

**OTHER ADMINISTRATION OF FOREIGN AFFAIRS**

**Civilian Stabilization Initiative**

**Office of the Inspector General**

**Educational and Cultural Exchange Programs**

**Representation Allowances**

**Protection of Foreign Missions and Officials**

**Emergencies in the Diplomatic and Consular Service**

**Buying Power Maintenance Account**

**Repatriation Loans Program Account**

**Payment to the American Institute in Taiwan**

**Foreign Service Retirement and Disability Fund**

*This page intentionally left blank.*

## **CIVILIAN STABILIZATION INITIATIVE**

## Proposed Appropriation Language

### CIVILIAN STABILIZATION INITIATIVE

For necessary expenses to support, maintain, mobilize, and deploy a civilian response corps [in coordination with the United States Agency for International Development (USAID),] and for related reconstruction and stabilization assistance to prevent or respond to conflict or civil strife in foreign countries or regions, or to enable transition from such strife, [\$120,000,000]\$184,000,000, to remain available until expended: *Provided*, That funds made available under this heading may be made available [in fiscal year 2010] to provide administrative expenses for the Office of the Coordinator for Reconstruction and Stabilization:

*Provided further*, That [notwithstanding any other provision of law and following consultation with the Committees on Appropriations, the President may exercise transfer authorities contained in the Foreign Assistance Act of 1961 for reconstruction and stabilization assistance managed by the Office of the Coordinator for Reconstruction and Stabilization only to support an actively deployed Civilian Response Corps, subject to the regular notification procedures of the Committees on Appropriations: *Provided further*, That of the funds appropriated under this heading, \$10,000,000 shall be withheld from obligation until the Secretary of State reports to the Committees on Appropriations that the Department of State has signed a memorandum of understanding with the Department of Defense relating to the provision of airlift for deployment of Civilian Response Corps personnel and equipment: *Provided further*, That not later than 45 days after enactment of this Act, the Secretary of State and the USAID Administrator shall submit a coordinated joint spending plan for funds made available under this heading and under the heading "Civilian Stabilization Initiative" in title II of this Act] *the Secretary of State may transfer and merge funds made available under any other heading in Titles I, II, III and IV of this Act with funds made available under this heading to maintain and deploy a Civilian Response Corps and to provide reconstruction and stabilization assistance: Provided further, That the Secretary may appoint, compensate and remove Civilian Response Corps personnel without regard to Civil Service or classification laws . (Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2010.)*

### CIVILIAN STABILIZATION INITIATIVE

*SEC. 7052. Funds appropriated or made available under this or any other Act for reconstruction and stabilization assistance, including funds that are reprogrammed or transferred to be made available for such purposes, may be made available for such purposes, notwithstanding any other provision of law; Provided, That the administrative authorities of the Foreign Assistance Act may be utilized for assistance furnished with such funds: Provided further, That the President may furnish additional assistance by executing the authorities provided in sections 552(c) and 610 of the Foreign Assistance Act, notwithstanding the percentage and dollar limitations in such sections: Provided further, That funds allocated or reprogrammed for purposes of this section shall remain available until expended.*

# CIVILIAN STABILIZATION INITIATIVE

## *Resource Summary*

(\$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Positions      | 351            | 351             | 365             | 14                  |
| Funds          | 45,000         | 120,000         | 184,000         | 64,000              |

In FY 2009, \$30 million was appropriated to USAID for a total FY 2010 availability of \$75 million, and in FY 2010, \$30 million was appropriated to USAID for a total FY 2010 availability of \$150 million.

### *Program Description*

The Civilian Stabilization Initiative (CSI) supports the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and the Civilian Response Corps (CRC). The FY 2011 request of \$184 million will allow S/CRS to continue to build and sustain a coordinated civilian capacity across eight United States Government (USG) civilian agencies for a whole-of-government response to emergent reconstruction and stabilization crises.

This request supports the continued recruitment, hiring, equipping, training and managing of a CRC comprised of a 250-member interagency Active component (CRC-A), and a 2,000-member Standby component (CRC-S). No funding is requested to support the creation of a Reserve Component (CRC-R). The CRC-A and CRC-S are drawn from the Departments of State, Justice, Commerce, Treasury, Agriculture, Health and Human Services, Homeland Security, and the U.S. Agency for International Development. The CRC provides the USG with a standing expeditionary capability to complement the conventional operations of departments in reconstruction and stabilization (R&S) operations and staff whole-of-government response structures.

Funding will also support conflict prevention, assessment, planning, and coordination activities of S/CRS, as well as public and international outreach. S/CRS hosts a robust conflict prevention effort focused on exploring and implementing strategies to prevent countries from entering into or returning to conflict. S/CRS has led the way in developing an interagency conflict assessment framework which melds academic, diplomatic and development approaches to provide embassies with a focused strategy to help their host country avoid conflict or the recurrence of conflict. We have used this process to assist our missions in the Democratic Republic of the Congo, Tajikistan, Guinea and Liberia and have held very successful embassy-based assessments in Sri Lanka, Cambodia and Panama and will shortly do assessments for Embassies Quito and Monrovia. S/CRS provides a focal point for interagency conflict assessment, and regularly engages the interagency through a variety of activities, including the Interagency Planning Committee (IPC) for Reconstruction and Stabilization and sub-IPCs that sponsored and directly participated in the development and approval of the Interagency Conflict Assessment Framework (ICAF) which provides the foundation for disciplined, coordinated conflict assessment.

The potential for instability across the globe continues to support a continued need for assessments and larger R&S engagements. The number of countries that reflect weaknesses in political, economic, security and social welfare indicators reflects a high likelihood that American assistance will be requested to assist in R&S engagements. Economic and political instability have been shown to be major links in the rise of global terrorism. America's ability to respond to R&S crises is a cornerstone in achieving peace and global security, abroad as well as within our shores. With the FY 2011 resources requested, S/CRS will continue to be able to respond to these global challenges, through pro-active assessment and crises prevention activities as well as response to R&S crises when they occur.

