget constraints, of security concerns, and of views that U.S. interests could be pursued more cost-effectively in growing numbers of locations by remote control, given post-World War II improvements in communication and transportation. In any event, Consular officers both acted and were perceived as sole U.S. government-to-government representatives vis-à-vis local authorities across most of the world well into the 1960s.

State's budget sub-category "Conduct of Consular Relations" comprises the following border security and citizen services activities:[24]

- Adjudication of non-immigrant visa requests from foreign tourists, students, business people, investors, and government officials. In FY 2007, State processed 8.56 million non-immigrant visa applications. The Department expects that demand for non-immigrant visa services will grow to 9.64 million applications in FY 2008 and 10.1 million applications in FY 2009.

- Adjudication of immigrant visa applications. In FY 2007, the Department processed a total of 680,000 immigrant visa applications. This workload is expected to remain at the same level in FY 2008 and FY 2009.

- Routine and emergency assistance to American citizens in distress. In FY 2008 and FY 2009, the Department projects that it will respond to 2 million citizen services requests worldwide each year.

- Public information activities for the benefit of American travelers and the U.S. travel industry, regarding dangerous situations abroad, carried out by means of Consular Information Sheets, Travel Warnings, and the Department's Consular Affairs web site.

- Adjudication of passport applications, and passport issuance or denial for U.S. citizens wanting to travel abroad. In FY 2007, the Department processed 18.4 million passport applications. Workload is expected to grow to 29 million applications in FY 2008 and between 30 and 36 million in FY 2009.

Current State Department U.S. Direct-hire (USDH) Consular staffing abroad totals 1,435 representing just over a doubling since 1995. Virtually all such staffing is funded by fee collections. As of the end of FY 2007, only 161 overseas USDH consular positions were supported with appropriated funds, down from 712 in 1995, coinciding with a decline in total appropriated funding budgeted for the conduct of consular relations from $241.3 million to just under $60 million. These trends were predominantly induced by 1990s budgetary rules of the road; as increases in appropriated funding became harder to come by, fee increases became an interagency norm.[25]

Taken at face value, this shift also appears to reflect an excessive reshaping of the Department's view of consular work; though significantly a function of general government, consular activities are now treated, from a budgetary point of view, as specialized services to a specific subset of users. From an administrative point of view, this has seemed a risk-free option during good economic times; but now, with fee revenues projected to decline, consular funding has become uncertain. The Academy notes the inconsistency of this shift with originally-stated legislative intent:

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[24] Extracted from: Department of State, *Congressional Budget Justification, FY 2009*, p. 34.
[25] *Ibid.*, FYs 1997-2009.

> *The committee of conference emphasizes that the purpose of this fee retention authority is to provide enhanced consular services and equipment upgrades above and beyond current base consular services and modernization programs. This new authority is not intended to permit any of the current consular base funding to be transferred to any other purpose.[26]*

Looking ahead to the kinds of broader people-to-people diplomatic engagement foreseen by the Academy, Consular Officers should be expected to again play key roles. A logical budgetary reflection of this would be reversion of overseas Consular Officers to appropriated-fund status.

As a first step in this direction, the Academy recommends such a change affecting all overseas mid and senior level consular personnel, presently totaling 493 over the five-year period under examination. This would require a shift of funding of $160.6 million by FY 2014.

Domestic Staffing

The most recent application of the Department's Domestic Staffing Model (DSM) indicated a 4.1% shortfall (498 FTE) in full-time permanent hiring authority as of the beginning of FY 2006 for work carried out during FY 2005. The DSM estimates regional bureau domestic staffing needs by ratios of domestic staff to the magnitude and complexity of overseas missions backstopped by each bureau, modified according to the relative difficulty of differing overseas operating environments. Other current domestic staffing requirements are calculated according to a matrix of more than 800 workload factors.

Projecting forward to 2009, the model identifies a basis for prospective increases in full-time permanent domestic hiring authority totaling more than 1,500. Significant shares of this are attributable to domestic passport and Diplomatic Security workload (discussed later), as distinct from core diplomatic activities.[27] The remaining DSM projection is qualified as assuming no workload restructuring resulting in efficiency or productivity gains, specifically citing the need "to set priorities on missions, seek operational efficiencies, and outsource functions to non-FTP categories, all of which would affect future staffing requirements …"[28] Outside groups have made similar recommendations, for example, calling on the Department to "rationalize [its] organizational structure by reducing to three or four decision layers and consolidating bureaus and offices to reduce the number of officials reporting directly to the Secretary."[29]

These recommendations are not new, but recur at this time against a backdrop of continuing domestic staffing growth at State, as illustrated in the following chart:

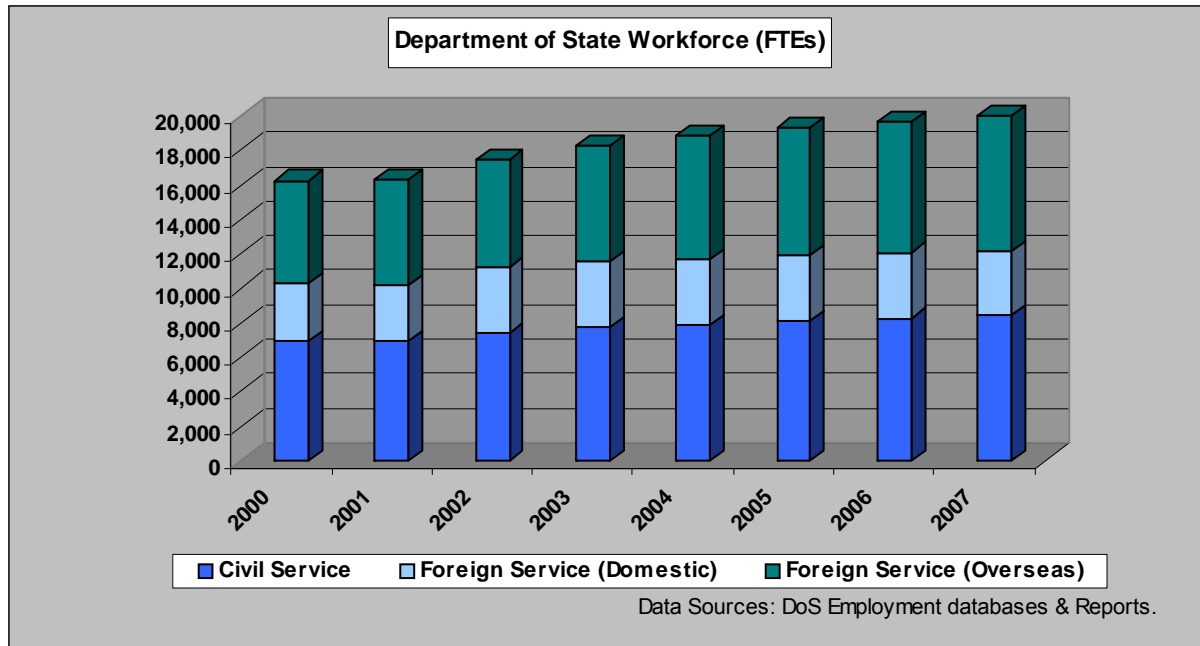[26] House of Representatives, Conference Report 103-482, p. 167.
[27] Department of State, *Domestic Staffing Model, Phase 3 Report*, March 2007, p. 7-3.
[28] *Ibid.*, p. xi.
[29] Advisory Committee on Transformational Diplomacy, *op. cit.*, p. ii.

Department of State Workforce (FTEs)

Data Sources: DoS Employment databases & Reports.

Reflecting this trend and anticipated economies, the Department has not proposed any significant net domestic staffing increases for core mission or administrative support for the last three budget years and none have been funded. Mid-senior-level officials have, in multiple separate discussions, explicitly confirmed this as representative of a deliberate effort to close domestic staffing gaps by "aggressively reforming existing structures, procedures, and systems – reducing organizational layers, expanding shared services, promoting strategic procurement, and eliminating or competitively sourcing lower priority, non-core functions."[30]

Previous external reviews have endorsed efforts to consolidate administrative services as a component of this approach.[31] This is seen, in part, as an acknowledgement of the success of the Powell-era acceleration in infrastructure spending (referred to earlier), as is the resulting ability to capitalize on this success to achieve efficiencies and economies of scale. Accordingly, the State Department should increase ongoing efforts to streamline the Department's domestic establishment, particularly looking ahead to the upcoming transition in administration in 2009, when such changes are optimally achievable.

Physical Security Context

Key issues include:

- The extent to which U.S. government mission effectiveness can be impeded by general application of current physical security standards to overseas staffing configurations.

- The extent to which employees and policy-makers are prepared to assume any increased risks associated with alternative configurations.

- The extent to which cost-effective variations – as reflected in the recommendations of the Accountability Review Boards convened after the 1998 terrorist attacks on U.S.

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[30] Department of State, *Congressional Budget Justification, Fiscal Year 2009*, p. 4.
[31] Center for Strategic and International Studies, *op. cit., p. 58.*

Embassies in Nairobi and Dar es Salaam – of the current New Embassy Compound model have been adequately considered in overseas staffing configurations.

The 1979 seizures of U.S. Embassies in Tehran and Islamabad, and the 1983-84 bombings of U.S. Embassy facilities in Beirut, characterized two decades of escalating violence directed at U.S. diplomatic and consular facilities. The outlines of the Department's current security posture grew out of these events, and in part from the so-called "Inman Panel" recommendations which followed.[32] They were reinforced as an immediate reaction to the 1998 terrorist truck bombings of U.S. Embassies in Nairobi, Kenya and Dar es Salaam, Tanzania. Pursuant to the recommendations of the two Accountability Review Boards convened following these attacks and chaired by Admiral William J. Crowe, the "Secure Embassy Construction and Counterterrorism Act of 1999" authorized needed appropriations for capital construction for the 2000-2004 timeframe.[33] This provided a renewed basis for long-overdue replacement of multiple USG facilities abroad, a number of which were substandard in both operational and security terms.

However, the 1999 Act further encoded into law the following two stipulations:

1. In selecting a site for any new United States diplomatic facility abroad, the Secretary shall ensure that all United States Government personnel at the post (except those under the command of an area military commander) will be located on the site; and,

2. Each newly acquired United States diplomatic facility shall be sited not less than 100 feet from the perimeter of the property on which the facility is to be situated.

An effect of this was to put physical security on at least an equal footing with the worldwide diplomatic agenda. In practice, this has meant that from 2001 onwards, new overseas construction projects have been required to conform to worldwide statutory specifications producing centralization of U.S. government personnel into sometimes-distant suburban facilities.

There is little evidence to suggest that the Crowe Boards seriously evaluated the potentially detrimental effects to U.S. policy pursuit that might derive from such configurations, simply because it was not within the scope of either of their mandates to do so. Secretary Albright specifically recognized this on receipt of the Crowe report:[34]

> Admiral Crowe's mandate was to investigate the embassy bombings and to recommend ways to improve security. As Secretary of State, I have a broader mandate to ensure the effective promotion of U.S. interests and values around the world … We will continually have to make difficult and inherently subjective decisions about how best to use the resources we have and about how to reconcile security imperatives with our need to do business overseas.

Expanding on this, Secretary Rice more recently (January, 2006) affirmed a view that "transformational diplomacy requires us to move our diplomatic presence out of foreign capitals and to spread it more widely across countries [to] work on the front lines of domestic reform as well as in the back rooms of foreign ministries…"[35]

The Academy endorses both the Department's ongoing efforts to replace substandard facilities and the (previously-referenced) "transition from risk avoidance to risk

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[32] Department of State, *Report of the Secretary of State's Advisory Panel on Overseas Security,* June 1985.
[33] Enacted by reference as §1000(a) (7) of P.L.106–113, Consolidated Appropriations Act for FY 2000.
[34] U.S. Department of State, "Remarks on Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar es Salaam," January 8, 1999.
[35] Condoleezza Rice, "Transformational Diplomacy," January 18, 2006, Georgetown University.

management," enabling greater decentralization of the USG presence abroad. A summary of Diplomatic Security activities and staffing/funding trends is attached as Appendix B.

Contingency Funding

A number of standing authorities provide the Department of State, and/or Chiefs of Mission abroad, significant latitude to meet fast-emerging policy contingencies. In practice, however, use of these authorities has been highly constrained by regulation, precedent, and funding limitations. The Academy recommends relaxation of some of these constraints and appropriation of additional in two specific areas.

Diplomatic Contingencies

Specific permanent statutes provide the Department with broad latitude to meet unforeseen contingencies, specifically to:[36]

> ...make expenditures, from such amounts as may be specifically appropriated therefore, for unforeseen emergencies arising in the diplomatic and consular service...only for such activities as—
> > (A) Serve to further the realization of foreign policy objectives [and];
> > (B) Are a matter of urgency to implement...

And to:

> ...provide for participation by the United States in international activities which arise from time to time in the conduct of foreign affairs for which provision has not been made by the terms of any treaty, convention, or special Act of Congress...

Historically, the Department has been comfortable with only very limited use of these authorities and has requested funding accordingly. The following table sets out a history of recent appropriations specifically for these purposes:[37]

Contingency Fund Use ($ in millions)																	
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
$10.3	$24.4	$12.5	$13.6	$13.8	$13	$9	$13	$18	$17	$5	$46	$7	$43	$35	$4	$44	$5

The Department currently labels activities conducted pursuant to these authorities "Emergencies in the Diplomatic and Consular Service (EDCS)," specifically:[38]

- *Evacuations*: Urgent medical and travel expenses related to natural disasters or terrorist incidents; emergency evacuations of U.S. government personnel and their families overseas, and, in certain cases, private U.S. citizens and third country nationals.

- *Activities Relating to the Conduct of Foreign Affairs*: Representational activities, generally in connection with the U.S. hosting of conferences, such as the U.N. General Assembly, visits by foreign dignitaries, and official overseas travel by high-level members of the U.S. government, including Members of Congress.

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[36] State Department Basic Authorities Act of 1956 (P.L. 84-885), as amended, §4-5.
[37] Data Source: OMB Public database.
[38] Department of State, *Congressional Budget Justification, FY 2009*, Washington, D.C., p. 581-2.

- ***Terrorism, Narcotics, and War Crimes Rewards:*** Rewards supporting Department of Justice publicity campaigns have focused on High-Value Targets in Iraq and elsewhere, as well as prominent Al-Qaeda terrorists. The recent success of these media campaigns has led to reward programs covering narcotics-related matters and war criminals in the Former Yugoslavia and Rwanda.

With an eye toward emerging foreign policy challenges, the Academy recommends the expansion of these activities to include more "in advance" policy pursuits, geared more toward development of anticipatory local partnerships and oriented more to crisis prevention, rather than crisis response. For example:

- Organization and conduct of pre-conflict reconciliation conferences in specific situations, or what could be called a localized "Dayton-in-advance" approach;

- Embassy-managed execution of small (maximum $100,000) NGO grants for civil-society and/or micro-development purposes. (The operational success of the Department's limited experience with its Ambassador's Fund for Cultural Preservation is instructive here);

- Support for multilateral or bilateral deployment of rapid-deployment mediation rapid response teams into pre-crisis situations; and, [39]

- Deployment of civilian police advising teams into localized environments of developing, over-the-horizon civil or ethnic strife.

For this field-oriented expansion, we recommend a $25 million increase in funds appropriated to the Department's EDCS account annually for the next five years, with not more than $5 million to be available for representational purposes. We also recommend that the name of the account be changed to the "Emergencies and Contingencies in Diplomatic and Consular Service."

Humanitarian Response

USAID's Disaster Assistance work has been widely praised in recent years. However, the International Disaster Assistance account is underfunded for the often-overlapping purposes of immediate crisis response and sustained relief operations. The Academy recommends partial separation of funding for these two kinds of activities and the establishment of a new USAID Emergency Humanitarian Crisis Response account (to mirror the Emergency Refugee and Migration Account in structure and operational mechanics), with an initial capitalization of $100 million, and $50 million annual replenishment thereafter.

Further, the Academy notes that the immediate effect of ambassadorial authority to declare humanitarian disasters has remained limited by directive/regulation to $25,000 for so long as to have rendered such authority meaningless.[40] The Academy recommends an amendment of this limitation to lift this cap to $250,000.

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[39] The United Nations announced establishment of a mechanism for such deployments on March 5, 2008, ref.: *http://www.un.org/News/Press/docs//2008/pa1.doc.htm.*
[40] U.S. Agency for International Development, ADS E251.5.3

Recommendation

For Core Diplomacy, the Academy recommends staffing increases totaling 1,099 and corresponding budget growth of $510.5 million by FY 2014. In addition to provide an adequate contingency fund the Academy recommends appropriating $125 million in FY 2010 ($25 million in EDCS; $100 million in Emergency Crisis Response funding), and annual appropriations of $75 million ($25 million in EDCS; $50 million in ECR funding) thereafter.

TRAINING

Summary

Increase permanent American staffing by 1,287 by 2014 to support institutionalized workforce training and professional development. The goal is to continuously update the specialized competencies, including Public Diplomacy, of State to meet new policy demands. This staffing increase will cost $309.8 million annually by 2014.

Training – Staffing and Cost Increases, 2010-2014 ($ in millions)							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**Staff Increase**
New Hires in Year (USDH)	45	540	434	268	-	-	1,287
Cost Increase Over Base							
Staff Costs	**$4.7**	**$68.5**	**$170.3**	**$258**	**$299.3**	**$309.8**	

Foreign Service Training

In terms of strategic personnel management, the Department has, since the post-World War II period, faced two related fundamental issues: Whether and to what degree to reinforce specialized diplomatic competencies, and what role(s) various agencies should play in USG activities abroad. On the one hand, the performance of specialized responsibilities by agencies other than State has produced an accelerating fragmentation of the federal foreign affairs community, complicating coordination. On the other hand, as indicated previously, it is clear that staffing constraints – in terms of both numbers and skills – have prevented the State Department from effectively managing new-generation policy issues. In any event, prior to World War II, the number of non-State, USG employees involved in international affairs work was marginal. By 1975, non-State staffing abroad had grown to nearly 3,500, or almost one-half of the US government total.[41] Today, the corresponding figure is approaching 10,000 - approximately two-thirds of total federal U.S. direct-hire staffing at diplomatic and consular posts.[42]

It can be counter-argued that some of these developments have been self-generated at State. For example, as far back as the late 1940s, the Department was (in the words of one of its sympathetic biographers) resistant to integration of foreign assistance into U.S. foreign policy pursuits.[43] Yet, post-war reconstruction and stabilization in Western Europe were Truman Administration priorities. The result was establishment of a succession of separate "temporary" assistance agencies.[44] From this perspective, contemporary post-conflict Reconstruction and Stabilization activities can be seen as requiring not just staffing and money, but also a sustained institutional commitment.

