

D&CP – POLITICAL-MILITARY AFFAIRS

Resource Summary

(\$ in thousands)

| Appropriations | FY 2008 Actual | FY 2009 Estimate | FY 2010 Request | Increase / Decrease |
|-----------------------|-----------------------|-------------------------|------------------------|----------------------------|
| Positions | 200 | 200 | 204 | 4 |
| Funds | 33,330 | 35,679 | 31,985 | (3,694) |

Mission

The Bureau of Political-Military Affairs (PM), the Department of State's principal link with the Department of Defense (DoD), provides policy direction and oversight, program management, and diplomatic support in the areas of defense trade and arms transfers, security assistance programs, military operations, and foreign policy input into DoD plans and processes. PM manages \$100 billion annually in commercial defense trade, \$20 billion in government arms transfers, \$5 billion in military assistance, and \$128 million in conventional weapons destruction programs. PM coordinates the Department's oversight of DoD-led foreign military capacity building programs; negotiates agreements in support of U.S. military forces abroad; assigns foreign policy advisors to work with military service chiefs and combatant commands in the U.S. and abroad; facilitates 24/7 diplomatic support to military operations, including counterterrorism and humanitarian response; and provides real-time political-military reporting and analysis to senior Department leadership. The Bureau provides diplomatic clearance for foreign aircraft and ships seeking entry into U.S. territory. PM leads the Gulf Security Dialogue, the Global Peace Operations Initiative, the International Contact Group for Piracy off the Coast of Somalia, and the Interagency Counterinsurgency Initiative. PM works with worldwide partners to ensure maximum coordination between USG political-military and security sector reform programs to assist in managing U.S. bilateral and regional political-military relationships, with the goal of achieving peace and security for the benefit of the American people and the international community.

Priorities

PM's strategic priorities are supporting the USG's goals in the Middle East; building partner capacity; expanding State-DoD relations; improving international security; and improving management processes. PM's FY 2010 resource requests are directed to these goals, with emphasis on improving PM's ability to implement National Security Presidential Directive (NSPD) 56 on Defense Trade Reform by increasing the current Manning levels of the Directorate for Defense Trade Controls (DDTC).

In January 2008, President Bush issued NSPD-56, which was designed to ensure that U.S. defense trade policies and practices better support the National Security Strategy of the United States. The Directive mandates the commitment of additional financial and other resources, as well as procedural reforms, to expedite the processing of export license applications for items controlled by the U.S. Munitions List. Specifically, the Directive requires that the Department of State improve the effectiveness of licensing by adhering to a 60 day goal for processing; implement license exception for exports involving dual and third country nationals from allied partners; establish an interagency dispute mechanism; improve the Congressional Notification process; and complete upgrades to the Directorate's electronic licensing system. The Directive also requires the Department of State to support other Departments' actions in this area.

In accordance with the NSPD, a resource plan has been developed, identifying the additional personnel and financial resources required to fully implement the Directive. The Directive required that the plan address self-financing mechanisms to fund eventually up to 75 percent of DDTC expenses. The Department aims to have DDTC be 100 percent self-financed (to the extent that fee revenue is sufficient) through registration fees collected from exporters, manufacturers and brokers each year. Current law allows for registration fees to pay only for

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certain DDTC activities. DDTC will continue to require appropriated funding until legislation authorizes broader use of fees to fund all aspects of DDTC's mission.

Justification of Program Change

The FY 2010 resources reflect the net reduction of \$2.12 million, which includes a shift of \$3.16 million from direct funding to reimbursed. These costs will be covered from DDTC fees. In addition, \$1.03 million is required for Enhanced State-Defense Collaboration.

The Bureau of Political-Military Affairs (PM) has been significantly expanding State-DoD collaboration through initiatives that seek to restore appropriate balance between soft and hard power in dealing with foreign policy challenges. In order to sustain and build on this momentum, PM requests \$513,000 for four related but distinct sets of activities: \$269,000 for the Interagency Counterinsurgency Initiative; \$165,000 to cover the annual increase in wage and contract costs for the 24/7 Political Military Action Team; \$35,000 for travel in support of engagement with combatant commands, military services, and defense agencies; and \$44,000 in staff support costs for four new positions. In addition, PM requests \$15.5 million in bureau managed costs and \$24.8 million in American Salaries costs. These increases are required to support specific activities through which PM has broadened and deepened our working relationship with DoD.

The Interagency Counterinsurgency Initiative (ICI), which is improving U.S. civilian agency understanding of, and the U.S. Government's ability to address, threats to our allies and friends from national and transnational insurgencies, will provide: \$100,000 to support a global information clearinghouse housed in the new interagency Consortium for Complex Operations; \$49,000 to update the USG Counterinsurgency Guide, the first USG counterinsurgency (COIN) framework published since 1962; and \$120,000 to allow PM to co-host, with DoD and USAID, a series of conferences and workshops on COIN. PM-led ICI activities emphasize the predominance of the civilian components of COIN, particularly diplomatic and foreign assistance, in effective COIN efforts.