## CIVILIAN STABILIZATION INITIATIVE

S/CRS has used the growing CRC capacity effectively to assist and further strengthen the USG's ability to respond to R&S crises. Over 63 S/CRS and CRC staff have served in both Embassy Kabul and International Security Assistance Forces (ISAF). The current engagement in Afghanistan has seven components: civilian-military planning and assessment; support to sub-National integration and planning; election support; information operations support; direct advisory support to ISAF; expert technical advisors to support the Government of Afghanistan; and, training and reach-back support. S/CRS assisted in deploying interagency teams in support of Secretary Clinton's call to assist the Democratic Republic of the Congo. A year-long partnership between S/CRS and Embassy Dhaka has resulted in a whole-of-government planning process that unites the Mission around a common strategy.

The USG's growing whole-of-government approach has led to the creation of a systematic and institutionalized interagency process that brings the capacity of all agencies to bear in an R&S mission. S/CRS and its partners will be responsible for further refining this whole-of-government construct in FY 2011.

S/CRS is helping to build global response capabilities by coordinating with multilateral and bilateral partners sharing similar R&S capacities to ensure an integrated response to future crises. S/CRS is deepening and expanding cooperation with key bilateral partners such as Canada, Denmark, the Netherlands, Germany, Australia, and the UK, and with multilateral partners, such as the UN, EU, NATO, and OSCE. All partners have been invited to participate in CRC training courses to familiarize them with our R&S doctrine and to begin establishing relationships with key representatives of the USG organizations involved in conflict prevention and crisis response.

In mid-January 2010 the devastating earthquake in Haiti underscored the value of broad international coordination. As the Haiti crisis has demonstrated, such catastrophes result in many international actors responding in many different capacities. Such response benefits greatly when done within the context of known relationships, shared visions and an understanding of how to harness unique capabilities.

### *Performance*

The U.S. government can better influence key transitional moments in fragile states if it can deploy civilians early enough in the cycle of R&S operations. Since this is a new initiative, S/CRS is using this important output measure to focus on whether it is getting civilians to critical spots in a timely manner.

## CIVILIAN STABILIZATION INITIATIVE

| STRATEGIC GOAL: ACHIEVING PEACE AND SECURITY |   |                   |  |                 |                    |                     |
|--|---|-------------------|--|-----------------|--------------------|---------------------|
| <b>Strategic Priority</b>                    | Conflict Prevention, Mitigation, and Response   |                   |  |                 |                    |                     |
| <b>Bureau Goal</b>                           | Indicator is a department level measure and was developed outside of bureau strategic planning process  |                   |  |                 |                    |                     |
| <b>Indicator</b>                             | NEW INDICATOR: Average monthly number of civilian reconstruction and stabilization deployments to conflict zones.   |                   |  |                 |                    |                     |
| FY 2006 Result                               | FY 2007 Result  | FY 2008 Result    | FY 2009 Result   | FY 2009 Target  | FY 2010 Target     | FY 2011 Target      |
| 1.1 employees/month                          | 2.3 employees/month   | 2 employees/month | 11.4 employees/mo [Baseline]<br><br>New Indicator, No Rating | [Baseline Year] | 70 employees/month | 170 employees/month |
| <b>Impact</b>                                | S/CRS teams responded to crisis situations or in conflict areas in 10 countries.  |                   |  |                 |                    |                     |
| <b>Methodology</b>                           | Report from the US Embassies in the form of memorandum to the appropriate regional Assistant Secretary and the Coordinator of the Office of Reconstruction and Stabilization. |                   |  |                 |                    |                     |
| <b>Data Source and Quality</b>               | Travel Manager System reports; field reports and reach-back information from deployed employees. Data Quality Assessment revealed no significant data limitations.            |                   |  |                 |                    |                     |

### *Justification of Request*

The Department's FY 2011 request of \$184 million includes increases to maintain current services and support several key initiatives that will recruit, train, equip, sustain and manage a 250 member CRC-A and 2000 member CRC-S. An increase of \$64 million and 14 positions is requested, compared to the FY2010 base of \$120 million and 351 positions for the program. An increase of \$3.5 million for is included in this request for statutory pay raises, inflation, and increased facility costs, to maintain the FY2010 level of activity. This provides the capacity to deploy up to 650 responders at one time, as needed, to support large complex Reconstruction and Stabilization (R&S) missions and missions of limited scope.

#### **Interagency Responders: \$21,069,000**

This request of \$57.3 million represents a change of \$21.1 million from the FY2010 enacted CSI level for State of \$36.2 million. This request will re-integrate CSI funds which were appropriated separately to the US Agency for International Development in FY 2010 into the Department of State. The funding level of \$57.3 million represents a normalized full year funding level of \$45.1 million to support the 250 Interagency CRC Active component including basic salaries, benefits, travel and per diem for training, travel and other support costs. Of this request, \$12.2 million will support initial and refresher training for the Standby Component which will be increased from 1,000 members to the full complement of 2,000 members.

#### **Deployment: \$39,927,000**

This request of \$69.6 million represents an increase of \$39.9 million from the FY 2010 enacted CSI level for State of \$29.7 million. This increase incorporates the funding previously provided to USAID and will permit a larger scale deployment to meet growing demand for CRC in Sub-Saharan Africa and South Central Asia. The Secretary has made commitments to the Democratic Republic of the Congo and other countries present similar opportunities assistance as well. A continued focus on South Central Asia can be expected as part of the Department's long term commitment to Afghanistan and Pakistan and focus on eliminating safe havens for terrorists. A third major focus will be

## CIVILIAN STABILIZATION INITIATIVE

continuing assistance to Haiti as it rebuilds from the devastating earthquake of January 2010. Funding will sustain up to 370 deployed personnel for 90 days and provide mission-specific logistical support. This will enable the CRC to assist embassies with conflict and sector assessments, develop and implement whole of government response plans, assess and monitor USG crisis response assistance, partner with multilateral and bilateral partners, and integrate with USG military operations, where applicable. Funds are also provided for civilian force protection when responders are deployed to insecure environments.