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[41] James W. Clark, "Foreign Affairs Personnel Management," Appendix P to the *Report of the Commission for the Organization of Government for the Conduct of Foreign Policy* (Murphy Commission), Washington DC, GPO, 1976, p. 222, cited by William I. Bacchus, Staffing for Foreign Affairs, Princeton University Press, 1983, pp. 78-79.

[42] Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2009, Analytical Perspectives,* p. 364.

[43] Andrew L. Steigman, The Foreign Service of the United States: First Line of Defense, Westview Press, 1985, p. 24.

[44] Economic Cooperation Administration (1947), Foreign Operations Administration (1955), USAID (1961).

However, even assuming such commitment, the Department appears to lack the specialized expertise needed to fully execute the Forward Engagement responsibilities outlined previously, as well as sufficient numbers of on-board staff needed to retrain its existing workforce to take on new tasks while sustaining core diplomatic work. These constraints are systemic, as documented by repeated analyses. As early as two decades ago, a GAO report found training shortfalls attributable to "logistical, fiscal, and other concerns."[45] In 2006, GAO found staffing gaps closing, with "targets for hiring, filling vacancies overseas being met," but gaps still remaining in critical language competency, with 27% of State's 3,267 overseas language-designated jobs encumbered by language-deficient staff, and shortfalls exceeding 50% in some critical Arabic-speaking countries.[46]

State's FY 2009 budget request sets out requirements for: (1) 300 additional staff-years for purposes of training in "critical needs languages such as Arabic, Chinese, Hindi, and Urdu," competition for which, in the context of U.S. supply/demand dynamics, makes recruitment of mid-level specialists difficult, and (2) 75 additional staff years for increased "professional development opportunities with DOD." The Department has modeled requirements for a further 34 Foreign Service language training staff-years (for a total deficit of 334), as well as an additional 290 F.S. staff-years for professional and functional training requirements (130 for professional education, with a total deficit in this category of 205, including the 75 requested for FY 2009, and 160 for other functional training), as summarized in the following table:[47]

State Foreign Service Training Requirements[*]			
	Required	Actual	Deficit
Language training	527	193	334
Professional education	279	74	205
Other training	199	39	160
Total	**1005**	**306**	**699**

[*] Totals in Staff-Years

These identified requirements need to be placed in a broader context. Many observers find that today's Foreign Service does not have to a sufficient degree the knowledge, skills, abilities, and outlooks needed to equip career diplomats to conduct 21st century diplomacy. Those skills include: foreign language fluency, advanced area knowledge, leadership and management ability, negotiating and pre-crisis conflict mediation/resolution skills, public diplomacy, foreign assistance, post-conflict/stabilization, job specific functional expertise, strategic planning, program development, implementation and evaluation, and budgeting. These shortfalls are largely a result of inadequate past opportunities for training, especially career-long professional education. But they also reflect the tendency of some officers to undervalue and thus avoid training.

State's Foreign Service Institute (FSI) has performed well in the past and has responded recently to emerging needs by developing and implementing new curricula in a number of areas of tradecraft and skills training, particularly management, budgeting and leadership courses. But FSI/s staffing and budget must be substantially increased to meet the needs this report identifies.

To accomplish this needed upgrading requires considerable development work. One possibility would be to charge FSI and the Department with designing necessary

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[45] General Accounting Office, *Professional Development of Foreign Service Employees*, NSIAD-89-149, p. 3.
[46] GAO, *op. cit.*
[47] CSIS, *op. cit.,* p. 10.

coursework in each of the chosen topics, and then to make the determination about how they should be assembled into workable packages that serve both broad system needs as well as specific needs of members of the service. Developmental detail assignments and retraining to update existing skills to meet new policy demands must also be included. But however it is done the Academy recommends an additional year of formal training for each FSO between the time of tenuring and entry into the Senior Foreign Service. All of these elements need to be incorporated into a comprehensive career development program for each officer.

Other Training, Transit and Temporary Staffing Needs

Beyond this, the Department has modeled "typical" requirements for 254 Civil Service staff-years solely for training related to "Mission-Critical and High-Yield Occupations," for which its pending budget does not specifically make a request.[48] These include:

- Security Administration: GS-0080
- Foreign Affairs: GS-0130
- Human Resources Management: GS-0201
- Management and Program Analyst: GS-0343
- Accounting: GS-0510
- Passport & Visa Examination: GS-0967
- Public Affairs: GS-1035
- IT Management: GS-2210

The modeling underlying identified Civil Service training requirements can be summarized as follows:[49]

State Civil Service Training Gap – Mission-Critical and High-Yield Occupations					
Occupational Series	**Total FTP Workforce**	**Actual Training Hours**	**Required Training Hours**	**Training Gap Hours**	**Training Gap**
Mission-Critical Occupations	3,405	145,210	539,543	394,333	212
High-Yield Occupations	1,172	35,414	114,491	79,076	42
Total	**4,577**	**180,625**	**654,034**	**473,409**	**254**

The methodology underpinning calculation of the Civil Service requirements identified above appears to be sound.

The Department has further set out requisites of 199 Foreign Service staff-years for transit between assignments and 135 staff-years for temporary needs. The principle underlying the second of these requirements is clear: to offset the effects of near-constant total numbers of personnel on rotating temporary assignment to crisis hot spots since the mid-1990s; in other words, to provide sufficient personnel to deliberately and temporarily overstaff particular organizations to cover the gaps left by people being sent on lengthy temporary duty in hot spots. The principle behind the first requirement is equally clear: to provide sufficient staffing to double-encumber overseas positions in order to reduce staffing gaps between departing and arriving personnel.

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[48] For these purposes, the Department defines "typical" training as that related to normal career progression.
[49] Department of State, *Domestic Staffing Model, Training Study, Phase Three.* Washington, D.C.: Bureau of Human Resources, 2006.

Recommendation

Additional staff-years for training, transit and temporary needs totaling 1,287, budgeted by fiscal year as follows:

Training, Transit, Temporary Needs – Staffing and Cost Increases, 2010-2014 ($ in millions)							
	2009	2010	2011	2012	2013	2014	Total
Language Training	20	280	34	-	-	-	334
Professional Education	10	65	75	55	-	-	205
Other Training	-	10	100	50	-	-	160
Civil Service Training	10	65	100	79	-	-	254
In transit	5	70	75	49	-	-	199
Temporary needs	-	50	50	35	-	-	135
Total	45	540	434	268	-	-	**1,287**
Cost	**$4.7**	**$68.5**	**$170.3**	**$258**	**$299.3**	**$309.8**	

The above confirms and costs out conclusions on this subject of the CSIS *Embassy of the Future* report, which based its analysis on much of the same source data, but: 1) did not include a Civil Service training requirement; and, 2) identified interagency details in a training context, rather than as a mainstream element of core diplomacy as discussed previously. [50] The upshot of both sets of recommendations would result in comparable Foreign Service staffing corresponding to 15% of the total State Foreign Service workforce.

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[50] CSIS, *op. cit., p. 10.*

STAFFING FOR PUBLIC DIPLOMACY

Summary

The Academy recommends the following staffing and program funding increases for Public Diplomacy in the State Department: Increase permanent American staffing by 487 and Locally Employed Staff (LES) by 369 between 2010 and 2014. Increase current academic exchanges by 100%, International Visitor grants by 50% and youth exchanges by 25% in this timeframe. Expand capacity of PD English and foreign language advocacy websites aimed at experts, young professionals and youth and hire 57 additional specialists in website design, program content and technical operations. Establish 40 American Cultural Centers (or a mixture of ACCs and smaller Information Resource Centers) in order to broaden U.S. daily cultural presence worldwide. Re-engage the Binational Center (BNC) network in Latin America whose membership is desirous of closer cultural and political ties with the U.S.   Expand other programs and activities, particularly overseas staff and operations, to increase the effectiveness of Public Diplomacy as described below. These staff increases will cost $155.2 million annually by 2014 and the program activities, $455.2 million. Increases for Public Diplomacy total $610.4 million.

Public Diplomacy– Staffing and Cost Increases, 2010-2014 ($ in millions)							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**Total Staff Increase**
New Hires in Year (USDH)	20	206	112	57	57	35	**487**
Cost Increase Over Base							
Staff Costs	$3.1	$34.9	$82.5	$112.6	$136	$155.2	
Program Costs	-	$101.7	$192	$274.8	$362.5	$455.2	
Total Cost	**$3.1**	**$136.6**	**$274.5**	**$387.4**	**$498.5**	**$610.4**	

Background

Almost two decades ago some observers believed that a strong public diplomacy effort was no longer needed after the fall of Communism in Europe. But in recent years, foreign public opinion has expressed extensive dissatisfaction with many U.S. global policies. At the same time, the Public Diplomacy (PD) function in the Department of State is understaffed and under-funded in comparison with historic levels. PD's FY 2008 budget is $859 million. Today's staff of 1,332 Americans is 24% less than the comparable 1986 level of 1,742. To have a reasonable chance of accomplishing its goals, PD needs to fill shortfalls, add positions, obtain greater funding and significantly expand training as described on page 16 ("Training - The Department of State"). Despite negative attitudes about U.S. policy in recent years, the fact remains that more than any other nation, the U.S. is looked to for ideas, innovation and opportunity. In most of the world, the U.S. is viewed as a society that recognizes individual initiative and rewards talent.   Foreign student enrollment in U.S. universities is rising and the number of foreign-born technology specialists interested in working for U.S. companies far exceeds available visas.

While there are many useful definitions of public diplomacy, we prefer the following definition of the State Department's Public Diplomacy's mission: " To understand, inform, engage and influence global audiences, reaching beyond foreign governments to promote

greater appreciation and understanding of U.S. society, culture, institutions, values and policies." The responsibility of PD practitioners in the Department of State is to devise comprehensive strategies, develop content and select the best communication vehicles for reaching diverse world audiences (See Appendix C for detail on Public Diplomacy activities at the Defense Department).

The typical workday, by definition, for PD officers abroad involves direct communications and interaction with host country citizens through personal contact and/or professional or academic exchanges or indirect communication through media placement and cultural and informational programming.

Today, Public Diplomacy personnel face a major challenge in attempting to engage foreign audiences on discussions about U.S.-host country relations and U.S. policies in general. PD officers continue to use traditional program tools such as media placement, professional and academic exchanges and cultural programming with readily identifiable individuals. But to succeed in 2008 and beyond, PD personnel must find ways to reach out to broader audiences now including the "Internet Generation." These 20, 30 and 40 year-olds, through their workplaces, their personal connections and their votes, are playing an increasingly influential role in the policy debates in their nations. To attract and hold this group's attention will require credible, informative and, in many instances, entertaining Internet media.

The three major components of Public Diplomacy within the Department are: field operations supervised by their regional bureaus; the Bureau of International Information Programs (IIP) that prepares products, programs and services for the field; and the Bureau of Educational and Cultural Affairs (ECA) that organizes professional and academic exchanges and cultural programs.

ECA is the only PD component to have received notable funding increases since the consolidation of the U.S. Information Agency (USIA) with the Department of State in 1999. A combination of executive branch initiatives and bipartisan congressional support has resulted in steadily rising budget levels. In fact, for FY 2008, Congress approved funding that exceeded the President's request.

Field operations - the heart of Public Diplomacy programming - have suffered in recent years from staff shortages and inadequate funding. The Bureau of International Information Programs responds to post requests for products and services and provides the field with PD policy guidance and other program assistance. Increasingly, it has broken new ground in developing Internet programming related to major policy objectives.

Snapshot of PD Resources ($ in millions)							
	1990	1994	1998	2000	2002	2004	2008
Staff (USDH and LES)[*]	4,108	3,933	2,900	2,843	2,930	3,002	3,034
Main Accounts							
PD Ops	$216	$244	$224	$234	$280	$300	$358
Education Exchange	$154	$367	$198	$204	$247	$317	$501
Total	**$370**	**$611**	**$422**	**$438**	**$527**	**$617**	**$859**

[*] Pre-2000 data adjusted for comparability with data after the State-USIA merger.

PD's peak year in the 1990s was 1994 – when the major accounts of USIA (with the exception of Broadcasting which received $605 million) had a total budget of $611 million (See Appendix D for more on Broadcasting). While the State Department has obtained annual budget increases for PD since the USIA-State consolidation in 1999, the fact remains that PD, like Core Diplomacy, has insufficient staffing and program funding to accomplish its mission.

In FY 2008, PD's overall workforce totals 3,034 full-time positions and includes 1,332 U.S. direct-hires and 1,702 Locally Employed Staff (LES). Of this total, 2,360 are assigned to the regional bureaus, 96% of whom serve abroad. IIP supports overseas operations with 263 staff and the ECA has a staff of 362. An additional 49 PD personnel are in the offices of the Under Secretary for PD and in functional bureaus throughout the State Department.

To enable PD to achieve its worldwide objectives the Academy proposes several specific, high priority funding and staffing increases. Other enhancements may also be in order. The Academy recommends:

1. Meeting Employment Shortfalls and Workload Increases

  a. *Current Staff Shortfalls:*   According to an analysis by the Office of the Undersecretary for Public Diplomacy and Public Affairs, in early 2008 the difference between PD Foreign Service requirements worldwide and available staff personnel was 13% or 90 staff years. That shortfall should be met. In addition, program changes in 2007 and 2008 primarily financed by the 2007-2008 supplement appropriation have increased the workload for ECA (12 domestic and 3 overseas positions) and the field, (14 FS and 56 LES positions). The staff will be added as follows: Africa 4 USDH; East Asia, 5 USDH and 9 LES; Near East 21 LES; South and Central Asia, 4 USDH and 19 LES; Europe, 1 USDH and 7 LES. (Funding by 2014: $41.5 million. Staff: 119 USDH and 56 LES.)

  b. *Projected Workload Requirements:*   The major increase proposed below in educational programs will impose a significant workload on PD staffers abroad. The work includes: assisting Fulbright commissions and for other academic, International Visitors, youth and other exchanges programs; screening, selecting and processing applicants. The workload varies from post to post and will be determined by the final distribution of exchange program activities. In addition, staffing in a number of important countries (e.g. Iraq; Afghanistan; Pakistan; China; Sudan; South Africa and Nigeria among others) needs to be augmented to address important audiences and issues in these times of expanding communication opportunities and adversarial activities. (Funding: $58.7 million; Staff: 115 USDH and 144 LES.)

  c. *Program Funding Increases to Support FS Workload Requirements*: The significant increase in educational exchanges requires program funding increases for posts abroad as well as enhancements to staff. Many of the 189 Public Affairs Section (PAS) offices will require funds for travel, printing and other expenses of $10,000 to $20,000 each on an annual basis beginning in 2010. This annual requirement, beginning at $2.7 million in FY 2010 and adjusted for annual increases and inflation, will increase to $15 million in 2014. In addition, requests for added programming funds, totaling $6.9 million, to meet existing requirements at many posts, especially the posts receiving staff increases as noted above, should be funded. The Academy recommends an increase of $5 million in 2010 to begin to

meet these requirements. Adjustments for inflation are also included. (Funding by 2014: $20.6 million; no additional staff are required above those identified above).

Meeting Current Shortfalls and Workload Increases ($ in thousands)						
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
Direct Hire						
U.S.	14	123	190	212	234	234
LES	-	122	148	174	200	200
Total Staff	14	245	338	386	434	434
Costs						
U.S.	$2,741	$23,571	$53,811	$71,783	$84,108	$91,796
LES	-	$2,196	$4,995	$6,279	$7,480	$8,400
Staff Cost	$2,741	$25,707	$58,806	$78,062	$91,588	$100,196
Program Cost	-	$7,665	$10,640	$13,786	$17,111	$20,623
Total Cost	**$2,741**	**$33,372**	**$69,446**	**$91,848**	**$108,699**	**$120,819**

2. Expanding Academic and Professional Exchanges

Academic Programs

Academic exchanges involving Americans and foreigners over the past six decades have been a major element in creating greater mutual understanding and respect among the participants and the people they met. In monetary terms, U.S. governmental and private sector-financed exchanges have been an enormous bargain when one considers the positive results in terms of good will, cooperation and, in some instances, institutional ties that have developed. The Fulbright program in its 60-year history has become the world's most renowned and successful international exchange program. The concept of having participating nations contribute toward the program costs allows the foreign partners to view themselves as stakeholders with a vested interest in the program's success.

In 2007 there were nearly 7,000 participants in programs under the Fulbright umbrella, ranging from short-term summer participants to students and professors whose scholarships or fellowships lasted a year or longer. The Hubert Humphrey Fellowships, English Language programs and Advising Student Services are also included in this category. The Academy recommends a 100% increase (twenty percent per year for five years) in these programs and to a number of similar excellent private sector institutional exchanges that are funded with private or other government funds. In addition, given the increasingly important and complex engagement of the U.S. with China and India, we endorse a proposal previously made in the CSIS "Smart Power" report for a multi-year initiative aimed at developing a new generation of American academic experts on China and India and Chinese and Indian academic experts on the United States.[51]

The dollar increase level has been determined by increasing the FY 2008 Academic Exchange Program base of $280 million by 20% per year (plus inflation) over the five-

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[51] CSIS Commission on Smart Power, *A Smarter, More Secure America.* Washington, D.C.: CSIS, November 2007.

year period beginning 2010. ECA requires a staff increase of 23 USDH per year or a total of 115 domestic USDH by 2014. The 2014 additional personnel cost will be $15.68 million. By 2014, the grant program total increase would be $315.14 million. Total staff and personnel costs will total $330.82 million in 2014. We expect the current pattern of foreign contributions to the Fulbright program to continue and offset about 10% of the U.S. government's grant program cost.