Two of the new positions will support new political-military planning efforts to ensure that the Department can participate significantly in DoD military planning processes, which will help ensure that military plans are informed by foreign policy objectives and are complementary to Department of State activities. The other two positions will support the expanded, jointly-managed DoD-State security assistance program known as "1206" (which refers to the section in the 2007 National Defense Authorization Act that authorized DoD, with the concurrence of the Secretary of State, to use its appropriated funds to train and equip foreign military forces). An appropriation of \$350 million is authorized in FY 2010 for the 1206 program, requiring additional manpower in the PM Bureau to ensure adequate State program oversight and management.

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FY 2010 Request Resource Summary

| | Positions | | | Funds (\$ in thousands) | | | |
|--|-----------|----------|----------|-------------------------|-------------------|----------------------|----------------|
| | American | | FSN | Pos Total | Bureau Managed | American Salaries | Funds Total |
| | Domestic | Overseas | | | | | |
| FY 2008 Actual | 187 | 13 | 0 | 200 | 8,963 | 24,367 | 33,330 |
| FY 2009 Estimate | 187 | 13 | 0 | 200 | 10,143 | 25,536 | 35,679 |
| FY 2010 Base (1) | 187 | 13 | 0 | 200 | 7,923 | 25,536 | 33,459 |
| FY 2010 Built-in Changes | | | | | | | |
| Annualization of FY 2009 | | | | | | | |
| American COLA | 0 | 0 | 0 | 0 | 32 | 133 | 165 |
| Domestic Inflation | 0 | 0 | 0 | 0 | 19 | 0 | 19 |
| FY 2010 American Cost of Living Adjustment | 0 | 0 | 0 | 0 | 85 | 380 | 465 |
| Total Built-in Changes | 0 | 0 | 0 | 0 | 136 | 513 | 649 |
| FY 2010 Current Services | 187 | 13 | 0 | 200 | 8,059 | 26,049 | 34,108 |
| FY 2010 Program Changes | | | | | | | |
| DDTC Enhancements | 0 | 0 | 0 | 0 | (1,343) | (1,816) | (3,159) |
| Enhance State-Defense Collaboration | 4 | 0 | 0 | 4 | 513 | 523 | 1,036 |
| Total Program Changes | 4 | 0 | 0 | 4 | (830) | (1,293) | (2,123) |
| FY 2010 Request | 191 | 13 | 0 | 204 | 7,229 | 24,756 | 31,985 |

(1) FY2010 Base excludes non-recurred FY2009 supplemental funds

The reduction to FY 2010 Current Services direct funding reflects a shifting of resources that will be reimbursed with Defense Trade Control Fees.

Consistent with the intent of National Security Presidential Directive #56, the FY201 Program Change Request reflects a reduction of \$3.159 million anticipating a forthcoming legislative amendment to 22 U.S.C. 2717 which would allow for all of the Department's Directorate for Defense Trade Controls (PM/DDTC) related expenses to be funded using registration fees pursuant to the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR). Absent such a legislative amendment, this request will need to be increased by \$3.159M in order for PM/DDTC to carry out its mission.

Staff by Program Activity (positions)

| Bureau of Political-Military Affairs | FY 2008 Actual | FY 2009 Estimate | FY 2010 Request | Increase / Decrease |
|--------------------------------------|-------------------|---------------------|--------------------|------------------------|
| Conduct of Diplomatic Relations | 198 | 193 | 197 | 4 |
| Bureau Direction | 5 | 0 | 0 | 0 |
| International Security Affairs | 193 | 13 | 13 | 0 |
| Policy Formulation | 0 | 5 | 5 | 0 |
| Public Diplomacy | 2 | 2 | 2 | 0 |
| Total | 200 | 200 | 204 | 4 |

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Funds by Program Activity

(\$ in thousands)

| Bureau of Political-Military Affairs | FY 2008 Actual | FY 2009 Estimate | FY 2010 Request | Increase / Decrease |
|--------------------------------------|-------------------|---------------------|--------------------|------------------------|
| Conduct of Diplomatic Relations | 33,006 | 34,123 | 30,398 | (3,725) |
| Bureau Direction | 1,179 | 0 | 0 | 0 |
| International Security Affairs | 31,827 | 0 | 0 | 0 |
| Policy Formulation | 0 | 1,223 | 1,245 | 22 |
| Public Diplomacy | 324 | 333 | 342 | 9 |
| Total | 33,330 | 35,679 | 31,985 | (3,694) |

FY 2010 Request Program Activities

| Department Of State | Positions | | | | Funds (\$ in thousands) | | |
|--|----------------------|-----------|----------|--------------|-------------------------|----------------------|----------------|
| | American Domestic | Overseas | FSN | Pos Total | Bureau Managed | American Salaries | Funds Total |
| Conduct of Diplomatic Relations | 184 | 13 | 0 | 197 | 6,625 | 23,773 | 30,398 |
| International Security Affairs | 0 | 13 | 0 | 13 | 0 | 0 | 0 |
| Policy Formulation | 5 | 0 | 0 | 5 | 596 | 649 | 1,245 |
| Public Diplomacy | 2 | 0 | 0 | 2 | 8 | 334 | 342 |
| Total | 191 | 13 | 0 | 204 | 7,229 | 24,756 | 31,985 |