### **Equipment: -\$12,711,000**

This request of \$12.3 million represents a decrease of \$12.7 million from the FY 2010 enacted CSI level for State of \$25.0 million. Funds support the completion of the acquisition of basic responder equipment (laptops, blackberries, satellite phones, armored vests, helmets, etc.) needed to outfit responders with personal and team equipment to support both small scale assistance teams and a large scale deployment, including replacement of equipment rendered unserviceable as a result of deployment activities. Funding from FY 2009 and FY 2010 began the process of acquiring personal and team communications equipment and 28 fully armored vehicles for operating in hazardous areas. FY 2011 completes and sustains CRC equipment needs.

### **Civilian Deployment Center: \$4,050,000 [Appropriated to USAID in FY2010]**

This request of \$4.0 million represents a change of \$4.0 million from the FY 2010 enacted CSI level for State. USAID was separately appropriated \$4.0 million in FY 2010 to operate the Civilian Deployment Center (CDC). The CDC is a central hub established to process the deployments of CRC personnel and to provide pre-deployment orientation and training, outfit and train responders with mission-specific equipment, to provide other services, as needed, to prepare responders for deployment. The Center also performs re-integration activities for returning responders, de-briefings, equipment turn-in, and other activities required at the conclusion of a deployment.

### **R&S Coordination and Management: \$11,665,000 including 14 positions**

This request of \$40.8 million represents an increase of \$11.7 million from the FY 2010 enacted CSI level of \$29.1 million, and includes funds for 14 new positions. The request provides funding to support the activities of the Office of the Coordinator (OCR) for Reconstruction and Stabilization (S/CRS) and to manage and operate the Civilian Response Corps, including USAID's Office of Civilian Response. Funding for OCR supports the management and oversight of its 93 Active and 720 Standby members. This office was established in FY 2008 using funds directly appropriated to USAID for their portion of the CRC. Funding to sustain this office is incorporated into this single unified CSI request for FY 2011.

Policy and planning activities include \$24.6 million to support S/CRS and OCR interagency coordination, policy development, doctrine development and other activities, \$11.0 million to support the daily management of the Civilian Response Corps, and \$5.2 million for the planned acquisition of consolidated space to house the S/CRS operations in FY 2011. Currently, S/CRS is located in three separate locations which negatively impacts staff productivity. The request provides increased lease costs, as well as initial one-time fitting-out costs. Relocation is planned for FY 2011.

# CIVILIAN STABILIZATION INITIATIVE

*FY 2011*

## *SUMMARY STATEMENT OF POSITIONS*

|   | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase/<br>Decrease |
|---|-------------------|--------------------|--------------------|-----------------------|
| <b>Headquarters and Operational Support</b> | 101               | 101                | 115                | 14                    |
| <b>CRC - Active</b>                         | 250               | 250                | 250                | 0                     |
| <b>Program Total</b>                        | <b>351</b>        | <b>351</b>         | <b>365</b>         | <b>14</b>             |
| <b>CRC – Standby</b>                        | 1,000             | 1,000              | 2,000              | 1,000                 |
| <b>CRC - Reserves</b>                       | 0                 | 0                  | 0                  | 0                     |

### *Funds by Program Activity*

(\$ in thousands)

|   | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase/<br>Decrease |
|---|-------------------|--------------------|--------------------|-----------------------|
| <b>Civilian Response Corps (CRC) Active</b>     | 13,670            | 21,000             | 45,114             | 24,114                |
| <b>Training for Active and Standby CRC</b>      | 12,717            | 15,220             | 12,175             | (3,045)               |
| <b>CRC Reserve</b>                              | 0                 | 0                  | 0                  | 0                     |
| <b>Equipment Acquisition</b>                    | 0                 | 25,000             | 12,289             | (12,711)              |
| <b>Deployments</b>                              | 8,794             | 29,660             | 69,587             | 39,927                |
| <b>Deployment Center</b>                        | 0                 | 0                  | 4,050              | 4,050                 |
| <b>CRC Operations Support</b>                   | 2,744             | 8,020              | 10,996             | 2,976                 |
| <b>S/CRS Policy and Planning</b>                | 7,075             | 21,100             | 29,789             | 8,689                 |
| <b>Total, Civilian Stabilization Initiative</b> | <b>45,000</b>     | <b>120,000</b>     | <b>184,000</b>     | <b>64,000</b>         |

### *Funds by Object Class*

(\$ in thousands)

|   | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|---|-------------------|--------------------|--------------------|------------------------|
| <b>1100 Personnel Compensation</b>        | 10,958            | 24,405             | 41,889             | 17,484                 |
| <b>1200 Personnel Benefits</b>            | 4,261             | 20,542             | 21,006             | 464                    |
| <b>2100 Travel &amp; Trans of Persons</b> | 7,515             | 14,399             | 23,882             | 9,483                  |
| <b>2300 Rents, Comm &amp; Utilities</b>   | 450               | 1,750              | 5,318              | 3,568                  |
| <b>2400 Printing &amp; Reproduction</b>   | 50                | 75                 | 75                 | 0                      |
| <b>2500 Other Services</b>                | 21,666            | 38,116             | 78,341             | 40,225                 |
| <b>2600 Supplies and Materials</b>        | 100               | 2,100              | 1,100              | (1,000)                |
| <b>3100 Personal Property</b>             | 0                 | 18,613             | 12,389             | (6,224)                |
| <b>Total</b>                              | <b>45,000</b>     | <b>120,000</b>     | <b>184,000</b>     | <b>64,000</b>          |

*This page intentionally left blank.*

**OFFICE OF INSPECTOR GENERAL**

## Proposed Appropriation Language

### OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, [~~\$100,000,000~~]*\$120,152,000*, notwithstanding section 209(a)(1) of the Foreign Service Act of 1980 (Public Law 96–465), as it relates to post inspections, of which [~~\$23,000,000~~]*\$22,125,000* shall be for the Special Inspector General for Iraq Reconstruction for reconstruction oversight, and [~~\$23,000,000~~]*\$35,287,000* shall be for the Special Inspector General for Afghanistan Reconstruction for reconstruction oversight. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