A number of other worthy exchange and scholarship programs that support study abroad by U.S. university students are important complements to those examined in this study, but some lie beyond the scope of our recommendations because they are outside the Secretary of State's direct authority.   Both the Department of Education and the National Science Foundation, for example, host significant exchange programs as elements of the U.S. higher education budget and a number of government-funded foundations host university scholarship programs.[52] The Academy sees such programs - and others proposed, such as the Paul Simon Study Abroad Foundation - as needed parts of a broader public diplomacy framework and as consistent with its previous recommendations on this subject.[53] The Paul Simon Study Abroad Foundation is likely to be funded substantially within the 150 account and be substantially controlled by the Secretary of State, and as such the funding for the program would logically come within the 100% increase recommended here.

Academic Programs ($ in thousands)					
	2010	**2011**	**2012**	**2013**	**2014**
Direct Hire					
U.S.	23	46	69	92	115
Costs					
Staff Costs	$1,530	$4,732	$8,225	$ 11,829	$15,680
Program Costs	$56,000	$115,360	$178,230	$244,768	$315,140
Total Cost	**$57,530**	**$120,092**	**$186,455**	**$256,597**	**$330,820**

International Visitor (IV) and Other Exchange Programs

The International Visitor Program has proven to be the most successful U.S. government initiative in bringing future government and private sector leaders to the United States. Typical International Visitor Grantees usually are in their 30s or 40s, have not studied or worked in the United States and are widely recognized as individuals who will make an important contribution to their societies. The program has been widely praised by our embassies, Congress and the thousands of American volunteers from cities large and small who have proudly welcomed foreign visitors to their communities and homes. In FY 2008 the International Visitor office projected 4,365 IV participants. The program has the capacity to increase its volume with only small foreign and domestic staff increases.

The Academy recommends an IV program increase totaling 50%, or ten percent per year (plus inflation) for five years. At the current rate of $22,000 per grantee in FY 2010 the program increase for 436 grants in FY 2010 will be $9.6 million rising to $54 million by 2014. The Academy also recommends a 25% increase in youth and other exchanges with program costs reaching $20.5 million by 2014. A total of 30 new positions will be added

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[52] e.g., the Barry Goldwater, Harry Truman and Morris K. Udall scholarship programs.
[53] AAD, *American Diplomacy for a Changing World,* November 2004.

for all of these programs at a cost of $4.2 million in 2014. The total staff and program costs in 2014 will be $78.8 million.

International Visitor and Other Exchange Programs ($ in thousands)					
	2010	2011	2012	2013	2014
Direct Hire					
U.S.	8	18	22	26	30
Costs					
Staff Costs	$532	$1,783	$2,840	$3,526	$4,243
IVP Costs	$9,592	$19,760	$30,528	$41,924	$53,980
Other Exch. Costs	$7,300	$18,798	$19,362	$19,943	$20,541
Total Cost	**$17,424**	**$ 40,341**	**$52,730**	**$65,393**	**$78,764**

3. Incorporating Internet and Other Modern Technology in PD Program Output

a. *Staff Increases to Make Technological Changes Permanent*: The technological changes described below were initiated in 2007 and 2008 using funds from a supplemental appropriation. Ten contractors were hired to get these important changes underway. Now, staff should be added to make these operations permanent. In addition, many of the technical functions in the Office of International Information Programs (IIP) are performed by contractors, including the initiation of the America.gov website and other new web-based programs. In order to regularize these programs some 47 contractor slots (out of a total of 123) should be converted to domestic USDH status. (Funding: $8.6 million by 2014; Staff: 57 Domestic USDH.)

Staff Increases for Bureau of International Information Programs ($ in thousands)						
	2009	2010	2011	2012	2013	2014
Direct Hire						
U.S.	6	57	57	57	57	57
Staff Costs						
10 USDH (New)	$386	$1,064	$1,370	$1,420	$1,470	$1,515
47 USDH (Contract Converts)	-	$3,125	$6,439	$6,674	$6,909	$7,120
Total	**$386**	**$4,189**	**$7,809**	**$8,094**	**$8,379**	**$8,635**
Contractor Savings	-	($3,642)	($7,567)	($7,802)	($8,084)	($8,460)
Net Cost	$386	$547	$242	$292	$295	$175

The costs above represent the salary, benefits and related support costs of the increased Domestic USDH staff of 57. By 2014, the salary account would be increased by $8.64 million. That amount could be offset by savings of $ 8.46 million from the reduction of 47 of 123 contractors charged to IIP's program account. It is likely however that the savings would be reallocated to additional technological changes rather than cut.

b. *Expand America.gov Foreign Language Programming:* As part of an evolutionary process in providing information about the United States that began with the Wireless File, the Bureau of International Information Programs (IPP) launched a new website named America.gov in 2008. The website is produced in six languages besides English: Arabic, Chinese, French, Persian, Russian and Spanish. The website has sought to develop the design and interactive features that will attract younger, Web-savvy users, as well as cover substantive topics that interest traditional opinion

leaders.   These topics include foreign policy, the U.S. economy, American life, democracy, science and health among others.

The Academy recommendations come in two parts. The first deals with existing services. Three major language services - Arabic, Chinese and Persian - have operated under funds first appropriated in an emergency FY 2007-2008 supplemental appropriation. Additional funds have been sought for FY 2009, but these services can only become fully established and achieve maximum impact if they receive base level funding in FY 2010 and beyond. The requests are as follows:

Arabic Service:
The Department seeks to provide Arabic speakers with the policy documents necessary to understand U.S. government positions. The material is offered on web sites, listservs, webcasting and text messaging. An expanded Arabic communication capability will enable the Department to increase targeted support to Embassy Baghdad and to reach an expanding youth audience. (Funding: $571 thousand in FY 2014; Staff: See point a. above).

Chinese Service:
The proposed expansion would enable this critical service to offer a greater array of policy statements, speech texts, transcripts and other materials in formats that Chinese audiences are most comfortable with, e.g. websites, listservs, webcasting and text messaging. (Funding: $746 thousand in FY 2014; Staff: See point a. above).

Persian Service:
Without a permanent physical U.S. government presence in Iran, this website serves as a virtual U.S. presence in providing information on U.S. policy and American society to the Iranian people. Much of this funding goes to establishing an adequate contractual staff component. (Funding: $1.1 million in FY 2014; Staff: See point a. above).

The six current America.gov foreign language websites represent an auspicious beginning in reaching important foreign audiences--especially students and young professionals in their languages. We believe the time is right to expand the America.gov foreign language effort to two additional languages: Portuguese and Bahasa Indonesian. A Portuguese capability would be valuable in reaching millions of Portuguese speakers on three continents in Brazil, Portugal and Lusofone Africa. Similarly a Bahasa Indonesian service would be an asset in reaching the world's fourth most populous nation, a country with the world's largest Muslim population and a nation that is strategically important to U.S. interests in Asia. The start-up costs for each service are estimated at $650,000 for contractors and other operational costs. (Funding for two additional websites: $1.5 million in 2014; Funding for Current and Projected language services: $3.9 million in 2014; Staff: See point a. above).

America.gov Current and Projected Language Services ($ in thousands)					
	2010	**2011**	**2012**	**2013**	**2014**
Cost	$3,450	$3,571	$3,696	$3,825	$3,959

c. *Enhancing the Capacity of the Digital Outreach Team:* The Digital Outreach Team (DOT) was established in 2006 in recognition of the need to provide Arabic speakers the opportunity to look at reasoned U.S. policy positions. The DOT seeks to engage

interlocutors in a more informal manner than is normally associated with the U.S. government. The team, themselves Arabic speakers, identify themselves as U.S. government employees. The DOT mission is to explain U.S. foreign policies, including the role of society and institutions in forming these policies and to counter false information about the U.S. (Funding: $688,000 in FY 2014; Staff: see point a. above concerning staff changes.)

Digital Outreach Team ($ in thousands)					
	2010	2011	2012	2013	2014
Cost	$600	$621	$643	$665	$688

d. *Further Development of IIP's High-Tech Hub:* In order to keep pace with a rapidly changing global communication environment, the Department uses mass media technologies that most appeal to the individuals that the Department and U.S. missions most need to reach. To meet the audience's increased expectations a greater investment is necessary in multimedia packages of content that combine video, audio and other graphic materials. It is essential to identify and test the viability of emerging technologies and prototypes and introduce viable new products. (Funding: $2.2 million in FY 2014. Staff: See point a. above).

High Tech Hub ($ in thousands)					
	2010	2011	2012	2013	2014
Cost	$1,900	$1,962	$2,026	$2,091	$2,159

e. *Global Strategic Engagement Center:* The Global Strategic Engagement Center (GSEC) replaces the Counter-Terrorism Communication Center (CTCC) which was created in 2007 at the direction of the Under Secretary for Public Diplomacy and the National Security Council. The mission and staffing level remain the same. The GSEC serves as a rapid response unit to deliver effective messages that undermine ideological support for terror and to counter terrorist propaganda. The GSEC provides a quick, reliable service to Missions worldwide, but especially to the Middle East, Pakistan and Afghanistan. It is currently funded from the FY 2007-2008 emergency supplemental and is included in the Department's FY 2009 funding request. (Funding: $573,000 in 2014; Staff: See point a. above).

Global Strategic Engagement Center ($ in thousands)					
	2010	2011	2012	2013	2014
Cost	$500	$518	$536	$554	$573

f. *Promoting PD Websites*: The Department's websites compete with international websites for the viewer's attention. Because the Internet is increasingly becoming the place to promote products and services, PD is studying proposals for the purchase of Internet advertising on major search engines such as Google or Yahoo which reach millions of people world-wide daily. While the exact cost needs to be determined we recommend that $1 million be provided for an annual promotion budget. (Funding: $1.12 million in 2014; Positions: This activity involves a contractual arrangement and there is no additional staffing requirement).

Promoting PD Websites ($ in thousands)					
	2010	2011	2012	2013	2014
Cost	$1,000	$1,030	$1,060	$$1,090	$1,125

4. Increasing Strategic Speakers Series

For more than five decades the U.S. government has sent expert speakers abroad to share their knowledge with foreign audiences on topics of mutual interest such as American politics, culture and history. The guest speakers often provide mission officers with access to new audiences or opportunities to renew ties with long-time contacts. Based on an increased volume of field requests on high priority topics, we propose an increase of 100 speakers annually to address topics such as terrorism; the rule of law; environmental protection and energy alternatives among others. Each program cost averages about $10,000 (apart from staff costs). Three new domestic positions will be required to handle the additional speakers. (Funding: $1.58 million in FY 2014; Staff: 3 Domestic USDH).

Strategic Speaker Series ($ in thousands)					
	2010	2011	2012	2013	2014
Direct-Hire					
U.S.	3	3	3	3	3
Cost	$1,200	$1,441	$1,487	$1,534	$1,581

5. Enhance Program and Activity Evaluations

In a period of fierce competition for limited U.S. government resources, it is imperative for the Department to provide to OMB and Congress timely, accurate and comprehensive PD program and activity evaluations. These evaluations help justify both current and future funding requests. We recommend that three major studies be scheduled annually during the 2010-14 timeframe. The first studies to be undertaken by independent contractors should be expanded follow-up studies of the Mission Activity Tracker and the Performance Management Data Collection Project, and a study of a major PD activity such as the speakers program or Internet foreign language advocacy programming.

The Mission Activity Tracker (MAT) and the Performance Management Data Collection Project (PMDCP) were successfully launched and earned high marks from OMB. The MAT system provides timely data on Mission public diplomacy activities. PD officers at each Mission prepare it with input from other sections. MAT reporting analyzes the number of activities conducted at the Mission by category (e.g. media placement; representational activity; educational programming) and provides a breakdown of the audiences that attended. It tracks how well each activity matches major embassy objectives and PD themes and explores the tone of media coverage among other objective measures.

The Performance Management Data Collection Project (PMDCP) is a landmark study on the effectiveness of PD programs. The research contractor selected two cohort groups in seven locations throughout the world. One group included individuals who had studied in the United States, participated in Public Diplomacy programs and received PD information products. The other group had not studied in the U.S. and was not on the embassy's contact list. It was demonstrated that the former group thought more favorably about the

United States, had a better understanding of American society and values and were more open to sources of information about the U.S. The study while promising needs to be expanded to include a larger sample. Multi-country research is expensive, but remains the most reliable way to determine international public opinion.

There have been no recent major evaluation reports on significant programs such as the Speakers series or the panoply of IIP foreign language Internet websites. One of these programs should be evaluated in 2010 and the other in FY 2011.

The Academy recommends that $3 million plus inflation be provided annually for a minimum of three PD-related research studies between 2010 and 2014. (Funding: $3.37 million in 2014; Staff: Because these evaluations are done under a contractual arrangement there is no staffing requirement).

Program and Activity Evaluations ($ in thousands)					
	2010	**2011**	**2012**	**2013**	**2014**
Cost	$3,000	$3,090	$3,182	$3,278	$3,376

6. Establishment of American Cultural Centers or Information Resource Centers

The combination of spiraling budget reductions of the 1990s and the stepped-up security precautions in a post 9/11 environment served to eliminate or significantly reduce the operation of American Centers. These centers - along with smaller-scaled Information Resource Centers (IRCs) and the Binational Center network (BNCs) in Latin America (together with the American Corners program) - represent the major American cultural presence in many countries. The consequence has been lost opportunities in engaging host-nation audiences--particularly college-age students and young professionals--in discussions about the United States, its people, institutions and government policies.

Today the choice between operational preference and adequate personal security protection for American officials, Locally Employed Staff and local visitors is not an easy one and circumstances vary from country to country.

The Academy believes the time might be right to revive the American Center concept in those countries where the threat of violence has sufficiently diminished and the program environment warrants. To better describe the breadth of the centers' activities we propose that these new multi-service centers be called American Cultural Centers (ACC). The ACCs would offer a traditional library reading room containing open stack book and magazine collections, computer access, English language instruction, student counseling and multi-use space for lectures, performances and exhibits.

The smaller Information Resource Centers (IRC) approach generally consists of a reading room with computer access and librarian assistance on reference matters. The ACC operation provides more services and is therefore more expensive and involves more professional LES staff support. Depending on local circumstances, interested Missions might opt for either the ACC or IRC model.

We recommend that 40 American Cultural Centers (or a mixture of ACCs and IRCs totaling 40) be established or re-established between 2010 and 2014. Staffing would include an American director (preferably an FSO or a qualified local hire American) and four LES. A security guard contract will be required (we estimate the cost in the range of $100,000 annually), and custodial help arranged. Initial annual program funding of $150,000 per

year would be provided between 2010 and 2014. Students would pay for English language instruction and student counseling. Our embassies should consider seeking appropriate financial support from the host country private sector and resident U.S. companies. (Funding: $47.17 million by 2014 for staff and program costs; Staff: 40 USDH and 160 LES).

Establishment of American Cultural Centers ($ in thousands)					
	2010	**2011**	**2012**	**2013**	**2014**
Centers	8	16	24	32	40
Direct Hire					
U.S.	8	16	24	32	40
LES	32	64	96	128	160
Staff Cost	$2,196	$6,774	$11,722	$16,912	$22,533
Program & Admin Costs	$4,208	$8,888	$13,840	$19,096	$24,640
Total Costs	**$6,404**	**$ 15,662**	**$25,562**	**$36,008**	**$47,173**

7. New Cooperation with the Binational Centers in Latin America

For over five decades Binational Centers (BNCs) were key program partners for U.S. Embassy Public Affairs Sections throughout Latin America and the Caribbean. BNCs are private, non-profit, autonomous organizations usually governed by a board consisting of host country citizens and resident private sector Americans. Most who attend BNC language classes and programs are interested in learning English because it opens up employment opportunities. Historically BNC students and alumni have held favorable views of American society and culture. Due to major budgetary reductions in the 1990s, USIA withdrew personnel and funding support to most BNCs and since that time sporadic attention has been paid to deepening the relationship.

Today there are over 100 BNCs of varying quality. Today over 100,000 students - mostly high school students to middle-age adults - annually take English language lessons. Many seek educational counseling on study opportunities in the United States. BNCs offer great opportunities for embassy programming targeting student and professional audiences. In some instances a BNC serves as a U.S. mission surrogate in cities where the embassy has no physical presence. We propose the establishment of a new position of BNC Coordinator in the Bureau of Western Hemisphere Affairs (WHA) to direct Department relations with the BNCs. The coordinator would be expected to establish program standards, determine which BNCs merit Department financial and program support. An administrative support position should also be created.

During the first year the Coordinator would determine those viable BNCs which merit Department consideration for immediate-to-long-term support. In addition, we recommend that $5 million be provided annually to the Bureau of Western Hemisphere Affairs for grants to promising BNCs for the following: English teaching materials; computers; books; magazines; CDs; DVDs; lectures, cultural programs and other activities. In certain instances, limited funding to renovate BNC workspace could be considered. Where feasible, we recommend that a qualified resident American be appointed as BNC director. The possibility of a Department grant should be used to leverage host country private sector financial support. (Funding: $5.9 million for staff and program support in 2014; Staff: 2 Domestic USDH).

Binational Center Support ($ in thousands)					
	2010	**2011**	**2012**	**2013**	**2014**
Direct Hire					
U.S.	2	2	2	2	2
Staff Cost	$133	$274	$284	$294	$303
Program Cost	$5,000	$ 5,150	$ 5,304	$ 5,463	$5,627
Total Costs	**$5,133**	**$5,424**	**$5,588**	**$5,757**	**$5,930**

8. Expand Media Hubs to Mexico City, New Delhi and Tokyo

The State Department's Regional Media Hub Initiative was launched in September, 2006. The current Hubs - in Brussels, Dubai and London - engage with Middle East and European media to strengthen the U.S. Government's presence and advocacy capabilities in those key regions.