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Staff by Domestic Organization Unit

(positions)

| Bureau of Political-Military Affairs | FY 2008 Actual | FY 2009 Estimate | FY 2010 Request | Increase / Decrease |
|--|-------------------|---------------------|--------------------|------------------------|
| Congressional & Public Affairs | 3 | 3 | 3 | 0 |
| Deputy Assistant Secretary for Defense Trade and Regional Security | 1 | 1 | 1 | 0 |
| Deputy Assistant Secretary for Management and Negotiations | 1 | 1 | 1 | 0 |
| Deputy Assistant Secretary for Plans, Programs, and Operations | 2 | 2 | 2 | 0 |
| International Security Operations | 7 | 7 | 7 | 0 |
| Managing Director, Directorate of Defense Trade Controls | 2 | 10 | 10 | 0 |
| Office of Defense Trade Controls Compliance | 19 | 19 | 19 | 0 |
| Office of Defense Trade Controls Licensing | 45 | 45 | 45 | 0 |
| Office of Defense Trade Controls Management | 8 | 0 | 0 | 0 |
| Office of Defense Trade Controls Policy | 6 | 6 | 6 | 0 |
| Office of Plans, Policy, and Analysis | 18 | 18 | 22 | 4 |
| Office of Regional Security & Arms Transfers | 20 | 20 | 20 | 0 |
| Office of Weapons Removal and Abatement | 20 | 20 | 20 | 0 |
| Office of the Assistant Secretary | 5 | 5 | 5 | 0 |
| POLADS/SDE Coordination | 1 | 1 | 1 | 0 |
| Political Advisors | 28 | 28 | 28 | 0 |
| Security Negotiations and Agreements | 1 | 1 | 1 | 0 |
| State/Defense Exchange Officers | 13 | 13 | 13 | 0 |
| Total | 200 | 200 | 204 | 4 |

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Funds by Domestic Organization Unit

(\$ in thousands)

| Bureau of Political-Military Affairs | FY 2008 Actual | FY 2009 Estimate | FY 2010 Request | Increase / Decrease |
|--|-------------------|---------------------|--------------------|------------------------|
| Congressional & Public Affairs | 513 | 530 | 543 | 13 |
| Deputy Assistant Secretary for Defense Trade and Regional Security | 292 | 302 | 307 | 5 |
| Deputy Assistant Secretary for Management and Negotiations | 190 | 199 | 202 | 3 |
| Deputy Assistant Secretary for Plans, Programs, and Operations | 342 | 358 | 363 | 5 |
| International Security Operations | 3,227 | 3,329 | 3,587 | 258 |
| Managing Director, Directorate of Defense Trade Controls | 1,221 | 1,507 | 1,535 | 28 |
| Office of Defense Trade Controls Compliance | 2,664 | 2,419 | 652 | (1,767) |
| Office of Defense Trade Controls Licensing | 5,987 | 6,179 | 5,844 | (335) |
| Office of Defense Trade Controls Management | 1,021 | 950 | 0 | (950) |
| Office of Defense Trade Controls Policy | 1,655 | 764 | 846 | 82 |
| Office of Plans, Policy, and Analysis | 2,603 | 2,719 | 3,605 | 886 |
| Office of Regional Security & Arms Transfers | 3,035 | 3,168 | 3,228 | 60 |
| Office of Weapons Removal and Abatement | 3,106 | 3,240 | 3,301 | 61 |
| Office of the Assistant Secretary | 1,179 | 1,223 | 1,245 | 22 |
| POLADS/SDE Coordination | 238 | 247 | 251 | 4 |
| Political Advisors | 3,945 | 6,343 | 4,230 | (2,113) |
| Security Negotiations and Agreements | 408 | 421 | 428 | 7 |
| State/Defense Exchange Officers | 1,704 | 1,781 | 1,818 | 37 |
| Total | 33,330 | 35,679 | 31,985 | (3,694) |

Funds by Object Class

(\$ in thousands)

| Bureau of Political-Military Affairs | FY 2008 Actual | FY 2009 Estimate | FY 2010 Request | Increase / Decrease |
|--------------------------------------|-------------------|---------------------|--------------------|------------------------|
| 1100 Personnel Compensation | 21,290 | 27,305 | 6,955 | (20,350) |
| 1200 Personnel Benefits | 5,157 | 354 | 19,966 | 19,612 |
| 2100 Travel & Trans of Persons | 1,106 | 1,136 | 1,181 | 45 |
| 2300 Rents, Comm & Utilities | 801 | 823 | 830 | 7 |
| 2400 Printing & Reproduction | 211 | 217 | 219 | 2 |
| 2500 Other Services | 4,613 | 5,688 | 2,676 | (3,012) |
| 2600 Supplies and Materials | 151 | 155 | 157 | 2 |
| 3100 Personal Property | 1 | 1 | 1 | 0 |
| Total | 33,330 | 35,679 | 31,985 | (3,694) |