# OFFICE OF INSPECTOR GENERAL

## *Resource Summary*

(\$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Positions      | 318            | 318             | 318             | 0                   |
| Funds          | 121,122        | 102,000         | 120,152         | 18,152              |

FY 2009 Actual includes \$57.0 million in bridge funding provided by the Supplemental Appropriations Act, 2008 (P.L. 110-252), of which \$36.5 million was transferred to the Special Inspector General for Iraq Reconstruction and \$5.0 million was for the Special Inspector General for Afghanistan Reconstruction. FY 2009 Actual also includes \$24.1 million provided by the Supplemental Appropriations Act, 2009 (P.L. 111-32), of which \$7.2 million was for the Special Inspector General for Afghanistan Reconstruction and \$7.0 million was transferred to the Special Inspector General for Iraq Reconstruction as forward funding for FY 2010 requirements, as well as \$1.0 million transferred from the Economic Support Fund appropriation provided in the Act. FY 2009 Actual further includes \$2.0 million provided by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).

FY 2010 Enacted includes \$2.0 million transferred from the Economic Support Fund to OIG, \$23.0 million for the Special Inspector General for Afghanistan Reconstruction, and \$23.0 million for the Special Inspector General for Iraq Reconstruction as provided by the Consolidated Appropriations Act, 2010 (P.L. 111-117).

FY 2011 Request includes \$35.3 million for the Special Inspector General for Afghanistan Reconstruction and \$22.1 million for the Special Inspector General for Iraq Reconstruction.

Position totals are for DOS OIG only and lower than the FY 2010 CBJ total of 329 due to a technical adjustment to better reflect the actual authorized ceiling.

### *Program Description*

FY 2011 marks the second year that the Department of State's Office of Inspector General account has incorporated funding requests for the Department's Office of Inspector General (OIG), the Special Inspector General for Afghanistan Reconstruction (SIGAR), and the Special Inspector General for Iraq Reconstruction (SIGIR). Prior to FY 2010, SIGAR and SIGIR received funding from supplemental appropriations. The following chart summarizes the budget requests for the three offices.

(\$ in thousands)

| Appropriations  | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|-----------------|----------------|-----------------|-----------------|---------------------|
| OIG Funds       | 65,421         | 56,000          | 62,740          | 6,740               |
| SIGAR Funds     | 12,201         | 23,000          | 35,287          | 12,287              |
| SIGIR Funds (1) | 43,500         | 23,000          | 22,125          | (875)               |
| Total           | 121,122        | 102,000         | 120,152         | 18,152              |

(1) FY 2009 SIGIR funds include \$7 million that was forward funded for FY 2010. SIGIR's drawdown is more accurately reflected as authorized funding levels of \$36.5 million in FY 2009, \$30 million in FY 2010, and \$22 million in FY 2011.

### Department of State Office of Inspector General

The Office of Inspector General has a leading role in helping the Department of State (Department) and the Broadcasting Board of Governors (BBG) improve management, strengthen integrity and accountability, and ensure the most efficient, effective, and economical use of resources. OIG's oversight extends to the Department's and BBG's 64,000+ employees and more than 275 missions and other facilities worldwide, funded through combined annual appropriations of more than \$15

## OFFICE OF INSPECTOR GENERAL

billion (including supplemental appropriations). OIG remains at the forefront of efforts to identify potential savings and cost efficiencies for the Department and BBG, and strives to provide timely, relevant, and useful feedback that supports decision makers in strengthening programs and operations.

In the past two years, OIG has implemented initiatives to strengthen its oversight of high-cost, high-risk Department operations and programs in the Middle East and South Asia. In FY 2008, OIG opened its first overseas office in Amman, Jordan, to dedicate on-the-ground resources and expertise to oversight of Department activities and U.S. interests in Iraq, Afghanistan, Pakistan, Lebanon, and other conflict and post-conflict countries. OIG's Amman regional office is augmented by three additional offices: a satellite office in Cairo, Egypt, and temporary satellite offices in Baghdad, Iraq, and Kabul, Afghanistan. The Baghdad office opened in 2008 and the Cairo and Kabul offices opened in 2009. OIG also has received NSDD-38 approval for an additional temporary satellite office in Islamabad, Pakistan, scheduled to open during FY 2010.

Within the past two years, OIG has taken steps to augment its investigative capability. OIG has aggressively recruited staff to strengthen the Office of Investigations and improve its capacity to address allegations of waste, fraud, and abuse.

Based on requested FY 2010 funding levels and taking expected attrition into account, OIG established an internal ceiling of 240 direct-hire positions. Actual on-board staffing as of November 30, 2009, was 221.

OIG's mandate encompasses all domestic and overseas activities, programs, and missions of the Department and the BBG. OIG's activities are global in scope, supporting the highest priorities of the Department. OIG's overarching goal for FY 2011 is to effect positive change by being a valued resource to the Department, with specific emphasis on the following:

- **Relevance:** OIG work will be directed at Department and BBG priorities, with an emphasis on global issues; high-cost, high-risk programs and operations; activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA); priority posts and bureaus; and the Department's coordination with other U.S. Government agencies.
- **Value Added:** OIG will recommend actions that result in savings, cost recoveries, prevention of losses, and improved efficiencies and security.
- **Usefulness:** OIG products will assist decision makers in improving programs and making spending decisions in an environment of constrained financial resources.
- **Timeliness:** OIG will reduce the time for completing its audits, inspections, and reviews by using appropriate technologies to start jobs sooner, finish them quicker, and disseminate the results broadly.

### Office of Audits

The Office of Audits conducts and coordinates audits and program evaluations of the management and financial operations of the Department and BBG, including their audited financial statements, internal operations, external activities funded by the Department through contracts or financial assistance, and programs and operations worldwide. It also conducts annual evaluations of Department and BBG compliance with the Federal Information Security Management Act (FISMA). The audits evaluate whether established goals and objectives are achieved and resources are used economically and efficiently; assess whether intended and realized results are consistent with laws, regulations, and good business practices; and test financial accountability and the reliability of financial statements. The Office of Audits accommodates an ever-increasing number of requests from stakeholders, including the Department, Congress, and other federal agencies, as well as referrals from within OIG.