The objective of the Regional Media Hubs is to increase U.S. government voices and faces on foreign television, radio and in other media. The Hubs complement work performed by U.S. embassy and consulate Public Affairs Sections. The goal is for foreign audiences to hear the U.S. Government's message every day, directly from American officials. The Dubai Media Hub primarily utilizes fluent Arabic-speaking U.S. government officials on Arabic television and radio programs. The London Media Hub engages directly with the influential pan-Arab media based in London, while also bringing USG officials to the broad array of international media working in that city. The Brussels Media Hub, using its' own new television and radio studios, amplifies U.S. policy messages by bringing together American officials with European audiences across the region.

The Media Hub staffing model consists of one to two American officers and three experienced Locally Employed Staff. We see potential benefits from extending the Hub concept to other regions. The Academy recommends new Media Hub operations in three of the world's most important countries, each of which is a regional leader and a key nation for U.S. regional and global interests: India, Mexico and Japan. There is a strong international media presence in New Delhi, Mexico City and Tokyo, and each city often plays host to important regional or international conferences on topics important to the United States. We recommend that two officers be assigned to each Hub, a senior FSO specialist in the region and a mid-grade FSO deputy also with regional experience.

Both officers would be expected to do electronic and print interviews in addition to organizing them for senior USG officials. Therefore these FSOs must be qualified at
the professional business level in speaking and reading (a rating of 4-4 in reading and speaking on the Foreign Service Institute evaluation scale) in one or more of the region's languages. The FSN staff should include a senior media specialist; an administrative support specialist and, if a broadcast studio is involved, a studio broadcast technician.

We propose that the first new Hubs become operational in 2010 and the other two in 2011. (Funding: Estimated salary and operational costs will be $ 4.8 million in 2014; Staff: 6 USDH and 9 LES).

Expanding Media Hub Operations ($ in thousands)					
	2010	2011	2012	2013	2014
Direct Hire					
U.S.	2	6	6	6	6
LES	3	9	9	9	9
Staff Costs					
U.S.	$405	$1,666	$2,581	$2,664	$2,747
LES	$54	$222	$351	$ 360	$378
Program Costs	$500	$1,545	$1,590	$1,638	$1,689
Total Costs	**$959**	**$3,433**	**$4,522**	**$4,662**	**$4,814**

Recommendation

The Academy recommends the staff and program increases detailed above, which total 487 U.S. Direct Hire, 369 Locally Employed Staff, $155.2 million for staff costs, and $455.2 million for program costs. Total costs $610.4 million.

Total PD Staffing, 2008-2014								
	2008	2009	2010	2011	2012	2013	2014	Increase
Direct Hire								
U.S.	1,332	1,352	1,558	1,670	1,727	1,784	1,819	487
LES	1,702	1,702	1,859	1,923	1,981	2,039	2,071	369
Total	**3,034**	**3,054**	**3,417**	**3,593**	**3,708**	**3,823**	**3,890**	**856**

Staff and Program Funding Increases ($ in millions)						
	2009	2010	2011	2012	2013	2014
Staff Costs						
U.S.	$3.1	$32.1	$75.5	$102.8	$123.7	$140.4
LES	-	$2.8	$7.0	$9.8	$12.3	$14.8
Subtotal	**$3.1**	**$34.9**	**$82.5**	**$112.6**	**$136**	**$155.2**
Program Costs						
Requiring Staff	-	$97.2	$187.4	$270	$357.6	$450.1
Not Requiring Staff	-	$4.5	$4.6	$4.8	$4.9	$5.1
Subtotal	-	$101.7	$192	$274.8	$362.5	$455.2
Total Cost	**$3.1**	**$136.6**	**$274.5**	**$387.4**	**$498.5**	**$610.4**

STAFFING FOR USAID

Summary

We propose that USAID staffing be increased by 1,050 Foreign Service Officers and 200 civil servants between the present and 2014, as shown in the following table, as well as an increase in the number of Locally Employed Staff (LES). These staffing additions would require annual increases in the USAID Operating Expenses budget that results in a budget $521 million above the current services baseline by FY 2014.

USAID — Staffing and Cost Increases, 2008-2014 ($ in millions)							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Staff Increase**
New Hires in Year (USDH)	60	70	350	350	250	170	-	1250
Cost Increase Over Base								
Staff Costs	-	$38.19	$112.28	$245.11	$370.62	$479.81	$521.11	

Those increases would be partially offset by eliminating 700 temporary and non-direct hire U.S. staff over the same period.

Background

During the past 30 years, USAID has lost much of the capacity that made it an effective force of U.S. foreign and development policy from the 1950s through the 1970s. The size of USAID missions overseas has gradually shrunk to the point where many believe that insufficient management oversight exists over many field activities. Implementation of programs has shifted from Agency employees to contractors and grantees and USAID lacks the technical management capacity to provide effective oversight and management. At present, USAID employs only five engineers worldwide, despite a growing number of activities in that sector, and employs only 29 education officers to oversee current education programs in 84 countries. Between 1995 and 2007 alone, USAID's permanent FSO corps, excluding the Inspector General's office, fell from 1,337 to 1,019, a reduction of almost 24% while, at the same time, the total level of economic assistance programs for which USAID is responsible (excluding cash grants), rose from $4.7 billion to $11.6 billion.

The environment in which USAID operates has changed in a number of ways:

- The flows of assistance and other funds fostering economic growth to developing and transitional countries from U.S. non-governmental organizations (foundations, universities, firms) have increased significantly, giving USAID opportunities to leverage some of those flows to promote U.S. assistance goals, a role the Agency has played somewhat over time, but whose potential has grown. Expanding the capability of USAID field missions to work with the U.S. non-governmental sector can be an important part of an expanded emphasis on economic diplomacy.

- Development assistance now comprises less than half of USAID's program portfolio and management of other kinds of assistance (such as the Economic Support Fund,

Assistance to Eastern Europe and the Baltic nations, The Freedom Support Act, International Disaster Assistance and Transition Assistance) constitutes much of the agency's workload, as does coordination and preparatory work for programs of the Millennium Challenge Corporation (MCC) and the President's Emergency Program for AIDS Relief (PEPFAR).[54]

- In addition, economic assistance has become closely intertwined with other elements of U.S. foreign policy in the age of natural and global health, economic and environmental challenges, governance, regional conflicts and terrorist attacks. USAID needs knowledgeable staff to work closely with the Departments of State and Defense in carrying out U.S. international assistance programs in a collaborative fashion in pursuit of common national security and foreign policy goals.

We propose to provide USAID with the staffing that will permit the principal U.S. agency for managing foreign economic assistance to provide effective support to the Secretary of State in achieving U.S. foreign policy goals. Specifically, we propose to increase USAID's Foreign Service Officer corps from an estimated 1,080 in 2008 to 2,070 by FY 2014 (partially offset by reductions in non-direct hire US staff), and to increase its Civil Service staff from 1,000 to 1,200 over the same period of time.

Assumptions

We assume for the purpose of analysis that the size and composition of USAID-administered programs (including ESF, assistance to Eastern Europe and the former Soviet Union and food aid, in addition to development assistance) will remain as they are currently (FY 2008) in real terms, using the Congressional Budget Office's current services inflation estimates for the out-years. Increases in some programs will be offset by decreases elsewhere.

Recent studies, as well as the statements of at least one of the presidential candidates, have called for major increases in bilateral economic assistance, which we interpret as development/child survival/health programs. We estimate that an increase of 50% above current levels over five years for these programs would require an additional staff increase of about 10%, or 200 FSOs, while a doubling of USAID programs would require an increase of about 20%, or 400 FSOs. We have not made precise estimates of such increases nor have we priced them.

Approach

The tools required to permit USAID to enhance the effectiveness of program oversight in the field, to facilitate the flows of private resources and to assure effective coordination with other U.S. agencies include:

- More and different staff in USAID missions overseas, with the highest priority accorded to technical managers in fields such as agriculture and other areas of economic growth, health, education, engineering, democracy and humanitarian assistance who can manage the implementation of the Agency's varied programs;

- Smaller increases at headquarters to support the larger field missions;

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[54] See Appendices F and G for MCC and PEPFAR detail.

- Expanded training to assure that staff have the skills to take on the challenges facing the agency (including expanded language training, updating of technical and professional skills and training in new areas such as the building of partnerships and working with private sector organizations); and,

- A shift from temporary to permanent employees in those skill areas that will be needed over the long term, while maintaining sufficient temporary staff (personal services contractors, detailees from domestic agencies and universities) to provide critical specialized skills.

USAID senior management, with the strong support of the Department of State, believes that a more robust presence is needed to design, manage and oversee field programs if the Agency is to perform effectively in the future. Internal studies by the Agency have shown that projects and programs which receive constant and detailed oversight generally produce better results than those where oversight is less frequent and exercised from afar. To that end, the Agency has undertaken what it calls the "Development Leadership Initiative" or DLI. This initiative, the first stage of which is proposed in the Administration's 2009 budget request, would double the size of USAID's FSO corps by FY 2013 and increase the civil service and FSN cadres, while reducing significantly the number of non-direct hire U.S. employees (personal services contractors and others).

The initiative is supported by an illustrative staffing model that shows how the increased staff would be deployed, based on program size and content, strategic or humanitarian importance of recipient countries and several other variables. The model provides a useful starting point for our analysis; we have added to and modified some of the assumptions, but find that the overall direction of the initiative is consistent with our approach. Our projections show somewhat smaller annual increases over a longer timeframe, but the basic outcome is similar – a greater field presence for USAID, supported by an effective headquarters staff, that will permit the Agency to contribute more effectively to achieving the goals of economic assistance diplomacy through better management of assistance programs and expanded interactions with other key actors like local groups, U.S. NGOs and businesses and other donors.

In addition to staff, greater emphasis is needed in assuring that both new and current employees have the skills needed to take on current and future challenges. For 2009, the Administration requested $5 million for USAID's central training budget, less than 1% of the Operating Expenses account. Given that recent USAID annual training budgets have ranged from $10 million to $15 million, we conclude that this amount is insufficient to pay for even a basic amount of language and professional training. Given the very tight staffing, however, it is unlikely that many more people could be freed up to undertake additional training under current circumstances. Three things are needed in this area and are provided for in our approach:

- A set complement of 15% for the Foreign Service and 2% for civil servants, over and above operational positions in Washington and overseas, that will cover training, details to other agencies or outside the government (another form of training, which should be increased), post-to-post transfers and medical leave;

- The establishment of training positions for junior officers in the overseas missions and in Washington so that they can acquire experience while working with more experienced officers; and,

- Quadrupling of the training budget to a minimum of $20 million per year to cover both long-term training and a number of shorter courses.

In addition, USAID needs to expand the use of formal classroom training. The Agency has experimented with combinations of distance learning and classroom work to lower the cost and increase the number of employees to whom training is offered. This has been successful, especially with FSN employees. However, it is important that distance learning not be the only source of training for FSNs or the primary source for US employees. Classroom work provides opportunities for useful exchanges with both instructors and other colleagues that are not available in on-line courses. This is particularly important as USAID moves more into coordinating the efforts of U.S. non-governmental organizations and into working with State and DOD counterparts.

Efforts should be made to assure that USAID can and does take maximum advantage of the capabilities of the Foreign Service Institute in developing and providing professional training courses. This training should be balanced with a limited number of courses at the War Colleges and Industrial College of the Armed Forces (ICAF), as well as opportunities for university training. Training courses need to be developed that will impart competencies in working with businesses and NGO organizations in development partnerships and provide updated skills in other business, financial and sectoral areas relevant to USAID's development and other economic assistance programs.

Application of the adjusted staffing model criteria (described in Appendix E) to USAID's current program operations yields a requirement for a total of 2,070 Foreign Service Officers and 1,200 civil servants. Staff assigned to the field would almost double, from about 750 to 1,450, and headquarters staff would rise by about one-third (including the larger training/transit complement). We propose that these numbers be achieved by gradual increases between 2010 and 2014. The tables below show the proposed increases by employment category and the offsetting decreases in non-direct hire and Foreign Service Limited (FSL) staff, as well as the funding implications of the staff increases.

One of USAID's goals is a shift to a greater proportion of permanent U.S. direct-hire employees. USAID requested and received a five-year authority to provide FS Limited appointments, financed from program accounts rather than the operating expenses account, to a number of Personal Services Contractors (PSCs) already employed by the Agency. USAID currently employs about 200 such FSLs under this authority but the authority expires in 2009. While individuals in this category do not automatically qualify for conversion to career appointments, the authority reflects a recognition that many PSCs carry out long-term, career-type work for USAID. With recent conversions to FSL status under this authority, USAID continues to employ about 900 PSCs. The Agency has concluded, after reviewing the work performed by PSCs, that more than half of them perform functions that should be viewed as permanent or long term. Under USAID's plan for the next five years, which we endorse, the FSL authority will expire and 500 of the 900 PSC positions will be eliminated. These functions are to be taken over by the expanded Foreign Service staff to be hired by the Agency. The result is that, while permanent FSO employment under our projections will increase by 1,050 officers, the net total U.S. staff will increase by only about 540. The FSL staff and most of the PSCs have been paid from USAID's program accounts, while permanent, direct-hire staff must be paid from the Operating Expenses (salaries and expenses) account. It has been difficult in the past to obtain significant increases in the latter account. It will be necessary, therefore, either to make a compelling case for such increases or to seek legislative changes that would make it possible to pay some USAID direct-hire staff from the program accounts.

USAID programs are implemented primarily by institutional contractors and private sector grantees (NGOs and universities). We have not reviewed the number of such implementation personnel, nor do we propose a basic change to the current mode of operations. The new USAID direct-hire staff would provide more effective program management and oversight and permit the building of partnerships in developing countries.

Recommendation

Increase U.S. direct-hire staffing in USAID by 1,250 by 2014, to be offset in part by reductions of 700 in temporary and non-direct hire staff. Increase USAID FSN staffing by 2,150 by 2014.

USAID Staffing Projections, 2007-2014								
	2007	2008	2009	2010	2011	2012	2013	2014
U.S.								
Foreign Service	1,020	1,080	1,150	1,450	1,750	1,950	2,070	2,070
Civil Service	1,000	1,000	1,000	1,050	1,100	1,150	1,200	1,200
LES	4,730	4,780	4,880	5,280	5,680	6,080	6,480	6,880
Subtotal	**6,750**	**6,860**	**7,030**	**7,780**	**8,530**	**9,180**	**9,750**	**10,150**
FSL	211	200	150	-	-	-	-	-
PSC and Other	900	850	800	700	600	500	400	400
Total	**7,861**	**7,910**	**7,980**	**8,480**	**9,130**	**9,680**	**9,850**	**10,550**

The cost of the staff increases would be borne by the USAID Operating Expenses account; offsetting reductions could come from various program accounts where the number of PSCs would be reduced and FSL positions would be eliminated.

Funding Levels for USAID Staffing Changes, 2009-2014 Changes from CBO Baseline ($ in millions)						
	2009	2010	2011	2012	2013	2014
Increases						
FSO	$25.8	$71.3	$171	$260.4	$319.4	$352.5
LES	$12.4	$38.2	$65.6	$95.5	$139.1	$143.3
Civil Service		$2.8	$8.5	$14.7	$21.3	$25.3
Total	**$38.19**	**$112.28**	**$245.11**	**$370.62**	**$479.81**	**$521.11**
Decreases						
FSL	($10.9)	($39.3)	($40.5)	($41.8)	($42.6)	($43.9)
PSC and Other	($15.5)	($31.8)	($54.6)	($78.8)	($104.3)	($119)
Subtotal	($26.4)	($71.1)	($95.1)	($120.6)	($146.9)	($162.9)
Net Cost	**$11.8**	**$41.2**	**$150**	**$250**	**$332.9**	**$358.2**

The costs above represent the total increases related to the increased staff, both US and foreign national, including recruitment, assignment, management support and training. The Operating Expenses account would rise by $521 million; that could be offset by savings of $163 million in the program accounts; it is likely, however, that the savings in the program accounts would be reallocated to programs rather than cut.

USAID — Staffing Increases, 2008-2014								
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
U.S. Direct Hire								
Foreign Service	60	70	300	300	200	120	-	1050
Civil Service			50	50	50	50	-	200
Subtotal	60	70	350	350	250	170	-	1250
LES	50	100	400	400	400	400	400	2150
Total	**110**	**170**	**750**	**770**	**650**	**570**	**400**	**3400**

STAFFING FOR RECONSTRUCTION AND STABILIZATION

Summary

To provide a substantial surge capacity for reconstruction and stabilization efforts under the authority of the Secretary of State, we propose an increase in direct-hire American staffing of 562 by 2014. This would include: (1) 500 employees to serve as an active response corps in crisis situations; (2) 37 to staff an expanded Office of the Coordinator for Reconstruction and Stabilization; and, (3) 25 to backstop the new Standby Response Corps of federal employees and a Civilian Reserve Corps. These increases and related program costs would require an annual funding increase of $286 million by FY 2014 and, to be effective, will entail further clarification of the roles and missions to be undertaken by surge teams in failed and failing states.

Reconstruction and Stabilization - Staffing and Cost Increases, 2009-2014 ($ in millions)							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**Increase**
New Hires in Year (USDH)	50	262	75	75	50	50	**562**
Cost Increase Over Base							
Staff Costs	$38.2	$190.1	$210.5	$237.2	$261.7	$286	

Background

Although the task of post-conflict reconstruction in Iraq and Afghanistan has fallen largely to the military as those two countries remain combat zones, there is a broadly recognized need for a civilian surge capacity to intervene prior to conflicts and to assist with stabilization and reconstruction after conflicts abate. Such capacity should be an integral part of the civilian toolkit available to the Secretary of State to deal with contingencies that may arise in the coming years. To address these priorities, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) was created in the Department of State in 2004 for the purpose of identifying, integrating and utilizing relevant skills and personnel from across the U.S. government and from the private sector. In National Security Presidential Directive (NSPD)-44 of December 7, 2005, the President directed that the State Department be the lead agency in R&S and required State to coordinate all governmental activities in this area.