# OFFICE OF INSPECTOR GENERAL

## **Office of Inspections**

The Office of Inspections assesses domestic and overseas operations and facilities of the Department and BBG. Inspections review executive direction, policy and program implementation, resource management, and management controls. In this context, inspectors evaluate operations' leaders and managers; review staffing and recommend consolidation and relocation of operations, if appropriate; assess posts' ability to deter, detect, and respond to threats and security vulnerabilities; consider whether counterterrorism and policy implementation efforts are coordinated among agencies overseas; examine consular processes and oversight of visa, passport, and American citizens services; evaluate information management and information security programs; evaluate the extent to which financial, human resources, procurement, and inventory management best practices are employed; and determine whether management controls are in place. The Office of Inspections also provides oversight of programs and operations relating to Department efforts to counter terrorism worldwide; Iraq, Afghanistan, and other conflict/post-conflict areas; foreign assistance funding; and public diplomacy.

## **Office of Investigations**

The Office of Investigations conducts investigations of criminal, civil, and administrative misconduct related to Department and BBG programs and operations by investigating specific allegations, reports, or other information indicating possible violations of law or regulation. Investigative results are referred to the Department of Justice for prosecution and to the Bureaus of Human Resources and Diplomatic Security or other agencies for administrative or other appropriate action. The office maintains the OIG Hotline, a confidential channel for complaints. OIG's Middle East Investigative Branch is co-located with MERO regional and satellite offices, with investigative staff currently stationed in Amman, Jordan; Cairo, Egypt; and Baghdad, Iraq.

## ***FY 2011 Priorities***

OIG's priority for FY 2011 is to expand its work in the Middle East, South Asia, and other conflict and post-conflict areas.

## **Enhancing OIG's Presence in the Middle East and Other Post-Conflict Areas**

Strengthening OIG's presence in the Middle East and other conflict and post-conflict areas is OIG's top priority. As the Department continues to commit significant resources to Iraq, Afghanistan, and other conflict/post-conflict areas, OIG's oversight responsibilities have correspondingly increased. OIG officially opened the Middle East Regional Office (MERO) in Amman, Jordan, in 2008 to focus dedicated resources and expertise on high-risk, high-cost programs and operations in the region, particularly with respect to U.S. interests in Iraq, Afghanistan, Pakistan, Lebanon, Egypt, and other conflict/post-conflict countries. OIG will continue to support the Department's priorities by expanding OIG's oversight in the region to contribute to improvements in policies, programs, and operations.

## ***Performance***

Recommendations are a major product of OIG's audits, inspections, and evaluations, and serve as the vehicle for correcting vulnerabilities and realizing positive change in the Department. Resolution of recommendations reflects management's willingness to take the actions recommended by OIG to correct identified problems and improve their programs and operations. The percentage of recommendations resolved within six months (inspections) or nine months (audits and program reviews) indicates to what extent management has agreed to take timely action to correct identified problems in line with OIG recommendations, or has identified acceptable alternatives that are expected to result in improved programs and operations.

## OFFICE OF INSPECTOR GENERAL

| STRATEGIC GOAL: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES |  |                   |                   |                |                |                |
|--|--|-------------------|-------------------|----------------|----------------|----------------|
| <b>Strategic Priority</b>  | Planning and Accountability  |                   |                   |                |                |                |
| <b>Bureau Goal</b>   | Financial Management & Administrative Support  |                   |                   |                |                |                |
| <b>Indicator</b>   | Percentage of recommendations resolved within the appropriate timeframe.   |                   |                   |                |                |                |
| FY 2006 Result   | FY 2007 Result   | FY 2008 Result    | FY 2009 Result    | FY 2009 Target | FY 2010 Target | FY 2011 Target |
| 64 percent   | 88 percent   | 87 percent        | 91 percent        | 80 percent     | 82 percent     | 85 percent     |
| ▼<br>Below Target  | ▲<br>Above Target  | ▲<br>Above Target | ▲<br>Above Target |                |                |                |
| <b>Reason for Exceeding Target</b>                                 | One of OIG's major offices has placed additional emphasis on resolving and monitoring OIG recommendations.   |                   |                   |                |                |                |
| <b>Impact</b>  | The percentage of recommendations resolved within six months (inspections) or nine months (audits and program reviews) indicates to what extent agency management has agreed to take timely action to correct identified problems in line with OIG recommendations, or has identified acceptable alternatives expected to result in improved programs and operations.  |                   |                   |                |                |                |
| <b>Methodology</b>   | The status of recommendations is confirmed with the OIG offices responsible for evaluating and tracking compliance. In addition, each month OIG sends individual Department bureaus a status report of OIG recommendations directed to them. OIG and the bureaus follow up on and reconcile any discrepancies, and the OIG compliance database is updated when necessary.                                    |                   |                   |                |                |                |
| <b>Data Source and Quality</b>                                     | The percentage of recommendations resolved within the stated timeframes is derived from information in OIG's compliance database. Recommendations in OIG reports are entered into the compliance database, and their status is updated by the OIG offices that performed the work, based on ongoing communication with the Department. The Data Quality Assessment revealed no significant data limitations. |                   |                   |                |                |                |

Monetary benefits from OIG's work result in more effective and efficient use of U.S. taxpayer dollars, and are a primary mandate of the Office of Inspector General. Monetary benefits include cost savings, recoveries, questioned costs, funds put to better use, efficiencies, restitutions, and fines. OIG's audits, inspections, evaluations, and investigations result in potential and actual cost savings and efficiencies to the Department and the Broadcasting Board of Governors.

| STRATEGIC GOAL: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES |  |                   |                   |                |                |                |
|--|--|-------------------|-------------------|----------------|----------------|----------------|
| <b>Strategic Priority</b>  | Planning and Accountability  |                   |                   |                |                |                |
| <b>Bureau Goal</b>   | Accountability   |                   |                   |                |                |                |
| <b>Indicator</b>   | Monetary Benefits: questioned costs, funds put to better use, cost savings, recoveries, efficiencies, restitutions, and fines. |                   |                   |                |                |                |
| FY 2006 Result   | FY 2007 Result   | FY 2008 Result    | FY 2009 Result    | FY 2009 Target | FY 2010 Target | FY 2011 Target |
| \$31.3 million   | \$52.6 million [Baseline]  | \$23.0 million    | \$26.4 million    | \$12.5 million | \$12.5 million | \$17.8 million |
|  |  | ▲<br>Above Target | ▲<br>Above Target |                |                |                |

## OFFICE OF INSPECTOR GENERAL

|                             |   |
|-----------------------------|---|
| Reason for Exceeding Target | OIG's 2009 results are significantly above target due to two audits/evaluations that resulted in higher monetary benefits than predicted. In planning its work, OIG attempts to target high-cost and high-risk programs that may have internal control vulnerabilities. However, OIG cannot always predict the extent of the monetary benefits that are ultimately identified as a result of its work.                            |
| Impact                      | Monetary benefits from OIG's work result in more effective and efficient use of U.S. taxpayer dollars and actual monetary recoveries.   |
| Methodology                 | OIG management analysts - who are independent of the audit and investigative teams that identify the monetary benefits - monitor, follow-up, and report on the status and value of monetary benefits reported by audit and evaluation teams. These amounts are entered and their status tracked in OIG's databases for compliance and investigations.   |
| Data Source and Quality     | Recoveries, questioned costs, and funds put to better use are based on amounts identified in OIG reports, as agreed to by the agency and tracked in OIG's compliance database. Investigative recoveries reflect court-ordered fines, restitutions, and recoveries based on information received from external prosecutorial and administrative authorities. The Data Quality Assessment revealed no significant data limitations. |

### *Justification of Request*

To support its efforts in FY 2011, the OIG account is requesting \$120.2 million. The request represents an increase of \$6.74 million for OIG, an increase of \$12.287 million for SIGAR, and a decrease of \$875,000 for SIGIR over their FY 2010 appropriations of \$56 million, \$23 million, and \$23 million, respectively (not including the \$7 million in FY 2010 resources that were forward funded in the FY 2009 Supplemental). For OIG, this increase includes mandatory wage and price increases of \$1.0 million to continue FY 2010 activities, as well as \$1.5 million for three direct-hire positions, and \$4.04 million to expand MERO's overseas regional and satellite offices with six personal services contractors and temporary direct hires and 4 locally-employed staff (LES). The FY 2011 request also includes OIG contributions to the Council of the Inspectors General on Integrity and Efficiency of \$200,000. This funding would enable OIG to meet its FY 2011 priority of enhancing its oversight in the Middle East and South Asia, which in turn would support OIG's goals for conducting relevant, useful, and timely work that adds value to Department and BBG programs and operations.

OIG requests funding for three overseas direct-hire positions for overseas positions located at MERO's overseas satellite office in Cairo, Egypt. These positions will allow OIG to accomplish work that is beyond the capacity of its current staffing.

#### **OIG Middle East Regional Office**

MERO was established in 2008 to enhance OIG's oversight for high-cost, high-risk Department programs in the Middle East, South Asia, and other post-conflict areas. MERO is staffed with auditors and management analysts who can react promptly to conduct audits and evaluations within the region. MERO currently operates through its regional office in Amman, Jordan, augmented by a satellite office in Cairo, Egypt, and temporary satellite offices in Baghdad, Iraq, and Kabul, Afghanistan. OIG staff in Washington, DC also support MERO staff. An additional temporary satellite office is planned for Islamabad, Pakistan, in FY 2010.

OIG's FY 2011 request includes \$1.5 million to fund three positions, and \$4.04 million for six temporary hires and contractors and 4 LES for MERO's overseas offices. These increases compare to MERO's anticipated FY 2010 base of \$6.2 million to fund 23 direct-hire positions, and 7 contractors and LES positions. These positions would provide oversight for Department-funded programs in the Middle East and South Asia, including assessing the effectiveness of foreign assistance programs and conducting audits and evaluations of contracts and grants, contractor performance, and procurement issues, as well as security and management inspections. The staff would work primarily on democracy and governance, public diplomacy, anticorruption programs, embassy construction

## OFFICE OF INSPECTOR GENERAL

projects, police training, rule-of-law, and diplomatic security programs. These staff would be assigned as follows:

Cairo Satellite Office: Three direct-hire positions for auditors and program analysts and 1 LES for MERO's satellite office in Cairo, Egypt.

Kabul Satellite Office: Two temporary auditors and program analysts and 1 LES for MERO's temporary satellite office in Kabul, Afghanistan. In addition to performing work on the areas cited above, the staff would evaluate and assess the cross-border coordination actions and requirements with MERO staff at Embassy Islamabad.

Baghdad Satellite Office: Two temporary auditors and program analysts for MERO's temporary satellite office in Baghdad, Iraq.

Islamabad Satellite Office: Two temporary auditors and program analysts and one LES for MERO's temporary satellite office in Islamabad, Pakistan. In addition to performing work on the areas cited above, the staff would provide oversight for Department-funded programs in Pakistan including the Federally Administered Tribal Areas, and evaluate and assess the cross-border coordination actions and requirements with MERO staff at Embassy Kabul.

Amman Regional Office: One LES to support MERO's operations in its regional office in Amman, Jordan.

### **Special Inspector General for Afghanistan Reconstruction (SIGAR)**

The National Defense Authorization Act for FY 2008 (Public Law 110-181) established the Special Inspector General for Afghanistan Reconstruction (SIGAR) to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, and investigations on the use of taxpayer dollars and related funds. SIGAR's oversight responsibilities cover any major contract, grant, agreement, or other funding mechanism entered into by any department or agency of the United States government that involves the use of amounts appropriated, or otherwise made available for the reconstruction of Afghanistan to: build or rebuild physical infrastructure in Afghanistan, establish or reestablish political or societal institutions of Afghanistan, provide products or services to the people of Afghanistan, or provide security or other support functions to facilitate Afghanistan reconstruction efforts.