S/CRS has utilized Department of State employees and retirees for small-scale (usually one or two persons), conflict-related deployments over the past few years in countries such as Sudan, Haiti, Chad and Liberia, as well to provide support for embassy and military teams in Iraq and Afghanistan. The experience gained from these deployments has indicated the need for a larger, more established and better trained surge capacity to address pre- and post-conflict situations around the world, as well as the need for improved coordination among U.S. government agencies in planning and responding to conflict-related emergencies. To that end, an interagency management system has been established under the leadership of S/CRS. The system includes some fifteen federal agencies and a process in which country-specific working groups would be established for each crisis situation; it would be co-chaired by the S/CRS Coordinator, the appropriate regional Assistant Secretary of State and a director from the National Security Council staff.

For 2009, the Administration proposed a Civilian Stabilization Initiative (CSI) and requested $248.6 million to finance the first year of the initiative. In addition to strengthening the Coordinator's office and the interagency management process, the initiative would establish:

- An active response corps of 250 people (hired by State but detailed in part to other agencies, including USAID and the Department of Justice) who would be available for immediate deployment when a pre- or post-conflict situation arises;
- A standby response corps of up to 2,000 people, working in full-time jobs in federal agencies, but trained and available to participate in surge activities on relatively short notice; and,
- A civilian reserve of up to 2,000 people who hold permanent jobs outside the federal government, to be trained and available to participate in surge activities.

The types of professions to be included in each of the three corps would include engineers, police officers, judges, lawyers, corrections officials, rule of law experts, economists, public administrators, public health experts, agronomists and city planners, among others.

S/CRS assumes that about 80% of the active response team would be deployed at most times and that approximately 10% of each of the other teams would be deployed. The numbers of people included in the request are intended to permit the United States to participate in several small post-conflict operations and one or two medium- or large-sized operations in a given year.

The FY 2009 National Defense Authorization Act incorporated legislation that would specifically authorize the programs in the Administration's CSI.[55] However, given the likelihood that a series of Continuing Resolutions will be in effect for most of FY 2009, significant implementation of the new surge capacity is not expected to begin until FY 2010.

Some initial build-up of staff and training capacity, as well as continued small-scale deployments to crisis situations, can take place in 2009 using up to $50 million from expected supplemental funds and up to $100 million in transfer authority from the Department of Defense under Section 1207. This funding is sufficient to recruit staff for an active response team of about 50 persons and to begin recruitment, training and deployment of up to 100 members of the standby corps of federal employees.

At present, issues remain regarding how U.S. civilian reconstruction and stabilization teams can be most effective in different types of pre- and post-conflict in failed states, whether working alone or under multinational mandates. These issues include further defining the precise gaps between conflict and development that the teams will fill as well as assuring that institutional arrangements among State, the Executive Office of the President and other involved agencies are optimal. They should be resolved before a major expansion of capacity is undertaken. The modest growth in capacity expected in 2009 will permit S/CRS programs to continue while establishing a firmer basis for a robust FY 2010 request. Positive resolution of these issues and a review of 2008 and 2009 performance can form a basis for justifying a larger program in FY 2010 as shown in the table above, including the interagency management system and the three response components.

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[55] The Stabilization and Reconstruction Civilian Management Act was incorporated into the FY 2009 National Defense Authorization Act.

The magnitude of growth beyond FY 2010 will depend largely on the experience gained based on deployments in that year. For purposes of projection, we propose that the active response team would grow to 500 by FY 2014, the standby response corps would remain at 2,000 and the civilian reserve would grow to 4,000. The responders and reservists will need to be supplemented by contractors with specialized skills, to be called in as needs dictate. The surge budget would need to contain program funds for this purpose.

We do not project continued growth in the standby corps because we are concerned that this will be the most difficult of the three components to staff adequately, given the likely reluctance of domestic agencies to free up large numbers of highly qualified staff for deployment to post-crisis countries. Even though those deployed will be paid by the Department of State while on duty, the agencies from which they are deployed are to be reimbursed for only a portion (currently estimated at 25%) of the funds needed to fill in behind them.

Training will be required for each of the teams of responders. Prior to each deployment, area training will be provided relevant to the specific country where the team will be active. In addition, the standby and civilian components will require initial orientations regarding stabilization operations and support, as well as annual training to assure that technical skills are appropriate for deployment and to provide updates on the details of deployment operations. Funding is included in each year to provide continuing training for the standby and civilian components; those in the active response corps will also receive training between deployments. If and when the total response cadre grows, it may be necessary to develop new training capacities and obtain separate facilities.

The Administration's proposal includes annual training for all members of the standby and civilian reserve teams, even though the expectation is that no more than 10% of those teams will be deployed at any time. The Administration proposal of $248.6 million included $49.5 million for training and related costs during the first year, which includes the establishment of new training programs as well as salaries and maintenance for the standby and civilian staff undergoing training. As indicated above, it will be necessary to determine after the first few years of CSI operation the extent to which the standby corps – who have other full-time jobs – can actually be drawn upon for deployment on relatively short notice and to adjust training and other cost estimates based on these determinations.

Major costs related to deployment include equipment and security, the actual cost of which will depend greatly on the type of situations to which CRS responds. Costs for vehicles and either military or civilian security support may vary greatly. For the purposes of this paper, we have used the State Department projections for these categories of expenses.

The staffing and funding levels shown on the attached table reflect the supplemental funding that will be available in 2009 to permit the development of new training programs and the start of additional recruitment for the active and standby corps; we assume, however, that recruitment of the civilian corps and costs associated with that corps will not be undertaken until FY 2010. Out year costs assume a steady level of deployments, a figure that is likely to change but which cannot be predicted. S/CRS has estimated that maintaining the program, exclusive of deployments, would cost about $130 million a year for salaries, training, equipment replacement and other costs. We have reduced the staff

for S/CRS by 20 from the level requested by the Administration because we conclude that a number of the Active Response Corps will be available to help staff the office.

It should be noted that USAID has a similar program carried out by its Office of Transition Initiatives (OTI), whose annual budget is around $40 million. The USAID office currently cannot undertake police and law enforcement activities, which might be a key part of the CSI, but can and does provide other interventions in post-conflict situations similar to those envisioned in the CSI. USAID's offices of International Disaster Assistance, Military Affairs and Crisis Management may have related roles to play in dealing with fragile states. The relative roles of S/CRS and the USAID offices need to be resolved within State because there appears to be some potential overlap.

Recommendation

Increase total U.S. Direct-Hire (USDH) staffing for reconstruction and stabilization efforts carried out under the authority of S/CRS by 562 from current levels by FY 2014, consisting of 500 for the Active Response corps, 25 for a home office for the Civilian Reserve Corps and 37 for the S/CRS staff. The recommended increases would cost $286 million above the CBO baseline by 2014.

Total Reconstruction and Stabilization Staffing, 2008-2014							
	2008	2009	2010	2011	2012	2013	2014
Direct Hire							
S/CRS	19	19	56	56	56	56	56
ARC		50	250	325	400	450	500
CRC Office			25	25	25	25	25
Total	**19**	**69**	**331**	**406**	**481**	**531**	**581**

Funding Levels, 2009-2014 Changes from CBO Baseline ($ in millions)						
	2009	2010	2011	2012	2013	2014
Salaries	$2.7	$19.2	$55.6	$66.7	$76.8	$86
Training	$11	$56.6	$69	$82	$93.8	$106.1
CRC Recruit, etc.	-	$17.7	$4.7	$4.8	$5	$5.2
Deployment	$16.5	$80.4	$64.5	$66.5	$68.4	$70.5
S/CRS non-salary	$8	$16.2	$16.7	$17.2	$17.7	$18.2
Total	**$38.2**	**$190.1**	**$210.5**	**$237.2**	**$261.7**	**$286**

SECURITY ASSISTANCE

Summary

One critical function of the Secretary of State is to budget, plan and oversee security assistance programs worldwide. These programs, managed in the bureau of Political-Military Affairs (PM) at the State Department, provide equipment, training, infrastructure, and even budgetary support to help U.S. allies combat terrorism and maintain global security. The State Department authority has ensured that these programs conform to overall U.S. foreign policy goals, while the Defense Security Cooperation Agency (DSCA) at the Defense Department, together with the military services, implements much of the program.

In recent years, a new parallel architecture of economic and security assistance programs has emerged at DOD that is planned, budgeted, managed, and implemented under Defense Department authorities. These have been created because of uncertainties about the flexibility and agility of existing security assistance programs and because it proved easier, in conditions of crisis, to raise funds through the defense budget. This trend, if continued and put in permanent law however, will have significant implications for the capacity of the State Department to direct overall U.S. foreign policy. This section chronicles this trend and highlights the major DOD security assistance programs. It recommends the gradual transfer of authority over some of these programs to the Department of State, integrating them with existing State Department authorities and capabilities (which should be reformed), and proposes the necessary funding and staffing for State to plan, budget, and oversee these programs at State, while their execution remains largely the responsibility of the Defense Department and the military. The eventual proposed transfers could total $785 million annually in budget authority, requiring fifty additional staff at State to manage these programs.

Because security assistance continues to be an area of close State-Defense cooperation, the proposed adjustments in the security assistance portfolio are recommended in the framework of the following principles:

- The Secretary of State has and should have responsibility for assuring that all security assistance is carried out in accord with U.S. foreign policy. That includes setting the overall policy, approving the countries which receive assistance and the budget numbers in the requests for such assistance. The Secretary of Defense and the Chairman of the Joint Chiefs of Staff have important roles in making recommendations to the Secretary of State on these issues. The Defense Department also has the principle responsibility of implementing these programs.

- In areas where U.S. military forces are engaged in on-going, significant levels of combat operations the Secretary of Defense should, for the duration of the period of combat, have the authority to use DOD funds to provide clearly-defined emergency humanitarian, stabilization and reconstruction assistance, in consultation with the appropriate Ambassador and the Secretary of State.

- Where policy and funding authorities should, over time, be shifted to State, the current execution of these programs should continue to be carried out by the Department of Defense, under existing temporary authorities. The capacity of State to oversee, set policy, and budget for these programs should be enhanced, with the support of the Congress.

Security Assistance – Staffing and Cost Increases FY10-FY14 ($ in millions)						
	2010	**2011**	**2012**	**2013**	**2014**	
New Hires in Year (USDH)	3	15	20	12	-	50
Cost Increase Over Base						
Staff Costs	$.6	$5.2	$14	$21.3	$24.2	
Program Costs	$35	$135	$285	$535	$785	
Total Cost	**$35.6**	**$140.2**	**$299**	**$556.3**	**$809.2**	

Background

The Department of Defense and the military have consistently supported U.S. national security objectives through use of military force and also as the implementer (through the Defense Security Cooperation Agency) of a number of security assistance programs that DOD and Joint Chiefs of Staff (JCS) jointly plan with the Department of State.   The policies, budgets and recipients of such programs – notably Foreign Military Financing, International Military Education and Training, Peacekeeping Operations - are determined under the authorities of the Secretary of State and funding for them is provided through the State Department budget.

While the Pentagon began to create its own security assistance programs, beginning in the 1970s, the role of DOD and the military in security and foreign assistance changed significantly with the attacks of 9/11 and the invasion and occupation of Afghanistan and Iraq.   A new security assistance portfolio emerged, based on DOD's own statutory authorities and funded either through additional defense appropriations or as a draw on funding in DOD's Operations and Maintenance accounts. Although the concurrence of the Secretary of State is needed to execute some these new authorities, the content of these programs is developed in DOD. Studies by the Government Accountability Office (GAO) and non-profit research organizations suggest that the required coordination between the State Department and the Defense Department is loosely structured.[56]

The chart below lays out nine authorities and activities in DOD (all except CCIF and OHDACA were created after 9/11) that could be described as "foreign" or "security assistance."   From FY 2001 to FY 2008, Congress authorized or appropriated nearly $45 billion to support these DOD security assistance programs - with another $3.2 billion already appropriated in the FY09 Bridge Fund.[57]

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[56] See, Government Accountability Office, *Section 1206 Security Assistance Program,* GAO-07-416R, 28 February 2007; Government Accountability Office, *Military Operations*, GAO-08-736R, 23 June 2008; Government Accountability Office, *Combating Terrorism: Increased Oversight and Accountability Needed Over Pakistan Reimbursement Claims for Coalition Support Funds*, GAO-08-806, June 2008; Government Accountability Office, *Combating Terrorism: Actions Needed to Enhance Implementation of Trans-Sahara Counterterrorism Partnership,* GAO-08-860, July 2008; Center for Strategic and International Studies, "Integrating 21st Century Development and Security Assistance: Final Report of the Task Force on Non-Traditional Security Assistance," December 2007.

[57] These figures include funds from the second FY08 supplemental and the FY09 Bridge Fund as part of P.L. 110-252, signed June 30, 2008.

DOD International Assistance Programs ($ in millions)		
DOD Assistance Program	**FY 08 Funding**	**Similar Program[58]**
Global Train and Equip (Sec. 1206)	$300	FMF, PKO
Coalition Support Funds	$300	ESF
Security and Stabilization Assistance (Sec. 1207)	$100	N/A
Combating Terrorism Fellowship Program	$25	IMET
Commander's Emergency Response Program	$1,727	OTI, DA, ESF
Combatant Commander's Initiative Fund (CCIF)	$25	FMF
Overseas Humanitarian, Disaster and Civic Assistance (OHDACA)	$103	FMF, INCLE
Iraq Security Forces Fund	$3,000	FMF, PKO
Afghanistan Security Forces Fund	$2,750	FMF, PKO

In addition to the new programs, DOD has expanded some of its existing security assistance authorities to include activities that have been historically carried out by the civilian foreign policy agencies. These expanded authorities include changes to the Combatant Commanders' Initiative Fund, and DOD's humanitarian assistance program, OHDACA.

The range of these new and expanded programs is broad, including humanitarian relief, stabilization assistance, reconstruction and development support, training for security forces in other countries, and budget reimbursement for support other countries provide to the U.S. military for the counter-terrorism operations. From 2001 to 2005, U.S. official development assistance rose from $9.7 billion to $27.6 billion, with much of this growth attributed to new DOD activities in security assistance and reconstruction (but not including DOD train and equip programs).[59]

These new programs emerged in DOD under the pressures of combat and post-combat operations in Iraq and Afghanistan and broader military operations to confront terrorist organizations. Tasked to reconstruct and stabilize Iraq and Afghanistan and pursue terrorists globally, the DOD and the military services realized that there was a deficit in State/USAID capabilities (personnel, readiness, flexibility, agility and funding) to shape and support these programs. DOD had the resources and personnel to plan and execute these programs, but not the statutory authority in law, while the State Department and USAID had the authority, but lacked the capability. While DOD leaders have given strong support to strengthening the capacity of State/USAID for such activities, DOD is, at the same time, seeking to expand the funding for its own programs, extend their coverage to the global level, and embed some of them in permanent statute (Title 10).

While DOD and the military services have an important role in addressing the challenges of instability and chaos in post-conflict situations, it is our view that authority, policy responsibility and budgeting for security and assistance programs should lie with the Secretary of State, who has responsibility for the overall direction of U.S. foreign policy and U.S. relationships with governments in the recipient countries. Several of the new assistance programs that the DOD has developed are integrally connected to U.S. foreign policy and need the long-term, sustainable commitment and overall policy direction for

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[58] FMF: Foreign Military Financing; PKO: Peace Keeping Operations; ESF: Economic Support Fund; OTI: Office of Transition Initiatives; IMET: International Military Education and Training; DA: Development Assistance; INCLE: International Narcotics and Law Enforcement.

[59] Organisation for Economic Cooperation and Development (OECD), *DAC Peer Review: United States* 1999, 2006. The bulk of official development assistance growth during this time period is attributable to Iraq Reconstruction Aid, provided by the DOD through the Iraq Relief and Reconstruction Fund (IRRF).

which the civilian agencies are responsible. Furthermore, many of the new DOD assistance programs parallel existing State/USAID authorities and programs.

Any transfer of authorities to State and USAID should be done gradually, as conditions in Iraq and Afghanistan improve and as the State/USAID capacity for overseeing these programs is enhanced. We recognize that the State Department and USAID's personnel and funding in this area are not as extensive as those of DOD. Specific to State, specialized Foreign Service Political-Military staffing has declined during the past decade from 63 to 19, in spite of assumption by State of additional GWOT-related responsibilities, integration of ACDA functions, and an overall increase in Function 150 military assistance during this period of 54% (from $3.67 billion to $5.65 billion).[60] There is anecdotal evidence of a significant increase in DOD details of uniformed military personnel to fill some of the gaps thus created during the first half of the period under examination (1998-2008). In the meantime, the Academy notes that core staffing at the Defense Security Cooperation Agency increased from 15 to 109 during the same time period.[61] The Academy recommends that the FS staffing decreases in question be reversed, and additional staff hired for new responsibilities.

Moreover, the authorities governing many of the existing State/USAID programs are dated and inadequately flexible, and the Department faces a constant challenge raising funds in its budget for such programs. The current mechanisms are antiquated and slow to respond to changing security threats. However, if State/USAID authorities and programs need to be reformed to acquire the funding, flexibility and agility needed to deal with current security challenges, then such reforms need to be defined and proposed to the Congress. Details of such reforms are outside the scope of this study.

The military can bring skill and expertise to the implementation of these programs but they are not core to the military mission. DOD's expanded policy responsibility for security assistance programs risks leading to the additional atrophy of the civilian agencies' ability to plan and conduct foreign policy and foreign assistance and raises serious concerns that such programs could conflict with broader U.S. strategic and foreign policy interests. Finally, it is important for the U.S. to ensure that its non-military international presence and engagement be carried out primarily by civilians, not by the military.

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[60] Data Source: OMB Public Budget Database
[61] Department of Defense, Budget Justifications, Defense-Wide Operations & Maintenance, DSCA Budget Estimates, FYs 2000-2009.

The following discussion summarizes many of the new DOD authorities and programs that have implications on U.S. foreign policy. This section also describes the parallel State/USAID capability and provides a specific recommendation for change, where we think it appropriate.

A. TRANSFERS TO STATE WITH IMMEDIATE BUDGET IMPLICATIONS

DOD Authorities to be Transferred to State ($ in millions)		
Program	FY09 Defense Authorization	Recommended 150 Funding by FY 2014
Global Train and Equip (Sec. 1206)	$350	$300
Combating Terrorism Fellowship Program (CTFP)	$35	$35
Commander's Emergency Response Program (CERP)*	$1,500	$450
Total	**$1,885**	**$785**

* The Academy recommends non-combat CERP be transferred to State and USAID. DOD should retain CERP in its current form for combat purposes.

Global Train and Equip (Sec. 1206)

Context
Section 1206 of the National Defense Authorization Act of 2006 authorizes the Secretary of Defense, with the concurrence of the Secretary of State, to conduct or support programs globally that build the capacity of a foreign country's military forces. In 2007, Congress increased the funding authority for Section 1206 programs from $200 to $300 million and permitted the Secretary of Defense to draw funds from DOD's Operation and Maintenance (O&M) accounts to pay for these programs. The Defense Security Cooperation Agency (DSCA) implements 1206 projects using similar procedures as the Foreign Military Financing (FMF) program.[62]

The Pentagon continues to seek permanent, broader authority, for the Section 1206 program, to build the capacity of foreign military and security forces. In 2007, DOD submitted the *Building Global Partnership Act* (BGP) to Congress, which would authorize up to $750 million for 1206 programs, make the authority a permanent part of Title 10 of the US code, and authorize the DOD to support non-military forces (police, border patrol guards, and other internal security forces). BGP was not enacted in 2007 but it was re-submitted as proposed legislation for FY 2009. [63] The FY 2009 Defense Authorization bill increased funding authority or Section 1206 to $350 million and extends the program to FY 2011. It has not been enacted into permanent law.

Parallel Authority
Section 1206 parallels the existing Peacekeeping Operations (PKO) program that is planned and budgeted under State Department authorities. PKO funds, which are subject to the restrictions of the Foreign Assistance Act (FAA), "furnish assistance for friendly countries...for peacekeeping operations and other programs carried out in furtherance of the national security interests of the United States."[64] While planning and budgeting are

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[62] Government Accountability Office, *Section 1206 Security Assistance Program*, GAO-07-416R, 28 February 2007.
[63] Defense Department, FY 2007 NDAA Legislative Proposals, "Building Global Partnerships Act," Office of Legislative Counsel, accessed on 5/16/08 at: http://www.dod.mil/dodgc/olc/docs/third_package13April2006.pdf
[64] Part II, Chapter 6, Section 551, Foreign Assistance Act of 1961.

primarily the responsibility of State (in collaboration with DOD and the regional commanders), PKO programs are largely implemented by DOD, using the processes and capabilities of the Defense Security Cooperation Agency (DSCA).

Budget History

Global Train and Equip (Section 1206)[*] ($ in millions)					
	2006	**2007**	**2008[†]**	**2009**	**Total**
Authorized	$200	$300	-	$350	$850

[*]Section 1206 is an authorized drawdown on appropriated Defense-Wide Operations and Maintenance funds.
[†]FY 2007 authorization for Section 1206 was a two-year authorization, thus there was no reauthorization in FY 2008.

Recommendations

We recommend that the authority over 1206 train and equip programs be transferred to the Secretary of State, along with an appropriation of $300 million to the PKO account for this purpose. This appropriation would double the current PKO account. Management of the planning and budgeting process should be the task of the Office of Plans, Policy and Analysis (PM/PPA) in the bureau of Political Military Affairs (PM).

In the future, to better align these programs with the long-term foreign policy objectives of the United States, the State Department should consider three options: 1) Propose a broader, more flexible and agile training program for foreign militaries and security forces that reforms the current Foreign Military Financing (FMF) and PKO architecture; or, 2) Expand the PKO account, which provides greater flexibility to train and equip foreign security forces. Any new security assistance training program should be planned and budgeted under the foreign policy authority of the Secretary of State. For PKO to implement some of the same functions as 1206, Section 660 of the FAA – which restricts the training of police or internal security forces of a foreign country – may need to be amended, or the new program provided with "notwithstanding" authority. 3) Rewrite Section 1206 as an additional "drawdown," authority under section 506(a) of the Foreign Assistance Act (FAA), through which the President, on the advice of the Secretary of State, could use DOD resources and capabilities to execute train and equip programs.[65] DOD and the Combatant Commanders would continue to play an important role in shaping programs and projects, and be the primary implementing agency, with State Department guidance.

Combating Terrorism Fellowship Program (CTFP)

Context

The Combating Terrorism Fellowship Program (CTFP) was established by Congress in early 2002. The program began as an academic training tool to share counterterrorism tactics with partner nations. The initial appropriation stipulated that the funds may be used by the Secretary of Defense to, "fund foreign military officers to attend U.S. military educational institutions and selected regional centers for non-lethal training."[66] In the subsequent congressional decision to establish CTFP in permanent law in the FY 2004 National Defense Authorization Act, the program was no longer limited to non-lethal training (10 USC 2249c).

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[65] Section 506(a) authorized the President to "direct...the drawdown of defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training, of an aggregate value of not to exceed $100,000,000 in any fiscal year."
[66] P.L. 107-117 §8125, "Department of Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the U.S. Act, 2002," January 2002.

The statute authorizing the fellowship program allows the Secretary of Defense to spend up to $35 million annually, drawn from funds appropriated in the O&M, Defense-Wide account for such education.[67]

Parallel Authority

CTFP closely parallels the International Military Education and Training (IMET) program, which is authorized in the Foreign Assistance Act and planned and budgeted by the State Department. Chapter 5, Section 541 of the Foreign Assistance Act authorizes the President to provide, "military education and training to military and related civilian personnel of foreign countries."[68]   IMET supports students from friendly allied nations in receiving training and education on U.S. military practices and standards. IMET programs are implemented by the DOD.

Budget History

Combating Terrorism Fellowship Program ($ in millions)								
	2002	2004	2005	2006	2007	2008	2009	Total
Authorized	$17.9	$20	$20	$20	$25	$25	$35	$163

Recommendations

CTFP authority under 10 USC 2249c should be repealed and the program should be included in an expanded IMET program that covers counter-terror training and education. The State Department's IMET budget should be increased by the $35 million proposed budget for the CT-IMET program.

IMET has previously been expanded (E-IMET) to provide education in defense management, civil-military relations, law enforcement cooperation, and military justice. Congress should mandate a CT-IMET that precludes lethal training but focuses specifically on counterterrorism training.

Section 544 of the Foreign Assistance Act (1961) should be amended to include subsection (d): "The President may provide for the attendance of foreign military and civilian defense personnel at counterterrorism training schools and programs in the United States and at U.S. military bases around the world without charge, and without charge, funds available to carry out this chapter, notwithstanding section 652(d) of this act."

Commander's Emergency Response Program (CERP)

Context

The Commander's Emergency Response Program was initially created by the Coalition Provisional Authority in Baghdad to "enable commanders to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility, by carrying out programs that will immediately assist the Iraqi people and support the reconstruction of Iraq."[69] Fragmentary Order 89 of the Commander of the Combined Joint Task Force 7 formalized CERP in Iraq on June 19, 2003 and provided guidance on

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[67] 10 USC 2249c., See also, FY 2009 National Defense Authorization Act.
[68] Foreign Assistance Act (1961) as amended, Part I, Chapter 5, Section 541.
[69] Martins, Mark S., "The Commander's Emergency Response Program," *Joint Forces Quarterly*, Issue 37, 2005, accessed on 2/22/08 at: http://www.dtic.mil/doctrine/jel/jfq_pubs/0937.pdf

permissible uses of CERP funds.   FRAG 89 directed that CERP funds be used for improvements and reconstruction for:

> …water and sanitation infrastructure, food production and distribution, healthcare, education, telecommunications, projects in furtherance of economic, financial, management improvements, transportation, and initiatives which further restore the rule of law and effective governance, irrigation systems installation or restoration, day laborers to perform civic cleaning, purchase or repair of civic support vehicles, and repairs to civic or cultural facilities.[70]

CERP was formally established in the FY 2005 Defense Authorization Act, which also authorized the creation of a CERP program for Afghanistan.[71]

In the *Building Global Partnerships Act* (BGP), DOD requested that CERP authorities become permanent law, with global application.[72] The proposed legislation would require the Secretary of Defense and the Secretary of State to, "jointly develop procedures" to execute any CERP project, but does not provide for State Department concurrence in CERP planning or budgeting.[73]   CERP was expanded to include the Philippines in the FY 2008 Supplemental appropriation.[74]

Parallel Authority
A large proportion of CERP programs, projects, and activities are parallel to those supported by State Department ESF and USAID Development Assistance (development assistance) and USAID Office of Transition Initiatives (OTI) funds.

Budget History

Commander's Emergency Response Program ($ in millions)							
	2004	2005	2006	2007	2008	2009[*]	Total
Appropriated	$480	$854	$923	$956	$1,700	$1,500	$6,413

[*]This figure represents the FY 2009 authorization for CERP. See FY 2009 National Defense Authorization Act.

We recommend that the DOD retain the CERP authority in Iraq and Afghanistan and in other areas which now or in the future are areas of combat activity under a US Combatant Commander to carry out those stabilization and assistance activities that are consistent with and supportive of combat missions, or to execute broader tasks on a temporary basis in areas where security conditions will not permit civilian deployment.   CERP could be funded at a level sufficient to ensure that CERP projects focus on immediate needs in direct support of combat operations.

A parallel authority should be created or current State/USAID capabilities be enhanced to permit State/USAID to carry out projects and programs that focus on sustainable civilian reconstruction and agriculture, economic, financial and management improvements, food production, education, health care, irrigation, water and sanitation and other humanitarian assistance functions in post-conflict zones.   This capability should be provided either through the proposed Civilian Stabilization Initiative (see section on Reconstruction and

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[70] Ibid, p. 47. See also FRAGO 89 of June 19, 2003.
[71] P.L. 108-375 §1201, "National Defense Authorization Act, 2005."
[72] Defense Department, "Building Global Partnerships Act," Office of Legislative Counsel, accessed on 2/21/08 at: http://www.DOD.mil/DODgc/olc/docs/BGPA.pdf
[73] Ibid. The House National Defense Authorization Act for FY 2009 would extend CERP authority to the end of FY10 and the Senate National Defense Authorization Act for FY 2009 would extend CERP to the end of FY11.
[74] P.L. 110-252, "Defense Supplemental Appropriations for Fiscal Year 2008," June 30, 2008.

Stabilization) or through the USAID Office of Transition Initiatives (OTI), or both. State/USAID should also work to resolve this duplication of capabilities. The authority should be provided with $450 million in contingency appropriations for these programs.[75]

Reversing the Section 1207 authority (see below), the Secretary of State should also be given the authority to transfer up to $200 million in funds to DOD from its own CERP-like program for short-term reconstruction and stabilization activities in environments that are insecure for civilian operations, but might include support for short-term electricity, telecommunications, law and governance activities.

B. TRANSFERS TO STATE WITHOUT IMMEDIATE BUDGET IMPLICATIONS

- Coalition Support Funds
- Security and Stabilization Assistance (Sec. 1207)

Coalition Support Funds (CSF)

Context

Coalition Support Funds reimburse the recipient countries for logistical, military and other expenses incurred while supporting U.S. military operations in Iraq, Afghanistan and the global operations against terrorist organizations.[76] This program was developed as part of U.S. operations in Afghanistan and against Al-Qaeda in 2001-2002. Pakistan is largest recipient of CSF (81% of the total through FY 2008) for the assistance it provides to U.S. counter-terror operations.[77] CSF funds have also been used to reimburse other coalition partners, including Poland, Slovakia, Georgia, and Lithuania, for support and operations in Afghanistan and elsewhere against terrorist targets.[78]

Parallel Authority

Coalition Support Funds are similar to the State Department's Economic Support Funds (ESF) account, which is planned and budgeted at State in cooperation with USAID, which implements much of the ESF program. Like FMF, ESF funds are subject to the provisions of the FAA and AECA.

Budget History

Coalition Support Funds ($ in millions)									
	2002	2003	2004	2005	2006	2007	2008	2009	Total
Appropriated	$490	$1,400	$1,150	$1,220	$935	$1,100	$1,100	200[*]	$7,595

[*] Funding for FY 2009 funding is appropriated in the June 30, 2008 supplemental, FY 09 Bridge Fund (P.L. 110-252).

Recommendations

Authority over CSF should be transferred to State and funding should be budgeted annually as new requirements emerge. These funds should be treated as an ESF program

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[75] This figure is based on the FY 08 percentage of combat-related activities of CERP projects in Iraq multiplied by one-half of the FY 2008 CERP appropriation for Iraq (totaling approximately $200 million). In addition, the full FY08 CERP appropriation for Afghanistan was multiplied by the FY08 percentage of combat-related activities as reported by SIGIR (totaling approximately $250 million). All Data reported by SIGIR, Quarterly Reports, July 2008, from FY04 through March 31, 2008.

[76] Department of Defense, FY08 Budget Request, Operations and Maintenance, Defense-Wide.

[77] Government Accountability Office, "Combating Terrorism: Increased Oversight and Accountability Needed Over Pakistan Reimbursement Claims for Coalition Support Funds," GAO-08-806, June 2008.

[78] FOIA, The Center for Public Integrity, Department of Defense, "Coalition Support Funds," 2 August 2006.

under the authority of the Secretary of State. Providing a budget subsidy to foreign governments is characteristic of some existing and past ESF programs. Decisions to agree to such reimbursements should be consistent with overall U.S. foreign policy objectives. The annual appropriation request should be prepared by State's foreign assistance budget office, with input from PM/PPA and the DOD. Funding levels will vary from year to year. State and the ESF budget process are sufficiently agile to administer this program, as opposed to DOD reimbursements that take an average of eight months to be processed.[79]

Security and Stabilization Assistance (Sec. 1207)

Context
Section 1207 of the National Defense Authorization Act of 2006 authorizes the Secretary of Defense to transfer up to $100 million in defense articles and funds to the Secretary of State for the purposes of providing reconstruction, security or stabilization assistance to a foreign country.[80]

The Congress viewed this authority as temporary until the new State Department Office of the Coordinator for Reconstruction and Stabilization could be "fully stood up and adequately resourced."[81] Congress commended the interagency collaboration between DOD and State, but was uncomfortable funding State Department activities through the Department of Defense budget. Nonetheless, Section 1207 was reauthorized in 2008 and extended to the end of FY 2009.[82]

Parallel Authority
The State Department has not had a parallel authority like Section 1207.

Budget History

Security and Stabilization Assistance (Section 1207) [*] ($ in millions)					
	2006	**2007**	**2008[†]**	**2009[‡]**	**Total**
Authorized	$100	$100	-	$150	$300

[*]Section 1207 is an authorized drawdown on appropriated Defense-Wide Operations and Maintenance funds.
[†] In 2007, Section 1207 was extended through FY 2008 and therefore not reauthorized in 2008.
[‡] The FY 2009 National Defense Authorization Act included an additional $50 million in authorized funding under the Section 1207 program for assistance to the Republic of Georgia. This $50 million does not count against the $100 million authorized for the overall Section 1207 program.

Recommendations
We recommend that authorization for Security and Stabilization Assistance (now Section 1210) be repealed. If additional funds are needed for security and stabilization assistance, then they should be funded through the International Affairs (150) account directly as part of the larger effort to establish a civilian capability for reconstruction activities.

C. AUTHORITIES TO REMAIN AT DEFENSE

- Combatant Commander Initiative Fund (CCIF)
- Overseas, Humanitarian, Disaster and Civic Assistance (OHDACA)
- Iraq and Afghanistan Security Forces Fund

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[79] Department of Defense, "Coalition Support Funds," 2 August 2006, as released in response to a Freedom of Information Act request from The Center for Public Integrity.
[80] P.L. 109-163 §1207, "National Defense Authorization Act of 2006."
[81] "National Defense Authorization Act of 2006, Conference Report" H.R. 1815, p. 802.
[82] National Defense Authorization Act for FY 2009

Combatant Commander Initiative Fund (CCIF)

Context
The Combatant Commander's Initiative Fund, established in 1991, is a $25 million-per-year program that enables Combatant Commanders to fund short-term, low-cost projects that meet the requirements of unforeseen situations.[83] In recent years, CCIF has received supplemental appropriations of an additional $25 million, bringing total CCIF appropriations to $50 million. As originally established in Title 10, Section 166a, the CCIF provided Combatant Commanders with funds for the following activities:

1) Force Training
2) Contingencies
3) Selected Operations
4) Command and Control
5) Joint Exercises (including activities of participating foreign countries)
6) Military Education and Training
7) Personnel Expenses of Defense Personnel for Bilateral or Regional Cooperation Program[84]

In 2007, the John Warner National Defense Authorization Act, 2007 authorized CCIF to support programs that provided, "humanitarian and civic assistance to include urgent and unanticipated humanitarian relief and reconstruction assistance." It also stated that the Chairman of the Joint Chiefs of Staff should give priority consideration for CCIF funds to, "be used for urgent and unanticipated humanitarian relief and reconstruction assistance, particularly in a foreign country where the armed forces are engaged in a contingency operation."[85] The accompanying conference report urged the Department of Defense, "to request sufficient funds for this purpose in future years budget requests."[86] In FY09, the DOD requested $100 million in CCIF as part of its *Building Global Partnerships* proposal.

Parallel Authority
The purposes added to the CCIF statute parallel the CERP program at DOD, the existing DOD authority to provide humanitarian and civic assistance (OHDACA) under 10 USC 401, and ESF, DA, OTI, and the proposed S/CRS initiative at State/USAID.

Budget History

Combatant Commander Initiative Fund ($ in millions)									
	2002	2003	2004	2005	2006	2007	2008	2009*	Total
Appropriated	$25	$25	$45	$50	$50	$50	$50	-	$175

* CCIF funding for FY 2009 has not yet been appropriated.

Recommendations
The CCIF was not intended, nor should it be used, to support humanitarian and civic assistance and reconstruction assistance, which is the domain of the civilian foreign policy agencies. We recommend striking sub-section (b)(6) - "humanitarian and civic assistance

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[83] CJCSI 7401.02D, "Combatant Commander Command and Control Initiatives Program," *Defense Technical Information Center*, 31 October 2007. Accessed on 3/17/08 at http://www.dtic.mil/cjcs_directives/cdata/unlimit/7401_02.pdf

[84] DOD Directive 7280.4, "Commander in Chiefs (CINC's) Initiative Fund," 26 October1993. Accessed on 3/17/08 at http://biotech.law.lsu.edu/blaw/dodd/corres/pdf/d72804_102693/d72804p.pdf

[85] P.L. 109-364 §902, "John Warner National Defense Authorization Act, 2007."