SIGAR's headquarters are in Arlington, Virginia. In addition, SIGAR has an office at the U.S. Embassy in Kabul and has opened three other offices in Afghanistan (Bagram, Kandahar, and the Combined Security Transition Command-Afghanistan). SIGAR has three functional directorates to meet its mission: audits, investigations, and information management.

Since 2001, the United States Government has provided significant resources for the reconstruction of Afghanistan. These anticipated funding increases will have an impact on the Special Inspector General for Afghanistan Reconstruction's (SIGAR) oversight activities, requiring SIGAR to expand the operations of its audit and investigation directorates.

SIGAR's FY 2011 budget request is \$35.287 million, representing a \$12.287 million increase over FY 2010. This increase is necessary for SIGAR funding to keep pace with expected increases in Afghanistan reconstruction funds. SIGAR requires 132 positions in FY 2011 in order to effectively audit and investigate activities in Afghanistan, an increase of 72 FTEs over FY 2010. SIGAR plans to use 14 of these 72 FTEs in Afghanistan. The other 58 FTEs will be used at SIGAR's headquarters in Arlington, Virginia.

## OFFICE OF INSPECTOR GENERAL

### **Personnel Compensation**

SIGAR employs primarily highly specialized professionals with expertise in the areas of audits, investigations, and information management. The staff consists of temporary appointees, most of whom have 13-month renewable appointments. The estimated cost of base salaries supports SIGAR's objective of utilizing primarily senior, experienced personnel capable of addressing the statutory mandate to independently and objectively conduct and supervise audits, and investigations of programs and operations funded with U.S. taxpayer dollars for the reconstruction of Afghanistan.

Because SIGAR's primary mission must be conducted in Afghanistan, a dangerous environment requiring additional expenses to maintain qualified staff, this budget request includes funding for Post Differential and Hazardous Duty Pay for Afghanistan-based personnel and TDY personnel. Personnel compensation also includes life insurance, health insurance, and employee retirement. Total costs for personnel compensation and benefits are estimated to be \$25.823 million in FY 2011.

### **Travel and Transportation**

Travel to and from Afghanistan represents a large portion of SIGAR's travel costs. These costs include deployment and re-deployment of employees to Afghanistan for an extended period of time, and regular temporary duty travel (TDY) of auditors, and investigators. Afghanistan-based employees return to the continental United States for a mid-tour break and to attend required training not otherwise available in overseas locations. Auditors and investigators will conduct site visits to various locations within Afghanistan. Due to security concerns, air transportation to these sites is often the only method of transportation. Total costs for travel and transportation of persons are estimated to be \$2.537 million in FY 2011.

### **Rent, Communications, and Utilities**

Effective communication within and between our Arlington, VA and Afghanistan offices is key to the success of our mission. The information technology services required include local and long distance telephone service, and secure wireless data and voice communication services. The majority of these services is provided through contractual agreements with the private sector. In addition to communication services, there are also rent and utility charges associated with the Arlington, VA office. SIGAR estimates expenditures for rent, communications, and utilities will be \$731,000 in FY 2011.

### **Printing and Reproduction**

SIGAR's enabling legislation requires Quarterly Reports and are distributed to the U.S. Congress, Secretaries of State and Defense, and other stakeholders. In addition to the Quarterly Report, SIGAR prints and distributes individual audit reports. The Government Printing Office handles the majority of SIGAR's printing and reproduction requirements. SIGAR also pays for the publication of notices and job announcements, as well as the airing of radio and television public service announcements. Estimated expenditures for printing and reproduction requirements total \$448,000 for FY 2011.

### **Advisory and Assistance Services**

Administrative support services include but are not limited to information management, logistics management, office assistant, human resources, operations management, project management, and security management. To produce a Quarterly Report for the Congress and the Secretaries of State and Defense and to publish audit reports annually, SIGAR will enter into contractual agreements with the private sector to provide qualified consultants and subject matter experts. SIGAR will also translate each Quarterly Report into Afghanistan's official languages, Pashto and Dari. The translated versions will be available on the SIGAR website. In the interest of public service, employees will be encouraged to attend training to develop additional skills and knowledge to help them improve in their performance of official duties. Training will also allow employees to maintain professional certifications necessary to the performance of their duties. Further, employees deploying to Afghanistan for a period of longer than 30 days are required by the Department of State to attend the one week long Foreign Affairs Counter Threat (FACT) training. Total costs for advisory and assistance services are estimated to be \$2.992 million in FY 2011.

# OFFICE OF INSPECTOR GENERAL

## Other Services

The Secretary of the Army is the designated support agency for SIGAR and will provide (generally on a reimbursable basis) core functional administrative support necessary for SIGAR to accomplish its mission. This includes, but is not limited to administration, logistics, acquisition and contracting, financial management, human resources, information technology, deployment, and security. Support provided by the Secretary of the Army does not affect the Inspector General's statutory authority and independence.

SIGAR's deployed employees will require administrative services available through the U.S. Embassy's International Cooperative Administrative Support Services (ICASS) program. Such services include, but are not limited to, motor pool operations and vehicle maintenance, travel services, printing services, mail and messenger services, information management, reception and telephone system services, purchases and contracting, personnel management, cashing, vouchering, accounting, budget preparation, non-residential security guard services, and building operations. SIGAR is required to pay the Department of State for ICASS services. Total costs for other purchases of goods and services from government accounts are estimated to be \$1.968 million for FY 2011. SIGAR's FY 2011 budget request also includes \$106,000 to support the Council of the Inspectors General on Integrity and Efficiency, consistent with the Inspector General Reform Act of 2008.

## Supplies, Materials, and Equipment

SIGAR makes regular purchases of general office supplies required for the administration of the office. Supply purchases include, but are not limited to, items such as pencils, pens, paper, calendar pads, envelopes, file folders, publications, and information technology supplies and materials. SIGAR will also purchase various weapons and ammunition for qualified Investigators and other designated personnel operating in Afghanistan and/or other designated locations. Total costs for supplies, materials, and equipment are estimated to be \$682,000 in FY 2011.