[86] Conference Report 109-702.

to include urgent and unanticipated humanitarian relief and reconstruction assistance" - from 10 USC 166a. In addition, we recommend striking sub-section (c) (3) of 10 USC 166a: "the provision of funds to be used for urgent and unanticipated humanitarian relief and reconstruction assistance particularly in a foreign country where the armed forces are engaged in a contingency operation." This will remove the duplicative funding and authorities and maintain CCIF as a tool for the Combatant Commands to fulfill the functions described in the initial authorization and guidance.

Overseas Humanitarian Disaster and Civic Assistance (OHDACA)

Context
The relatively small OHDACA account at DOD was authorized in 1987 and is dedicated to providing humanitarian and civic assistance to foreign countries through three programs: the Humanitarian Assistance (HA) program, the Humanitarian Mine Action (HMA) Program and the Foreign Disaster Relief and Emergency Response (FDR/ER).[87] OHDACA funds are two-year appropriations that provide the DOD flexibility to respond to unforeseen disasters. Funding for OHDACA has historically been in the $50-60 million range, with supplemental appropriations passed to fund emergency operations needed to cope with natural disasters. Currently, DOD is seeking to amend the OHDACA humanitarian assistance authorization (10 USC 2561) to expand DOD's authority to provide relief for stabilization purposes worldwide.[88]

Parallel Authority
The Office of Foreign Disaster Assistance (OFDA) in USAID provides parallel assistance responding to international disasters through the International Disaster and Famine Assistance (IDFA) account. In FY 2006, OFDA responded to 76 disasters in 55 countries. Such disasters included droughts, floods, earthquakes, and health emergencies.[89] OFDA coordinates closely with DOD in executing this program.

Budget History

Overseas Humanitarian Disaster and Civic Assistance (OHDACA) ($ in millions)									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**[*]	**Total**
Appropriated	49.4	94.5	94.2	175.8	60.8	63.2	103	-	640.9

[*] OHDACA funding for FY 2009 has not yet been appropriated.

Recommendations
OHDACA has been an invaluable tool in supporting global relief efforts. The U.S. Pacific Command's response to the massive Indian Ocean Tsunami on December 26, 2004, used OHDACA funds to quickly provide supplies and relief to the affected areas. However, OHDACA's authority and funding should not be expanded to cover stabilization and reconstruction operations. No additional authority is needed at State/USAID to cover these needs, beyond the previous proposals and supplemental funding needed to cope with unforeseen disasters.

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[87] Defense Security Cooperation Agency, "Overseas Humanitarian, Disaster and Civic Aid (OHDACA) Appropriation," *DSCA*, Accessed on 3/19/08 at:
http://www.dsca.mil/programs/HA/OVERSEAS%20HUMANITARIAN%20DISASTER%20AND%20CIVIC%20AID.pdf
[88] Department of Defense, "FY 2009 Proposed Legislation," 7 February 2008, p. 109-110. Accessed on 5/16/08 at: http://www.dod.mil/dodgc/olc/docs/FY2009_NDAA_BillText.pdf
[89] USAID, OFDA FY 2006 Annual Report

Train and Equip (Iraq Security Force and Afghan Security Force)

Context

The lawlessness and instability following the missions of Iraq and Afghanistan led the U.S. military to develop programs to rebuild the Iraq and Afghan security forces. Officials hoped to transition security responsibilities from the U.S. military to indigenous military forces. Therefore, in November 2003, Congress appropriated $150 million to "provide assistance only to the New Iraqi Army and the Afghan National Army..."[90] As the security situation in Iraq and Afghanistan deteriorated, funding increased dramatically peaking at nearly $13 billion in 2007. Authorization was formalized in 2005 as "Iraq Security Forces Fund" and "Afghanistan Security Forces Fund" respectively.

Authority for these funds comes from Section 1209 of the 2006 National Defense Authorization Act, and Section 1202 of the John Warner National Defense Authorization Act, 2007.

Parallel Authority

The Iraq and Afghanistan Security Forces Fund parallels the existing State Department Foreign Military Financing program. Annual appropriations for Foreign Military Financing range from $4-5 billion.

Budget History

Iraq and Afghanistan Security Forces Fund ($ in millions)							
	2004	2005	2006	2007	2008	2009[*]	Total
Appropriated	150	7,485	5,415	12,900	5,750	3,000	$34,700

[*]Initial funding for FY 2009 is appropriated through the June 30, 2008 supplemental FY 09 Bridge Fund (P.L. 110-252).

Recommendation

Spending for the Iraq and Afghanistan Security Forces funds are large and have been criticized for inadequate oversight and poor accounting. A recent GAO report found that the DOD could not account for at least 190,000 weapons.[91] As activities in these two countries evolve, we recommend that these two programs remain at DOD. As funding declines and the security forces of these two countries acquire the capacity to provide adequate security, Congress will want to consider folding a residual program into a reformed FMF program under State Department authorities and guidance.

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[90] P.L. 108-106 §1107, "Emergency Supplemental Appropriations for Defense and for the Reconstruction of Iraq and Afghanistan, 2004", November 2003.

[91] Government Accountability Office, *Stabilizing Iraq: DOD Cannot Ensure That U.S.-Funded Equipment Has Reached Iraqi Security Forces*, GAO-07-711, July 2007.

Other Considerations

Human Resources Management

Resources – human and financial - are not by themselves enough. State's personnel management practices must reflect the expanded responsibilities and a global operating environment that itself has changed fundamentally from the Cold War period on which State's operating models are still based. Among the four categories considered in this paper, core diplomacy has been considered the most central function of the Department and even that area has changed in important ways, driven by the rise of such areas as multilateral and global issues. The mechanics of the personnel system must provide individuals with the skills and incentives to carry out the expanded functions and purposes of all of the categories examined, and the culture of the Department of State must accept those new or expanded functions as legitimate and important.

The Kennedy administration (and every President since) has given every Ambassador a letter confirming the Ambassador's authority to direct all elements of the U.S. government in the Ambassador's country of assignment. While divisions remain in Washington, for over 40 years the best Ambassadors and Deputy Chiefs of Mission have understood the important roles State, AID, USIA and other federal agencies play at post and have worked to ensure that they operated collaboratively under the Ambassador's authority. Despite the reality that significant progress has been made in this area, widespread perceptions remain that the Department has generally declined to acknowledge the importance of foreign assistance and public diplomacy as integral parts of the U.S. foreign policy mission.   Many Foreign Service Officers, especially those who have served in Iraq, Afghanistan, on PRT's, in anti-narcotics programs and in other difficult assignments involving non-traditional functions, would consider that perception dated. All of this being said, more needs to be done.

Other nontraditional policy areas are an increasingly central part of U.S. global engagement. It is critically important that State emphasize efforts to recruit, train, and provide relevant career experiences and incentives for talented individuals who can assume these responsibilities as part of their diplomatic careers.[92] The possible steps to accomplish this include:

- Recruitment practices attuned to emerging needs, including the use of specialist, mid-career appointments, waivers for the Foreign Service's strict time in class and "up or out" promotion system, and limited appointments as necessary;
- Expanded training, often mandatory, including current management and leadership training at each level as well as training in strategic planning and program development, implementation and evaluation;
- More effective coordination of the assignment process to ensure that individual preferences are balanced with overall systemic needs and best use is made of available human resources;
- Strong emphasis on assignments out of cone and details outside the Department of State, for example to USAID, DOD and Treasury, as well as working in multifunctional units or directly in development or Public Diplomacy. Such tours should be mandatory requirements in the Department's Career Development Program and in promotion precepts to cross the senior threshold;

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[92] For a similar argument, in more detail, see p. 35-36 of *State 2025*.

- Refined performance measurements and accountability, based on specific skills, goals and objectives, are developed for each employee;
- A promotion system that provides a proportionate opportunity for advancement for those individuals carrying out these broader responsibilities; and,
- Real opportunities for advancement to senior ranks for the full range of State personnel.

In sum, the mechanics of personnel operations must serve overall system needs. The culture of the State Department and Foreign Service must also continue to evolve to reflect new realities. For success to occur, underpinning all these efforts must be a strong and sustained emphasis on their importance by State's senior leadership.

USAID has also seen its mission change significantly, as described in the section of the paper devoted to that agency. Its culture and operations, and the human resources function that supports them, must be realigned to reflect its role as a fully integrated element of a broadened and more coherent national foreign policy.

Interagency Coordination

The expanding international role of other federal agencies in recent years has meant that the Department of State is also facing a coordination challenge. The Department should be working more closely in this area with the NSC and OMB to ensure effective coordination of U.S. foreign and national security policy. Enhanced coordination is necessary for success in at least two of this report's focus areas:

- Foreign economic assistance programs are carried out by more than 20 federal agencies, fewer than half of which lie under the authority of the Secretary of State and the Director of Foreign Assistance. These include programs planned and implemented by Health & Human Services, Treasury and others, as well as security assistance programs under the direction of DOD. While coordination and communication regarding such programs does occur between State and other agencies, it is often imperfect and is mostly *ad hoc*.

- The new civilian surge capacity for reconstruction and stabilization will draw on expertise located in a number of domestic agencies (Agriculture, Justice, etc.) for its Standby Response Corps. State has established an interagency management system to provide coordination and has set up a process by which country-specific operations will be overseen by interagency groups jointly chaired by the State regional assistant secretary, a director from the NSC and the State Coordinator for Reconstruction and Stabilization. As this process is used, it will need to be reviewed to determine whether it provides the types and numbers of people needed to make the surge capacity successful and whether coordination is being done at the right level.

Organization

Significant agency organizational issues were outside the scope of this study and thus were not reviewed for the purposes of this paper. We note the existence of credible work already done, and more underway, in recommending or examining a number of options for reorganizing the U.S. government foreign affairs apparatus, particularly in terms of Public Diplomacy and Foreign Assistance.[93] Our purpose has been to determine staffing

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[93] See, e.g.: AAD Task Force report, *American Diplomacy for a Changing World,* November 2004; *Changing Minds, Winning Peace.* Washington D.C.: Report of the Advisory Group on Public Diplomacy, 2003; *Final Report*

and underlying financial needs related to specific diplomatic functions. None of the most likely organizational alternatives to the present configuration could be expected to reduce staffing requirements below the target levels we have identified. Without additional staffing – in terms of both numbers and competencies – the more effective conduct of diplomatic activities that is our goal and purports to be that of every serious reorganization concept now being considered, will not be achieved.

Overseas Administrative Staffing

Quality administrative support is clearly critical to successful conduct of diplomatic work abroad. The Department provides such support to most USG agencies within the statutory[94] framework of the International Cooperative Administrative Support Services (ICASS) mechanism, which "gives posts the authority to determine how services are delivered, at what cost ... by whom ... and incorporates a full-cost recovery system ..." The Academy assumes that there will be a need for additional administrative support services and/or staff abroad commensurate with its recommended increases in core, public, assistance and post-conflict diplomacy, but believes that ICASS has become effective during its decade-plus evolution, and accordingly finds it inappropriate to attempt to prescribe any specific service configuration. Accordingly, the Academy has built full ICASS funding into its recommendations, expects that any added administrative support personnel overseas will be funded through ICASS cost-recovery, and proposes that specific administrative support staffing and service modalities be decided on the "locally-empowered" basis referred to in applicable regulation.[95]

Fiscal Environment

Projected federal deficits suggest that the fiscal environment will be constrained for several years. Some will suggest that the budget increases we propose are not possible, or need to be offset by other spending cuts, either in Function 150 or elsewhere in discretionary spending. We would argue that our proposed increases would have a minimal impact on the overall federal deficit. As Secretary of Defense Robert M Gates said in a speech on July 15, 2008:

> It has become clear that America's civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long – relative to what we traditionally spend on the military, and more importantly, relative to the responsibilities and challenges our nation has around the world...Because the numbers we are talking about are relatively small compared to the rest of government, a steep increase in these capabilities is well within reach – as long as there is the political will and wisdom to do it.

Even increases double what we propose would have a minimal impact, while not providing these funds would make only a minimal contribution to deficit reduction. It is our view that not providing these additional resources will ultimately lead to crisis spending, downstream, that will surpass the increments we are proposing. Therefore, we urge that these increases be provided without offsets. No current budget rules prevent such

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of the State Department in 2025 Working Group, Advisory Committee on Transformational Diplomacy, U.S. Department of State, 2008, *The HELP Commission Report: Beyond Assistance,* Washington D.C.: December 2007.

[94] P.L. 104-208.
[95] 6 FAM 911.4

funding from being provided. If offsets are deemed necessary, we would urge that they not be provided from other reductions in International Affairs budgets.

APPENDIX

A. SCIENCE AND TECHNOLOGY STAFF DEPLOYMENTS

Possible Additional S&T Staff Deployments (Existing locations in **bold** │ *Hub location)						
AFRICA		**+USDH**		**WESTERN HEMISPHERE (cont.)**		**+USDH**
Ethiopia*	**Addis Ababa**	**1**		Trinidad and Tobago	Port of Spain	1
Rwanda	Kigali	1		Uruguay	Montevideo	1
Kenya	Nairobi	1				
Botswana*	**Gaborone**			**EUROPE**		**+USDH**
South Africa	**Pretoria**			**Austria**	**Vienna/UNVIE**	**2**
South Africa	Cape Town	1		**Belgium**	**USEU**	2
Congo	Kinshasa	1		Belgium	USNATO	1
Ghana*	**Accra**			**Denmark***	**Copenhagen**	
Nigeria	**Abuja**			**France**	**Paris**	**1**
				France	IEA	1
EAST ASIA/PACIFIC		**+USDH**		**France**	**OECD**	
Australia	**Canberra**			**Hungary***	**Budapest**	
Burma	Rangoon	1		Iceland	Reykjavik	1
Cambodia	Phnom Penh	1		**Italy**	**Rome**	**1**
China	**Beijing**	**2**		**Russia**	**Moscow**	**1**
China	Chengdu	1		**Spain**	**Madrid**	
China	Hong Kong	1		**Switzerland**	**Geneva**	**1**
China	Shanghai	1		Turkey	Istanbul	1
Fiji*	**Suva**			Ukraine	Kiev	1
Indonesia	**Jakarta**	**2**		**United Kingdom**	**London**	**1**
Japan	**Tokyo**	**1**				
Korea	**Seoul**	**1**		**MIDDLE EAST/NORTH AFRICA**		**+USDH**
Laos	Vientiane	1		Algeria	Algiers	1
Malaysia	Kuala Lampur	1		Egypt	Cairo	1
Mongolia	Ulaanbaatar	1		**Iraq**	**Baghdad**	
New Zealand	Auckland	1		**Israel**	**Tel Aviv**	
Papa New Guinea	Port Moresby	1		**Jordan***	**Amman**	**1**
Philippines	Manila	1		Kuwait	Kuwait City	1
Singapore	Singapore	1		Morocco	Rabat	1
Taiwan	**Taipei**			Oman	Muscat	1
Thailand*	**Bangkok**	1		Qatar	Doha	1
Vietnam	**Hanoi**			Saudi Arabia	Riyadh	1
Vietnam	Ho Chi Minh City	1		Tunisia	Tunis	1
WESTERN HEMISPHERE		**+USDH**		**SOUTH/CENTRAL ASIA**		**+USDH**
Argentina	**Buenos Aires**			India	Mumbai	1
Barbados	Bridgetown	1		India	Hyderabad	1
Brazil*	**Brasilia**			**India**	**New Delhi**	**1**
Brazil	Sao Paulo	1		India	Chennai	1
Canada	**Ottawa**	**1**		**Kazakhstan***	**Astana**	
Canada	Vancouver	1		**Nepal***	**Kathmandu**	
Chile	**Santiago**			Pakistan	Islamabad	1
Colombia	Bogotá	1		Uzbekistan	Tashkent	1
Costa Rica*	**San Jose**	1				
Ecuador	Quito	1				
El Salvador	San Salvador	1				
Guatemala	Guatemala City	1				
Haiti/DR	Santo Domingo	1				
Mexico	**Mexico City**	1				
Peru	Lima	1				

B. DIPLOMATIC SECURITY

State's current Diplomatic Security staffing posture has evolved since 1986, beginning with enactment of the Diplomatic Security and Antiterrorism Act of that year (P.L. 99-399). Prior to this, funding for Diplomatic Security (DS) totaled just over $200 million, and staffing just over 1,000. For FY 2007, Diplomatic Security appropriated funding totaled $1.055 billion, and U.S. Direct-Hire staff totaled 2,388, of which 1,462 were based in the U.S. and 926 overseas, in 25 U.S. cities and 159 locations abroad, respectively.[96] All DS Agents are members of the Foreign Service, regardless of duty station, all have domestic arrest authority, and all benefit from Law Enforcement Availability Pay (LEAP).

The following chart illustrates DS funding and staffing trends over the last two decades. The indicated funding levels are separate and distinct from amounts provided for capital costs related to construction of new secure embassies and consulates. They are also separate from State Department Core Diplomacy funding and staffing figures elsewhere in this paper:
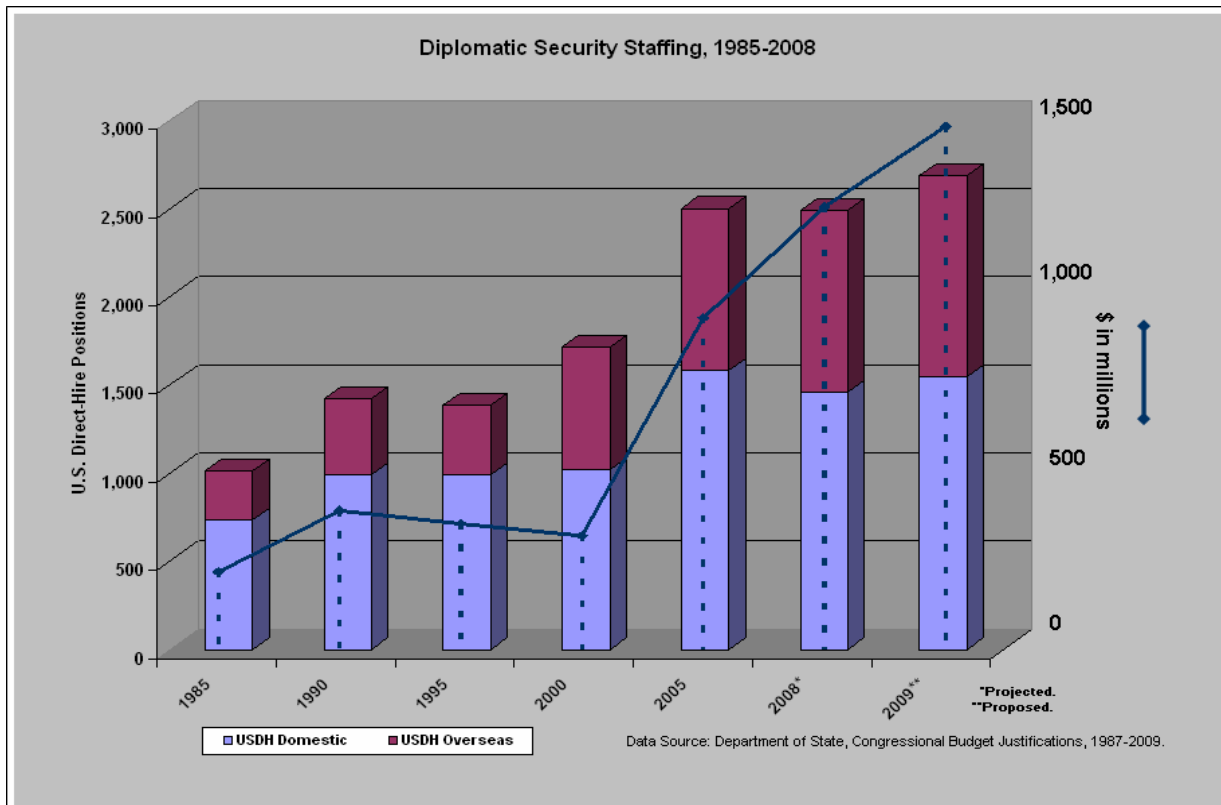
In addition to the above, 401 foreign national direct-hire positions were attributed by State to appropriated-fund Diplomatic Security work in FY 2007. An additional 148 USDH Diplomatic Security positions were funded by means of $38.3 million in Border Security fees collected by the Department in 2007, using authorities effectively unavailable to the Department prior to the mid-1990s. For 2009, State has proposed increasing this to 370 positions, at a cost of $79.8 million.

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[96] U.S. Department of State, *Congressional Budget Justification, 2009,* and www.diplomaticsecurity.gov (Bureau of Diplomatic Security home page).

For budget purposes, State's Diplomatic Security activities can be grouped into three subsets, as follows: [97]

- **Protection of U.S. Government personnel and facilities**
    - Development and implementation of programs that shield U.S. missions and residencies overseas and more than 100 domestic State Department facilities, from physical and technical attack.
    - Formulation and execution of plans to deal with emergency contingencies, ranging from hostage situations to evacuations.
    - Monitoring and analysis of intelligence on terrorist activities and threats directed against the Secretary of State, senior U.S. officials, visiting foreign dignitaries, resident foreign diplomats, and foreign missions in the United States.

- **Counter-terrorism and law enforcement**
    - Liaison with foreign police and security services overseas in support of U.S. law enforcement initiatives and investigations, significantly on behalf of other U.S. federal, state, and local agencies, aimed at locating and apprehending fugitives who have fled the United States.
    - Real-time assessment and longer term evaluation of threats to U.S. interests from terrorism, political violence, and crime.
    - Domestic investigation of passport and visa fraud violations.

- **Information Security**
    - Monitoring, prevention and negation of electronic threats directed toward embassies, information systems security, education of employees on counterintelligence and possible vulnerabilities that might be exploited by foreign intelligence agencies, and investigation of alleged espionage incidents ad damage assessments of confirmed acts of espionage.
    - Secure movement of classified U.S. government material, equipment and construction materials bound for sensitive posts.
    - Background investigations on job applications, employees and contractors, in support of determination of suitability for employment, as well as levels of access to classified information.

The Department's most recent internal analysis of domestic staffing requirements projects Diplomatic Security workload growth ranging from 18 to 27% during the triennium through 2009, absent any workload restructuring resulting in efficiency or productivity gains. [98]

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[97] Extracted from: *Diplomatic Security: 2007 Year in Review,* Department of State, Bureau of Diplomatic Security, April 2008, and *www.diplomaticsecurity.state.gov*.
[98] Department of State, Bureau of Human Resources, *Domestic Staffing Model, Phase 3 Report*, March 2007, Table 6-2.

C. PUBLIC DIPLOMACY AT DOD

Following the recommendation of the 2005 Quadrennial Defense Review, a Strategic Communication Integration Group (SCIG) was formed within the Department of Defense and a strategic communications road map was produced. In April, 2007 Dr. Michael Doran was named as Deputy Assistant Secretary of Defense-Support for Public Diplomacy in the Office of the Undersecretary of Defense (Policy).

In a speech early in 2008 Dr. Doran said:

> The office that I head was established over a year ago. … It represents a growing awareness in the Department of Defense that we have a public diplomacy role to play; it represents an awareness that you can't conceive of military operations in isolation from other forms of national power….that you have to take into consideration the public diplomacy of any operation at the takeoff, from the beginning.

DOD bases its authorities for conducting public information on Title 10 of the U.S. Code. These authorities cover the following information operations: Public Affairs; Visual Information; Defense Support to Public Diplomacy, and Information Operations, including Psychological Operations. In terms of determining how far down the chain of command a particular congressional authority is delegated, in practice it has been the commander has the final say.

DOD's decision to develop its own public diplomacy effort may originate, at least in part, from disappointment with the State Department's perceived inability to obtain foreign public opinion approval for U.S. responses to terrorist actions and threats and the wars in Iraq and Afghanistan. DOD has long been concerned with the number of State Department clearances required before a proposed action is approved or disapproved. For instance when a combatant commander proposes an initiative in his region, he may have to seek concurrence from several U.S. ambassadors in the region rather than being able to speak to one regionally based authority or a single Washington official. From the DOD perspective this arrangement inhibits timely decisions and stymies implementation.

What has DOD actually accomplished in its PD efforts? It's hard to tell. Interviews with active duty and retired military personnel and State officials and additional research failed to reveal facts on how much funding and personnel DOD devotes to Public Diplomacy. The interviewees made clear that throughout DOD there remains uncertainty concerning a clear definition of "public diplomacy". This suggests that at this point there may have been more discussion on the terminology rather than action.

For instance DOD officials' congressional testimony has focused on what PD practitioners might call public affairs activities on humanitarian operations, e.g. Pakistan earthquake relief and aiding the departure of American citizens from Lebanon during 2006 hostilities.

DOD has not fully explained publicly its early 2008 dissolution of the Strategic Communications Integration Group (SCIG). This decision reportedly has upset members of the House Armed Services committee who are strong supporters of DOD strategic communications. The dissolution was viewed as a major setback to coordination of "Strategic Communication/PD" efforts.

In May, 2008 the House of Representatives passed their version of the FY-2009 National Defense Authorization Act (HR 5658). The bill would establish a Strategic Management

Communications Board--an advisory board appointed by the Secretary of Defense. The Board would consist of representatives from throughout the government including State, USAID and the Broadcasting Board of Governors (BBG). The companion Senate bill does not have similar language. If the Senate Armed Services Committee adopts similar language and the measure passes both chambers this could further complicate the DOD-State relationship as to leadership in international PD efforts.

Conclusion

The lack of precise public information about DOD's PD activities, budget and personnel levels makes it virtually impossible to determine whether DOD PD programming is encroaching on State's authority.

Recommendation

When new State and DOD leadership are in place after the next Administration takes office in January, 2009, an inter-agency meeting should be convened by State at the Deputy Secretary level to prepare an inventory of USG international public diplomacy assets and activities. If DOD is conducting PD activities outside of combat zones, the authority to conduct these activities should be returned to the State Department.

At the same time, there should be State/DOD discussions on tangible ways of increasing mutual effectiveness through closer coordination, increased cross training and assignment opportunities and cost-sharing arrangements.

D. BROADCASTING (BBG)

Under the supervision of the Broadcasting Board of Governors (BBG), the International Broadcasting Bureau (IBB) provides administrative and engineering support for U.S. government-funded non-military international broadcasting services. IBB and BBG were established as independent federal government entities in 1999. The Secretary of State is an ex-officio BBG member but has no direct authority over BBG's budget or operations.

The BBG and IBB oversee: Voice of America; Radio Free Europe/Radio Liberty; the Office of Cuba Broadcasting; Radio Free Asia and the Middle East Broadcasting Networks (*Alhurra, Radio Sawa and Radio Farda*). The Administration's FY-2009 request for the BBG is $ 699.5 million, a 2.6% increase above the FY-2008 budget.

The IBB uses radio, television and Internet programming, essential USG public diplomacy tools, to inform global audiences of the day's regional and international news; U.S. government policies and developments in American society. During the Cold War, broadcasting services, especially VOA and Radio Free Europe/Radio Liberty, played a prominent role in keeping the peoples of the Soviet Union and Eastern Europe fully informed about developments in their own countries and the world and communism's failures. Today's critical stories, be they repression in Darfur, Zimbabwe, Tibet or Georgia, terrorist acts or natural disasters with political overtones such as occurred in Burma and China, need to be reported accurately, in depth and in timely fashion to the citizens of those countries and the world.

The combination of inadequate funding over several years to cover rising operational expenses (especially in television); the dollar's weakness, and the Congressionally-mandated establishment of new broadcast services in recent years have compelled the BBG to eliminate or scale back several language services. The BBG through annual reviews has identified those areas where it urgently needs funding and staffing increases if it is to maintain its place among the top rank of international government-sponsored broadcasters.

Recommendation

Given the valuable role USG broadcasting plays in many public diplomacy efforts, it seems likely that on certain occasions the BBG might request active State Department support for a funding request or programming initiative. If the Department determines that the specific request will help further U.S. foreign policy objectives, it may wish to weigh in with public support to the OMB and/or Congress.

At the same time the Department should be pro-active in seeking opportunities to do interviews on the stations operated by the BBG and should consider regularly briefing reporters from VOA, RFE/RL and the other USG-funded stations on U.S. policies as they relate to current international developments.

E. USAID STAFFING METHODOLOGY

1. Overseas Staffing is Based on:

- Three sizes of mission, based on program size:
  - o Large, where program exceeds $30m per year;
  - o Medium, where program is between $10m and $30m per year;
  - o Small, where program is between $3m and $10m per year; and,
  - o Posts with programs below $3m per year are non-presence.
- There are also provisions for regional hubs and regional satellites:
  - o Hubs are centers that provide program and administrative support to country missions and may also manage regional programs. USAID currently has hubs in each region where it operates; and,
  - o Satellites are mini-missions for small programs, usually consisting of only one U.S. Direct-Hire.
- Staff increases are provided for special case countries:
  - o Countries in crisis (humanitarian or other); and,
  - o Regional linchpins (countries of strategic importance).
- Operations requirements (senior management, program direction, legal, finance, contracts, administration) are standardized according to program size (see mission sizes above) and adjusted for special case situations, such as countries in crisis or strategic importance of country. U.S. operations staff ranges from 2-3 in small missions to 16-20 in the largest missions.

- Requirements for technical officers (managers and technical experts) are based on program size by type of program, and are again adjusted for special case countries. The program rations are the same for similar technical programs regardless of whether financed from development accounts, ESF or other program accounts. If programs become extremely large (as in the case of some PEPFAR activities), the proportions are changed to assume staff will oversee larger amounts of money per capita. Relation of staff to program size assumes that some technical personnel will not manage programs, but will facilitate development activities funded in whole or in part with non-USAID resources.
  - o For health programs, one "employee" would be provided for each $1.5 million in program size. The "employee" consists of 25% FSO, 66% FSN and 9% short-term non-DH, such as a PSC. Thus, a $15 million health program would require a total of 10 employees, approximately 3 FSOs, 6 FSNs and 1 PSC.
  - o For economic growth programs, one "employee", defined the same way, would be provided for each $1.3 million in program size. Thus, a $13 million economic growth program would require a total of 10 employees, divided as in the previous case; and
  - o USAID's third major program area incorporates democracy and humanitarian assistance. The same ratios are used in this category as for economic growth.

- Adding together the operations and technical management staffs, large missions would have between 20 and 30 USDH, medium missions 10 to 20 USDH, and smaller posts only 5 to 10 USDH. A few larger missions would be staffed at higher levels because of extraordinary requirements (e.g., Iraq, Sudan) and regional support centers (providing technical, administrative and legal services to smaller

posts) would also be staffed at levels of 25-30 FSOs. Large missions would contain some junior posts in both operations and technical areas to serve as training positions.

- Foreign Service National (FSN) employees, almost all of whom are PSCs, are not factored into the staffing levels for the purpose of this exercise but their costs are included. USAID expects that, given a doubling of FSOs at field posts, the number of FSNs would increase by about 30%.

2. Headquarters Staffing

- USAID headquarters consists of the Office of the Administrator, regional bureaus, pillar (or technical) bureaus, a management bureau, a bureau for legislative and public affairs, a legal office and an office of the Inspector General, plus several specialized staffs. The USAID policy bureau was largely moved to the State F area. All other existing bureaus remain.

- Headquarters staffing is a combination of FSOs, civil service and non-direct hire (PSCs and other). Proportion varies by type of bureau.

- **Regional bureaus** consist largely of geographic offices with desks for each recipient country of group of countries. They also include small technical liaison and administrative management staffs. The size of each bureau is based on the number of programs and the type/complexity of country programs (one desk officer per country, more if mission is a regional hub or linchpin). Senior management is 50% FSO, 50% GS; other categories of staff are primarily GS.

- **Pillar bureaus** (one each for Economic Growth, Health and Democracy/Humanitarian Assistance) manage headquarters programs and provide technical support and backstopping to all field missions. The size of each is a function of overall program size. Staff of these bureaus is carried out with the following proportions: FSOs, 11%; civil service, 34% and temporary staff (PSCs and other) 55%.

- **The Management Bureau** and other headquarters bureaus and offices base staffing levels on appropriate metrics (staff served for HR; financial transactions for Finance, contract/grant volume for the Procurement Office), and comparisons are done with other federal agencies to assure that levels are in line. Most of the staffing in these bureaus and offices is civil service, but rotational assignments for FSOs are maintained in each professional area relevant to the Foreign Service.

- **Complements** are maintained for the FSO (15%) and civil service (2%) to cover longer term training, rotations, details to other agencies, health problems and other situations.

F. MILLENNIUM CHALLENGE CORPORATION (MCC)

The Millennium Challenge Corporation (MCC) was established in January, 2004 as a new U.S. government bilateral economic assistance agency. It is a government corporation run by a Board of Directors of which the Secretary of State is the chair.

The Corporation is based on the principle that assistance will be most effective when it reinforces good governance, economic freedom and investments in people. To qualify for funding from the MCC, provided as a result of a bilateral agreement known as a "compact," countries must satisfy a number of criteria based on indicators of progress relating to governance, economic policies and social sector performance. Countries that have made progress but do not yet meet the criteria are eligible for "threshold" programs, funded by the MCC but administered by USAID. These programs are intended to help the countries become eligible for full "compact" status. Once a country reaches that status, the programs are largely run by the country itself with oversight by the MCC.

Currently, the MCC has active compacts with 16 countries and expects to complete two more before the end of FY 2008. Each compact is planned to run for five years. The average size of compacts approved over the past two years is about $490 million. Programs undertaken under the compacts include economic growth activities, such as agricultural development and road construction, and social sector programs in the fields of education and health. The total budget for the MCC was $1.8 billion in 2007, is $1.5 billion in 2008 and $2.2 billion has been requested for 2009. For the past few years, Congress has reduced the MCC's request because of slower than planned growth in the program.

The MCC staff is headquartered in Washington; domestic staff, which currently totals 276 and is limited to 300 by Executive Branch agreement, is civil service except for senior executives who are non-career. Overseas presence consists of two MCC U.S. direct-hire staff in each compact country, employed under Schedule A of the federal personnel regulations (non-career civil service) for the five-year duration of the compact with the country within which they serve.

G. THE PRESIDENT'S EMERGENCY PROGRAM FOR AIDS RELIEF (PEPFAR)

The PEPFAR program, an initiative of the current administration, was authorized in PL 108-25, signed into law on May 27, 2003. It provided a five year authorization for the new program. Through 2007, a total of $12.2 billion was obligated and the PEPFAR operational plan for 2008 calls for the commitment of an additional $6 billion. A similar amount was requested for FY 2009. The program has been reauthorized by a bill signed into law on July 30, 2008 which provides authority for up to an additional $39 billion for HIV/AIDS programs over the next five years.

The program is overseen by the Office of the Global AIDS Coordinator (S/GAC) , located in the Department of State but with reporting responsibilities to both the President and the Secretary. The Office has a staff of 28 and administrative costs for the Office are estimated at $12.9 million in 2008.

The program includes both bilateral programs and contributions to multilateral funds. Bilateral programs are managed primarily by USAID and by the HHS Centers for Disease Control, though other field programs are overseen by the Departments of State, Defense, Labor and Commerce and by the Peace Corps. The staff who manage the programs are employed by their own agencies and are therefore not "PEPFAR" employees. USAID currently has bilateral AIDS programs in 50 countries, and has established seven regional centers which oversee programs in an additional 50 countries. HHS/CDC maintains presence in 29 countries as part of PEPFAR teams.

The PEPFAR staffing implications for Function 150 agencies (State, USAID) have been built into prior and current year estimates and requests. Significant increases in funding levels for HIV/AIDS activities for which these agencies are responsible could require additional staffing.

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