## Special Inspector General for Iraq Reconstruction (SIGIR)

### *SIGIR – Total Year Obligations* ( \$ in thousands )

| Appropriation | FY 2009 | FY 2010<br>Expected | FY 2011<br>Expected | Increase /<br>Decrease |
|---------------|---------|---------------------|---------------------|------------------------|
| SIGIR         | 37,950  | 30,000              | 22,125              | (7,875)                |

FY 2009 includes \$2.5 million in carryover funds authorized in FY 2008 but obligated in FY 2009.

FY 2010 includes \$7 million that was forward funded and made available in FY 2009 by the Supplemental Appropriations Act, 2009 (P.L. 111-32).

SIGIR operates under the authority of Public Law 108-106, section 3001 (as amended). To fulfill its mandated responsibilities in FY 2011, SIGIR requires \$22.1 million for the agency's operating expenses for the conduct of audits, and investigations "of the treatment, handling, and expenditures of amounts appropriated or otherwise made available for the reconstruction of Iraq and ... the programs, operations, and contracts carried out utilizing such funds."

SIGIR's FY 2011 budget request represents a decrease of approximately \$8 million from SIGIR's FY 2010 budget (based on a FY 2010 level of \$30 million, which includes \$7 million that was forward funded in FY 2009). This marks the second consecutive fiscal year that the agency has implemented a budget reduction. This decrease is consistent with plans to align staffing and workload to the mandated requirements of our enabling legislation, ensuring responsible oversight while recognizing the reduction in scope of the Iraq Reconstruction program.

## OFFICE OF INSPECTOR GENERAL

As of July 2009, just over \$4 billion remained to be obligated of the major Iraq reconstruction funds within SIGIR's oversight jurisdiction. Additionally, SIGIR estimates that current appropriated and requested funding will be expended by the fourth quarter of FY 2011 to oversee additional Iraq reconstruction funds, assuming current expenditure rates and that no additional funds are made available for Iraq reconstruction assistance after FY 2010.

SIGIR's FY 2011 work will provide oversight of programs funded from appropriations for the Economic Support Fund, the Iraq Security Forces Fund, and the Commander's Emergency Response Program, among other funding sources. SIGIR will focus efforts on three broad areas:

- Assessing and strengthening economy, efficiency and effectiveness of programs and operations designed to facilitate the reconstruction of Iraq through audits and evaluations;
- Performing forensic audit analysis and investigative review, as appropriate, on 100% of payment data related to funds appropriated for the reconstruction of Iraq; and
- Providing for independent and objective leadership and coordination of, and recommendations on, policies designed to address problems and deficiencies in reconstruction efforts in Iraq.

SIGIR has a statutory mandate to prepare a final forensic report for all amounts appropriated or otherwise made available for Iraq reconstruction. SIGIR forensic cells, combining audit and investigative expertise, have been created to identify indicators of fraud, waste, and abuse. This work has produced investigatory leads and identified weaknesses in financial reporting and disbursement systems. As part of the work plan for FY 2011, continued use of complex computer data mining techniques combined with audit and investigative follow-up will be applied to financial records from each of the major Iraq reconstruction funds covering FY 2003 to 2011. This data mining effort will provide key input that will allow the investigative teams to work closely with the Department of Justice and other agencies on potential actions as appropriate.

### **Personnel Compensation**

SIGIR employs personnel appointed into the Excepted Service who are generally assigned to 13-month appointments in anticipation of the close out of the SIGIR mission. Personnel compensation estimates are based on a total of 74 FTE's – 50 US-based and 24 Iraq-based. SIGIR's objective is to continue to hire and retain senior, experienced personnel that are able to immediately execute the mission. This objective allows the organization to be responsive to the requirements of an employment environment with temporary appointment status; recruitment and retention challenges; positions in Iraq; and the Congressional mandate to produce quarterly reports. As a result, SIGIR requires a total of \$16.256 million to meet its personnel compensation requirements.

### **Travel and Transportation**

To accomplish their respective missions, SIGIR's investigators and auditors coordinate with other federal agencies in the CENTCOM region and throughout the United States. Effective interagency cooperation often requires extensive travel in support of developing criminal cases and audit reports. The FY 2011 travel estimate of \$618,000 is based on allocations for US- and Iraq-based travel. US-based travel includes expenditures associated with Temporary Duty Travel (TDY) within the continental United States required by auditors and investigators. Iraq-based travel is mainly associated with, but not limited to, deployment and redeployment to Iraq for extended periods of time.

### **Rent, Communications, and Utilities**

SIGIR will reduce space requirements to approximately 17,000 square feet in the Washington metropolitan area for FY 2011. As a result, SIGIR requires \$929,000 for rental payments to GSA. In addition, SIGIR requires \$578,000 for communications services/devices for US- and Iraq-based FTEs, as well as utilities needed to service the Washington, DC facility. As a result, a total of \$1.507 million is needed for this category.

## OFFICE OF INSPECTOR GENERAL

### Printing and Reproduction

This category includes estimates for costs associated with the Quarterly Report at approximately \$190,000. SIGIR currently produces 4 quarterly reports annually. This includes 1,200 copies of each report which are distributed to key stakeholders in the executive and legislative branches.

### Administrative/Operational Support

Due to the temporary nature of SIGIR's mandate and the need to be responsive to requirements set by Congress, SIGIR adopted a "joint-force" strategy to leverage the responsiveness and technical capabilities of private sector contractors. SIGIR continually reevaluates contractual service requirements in an effort to keep these costs at a minimum. As a result, SIGIR has recently transferred many functions from contractors to government employees. However, SIGIR currently engages the private sector to provide reduced organizational support in two main areas: administrative support services and operational (professional/technical) support in its mission areas. SIGIR requires a total of \$500,000 for administrative support and \$2.745 million for operational support services in FY 2011.

### Other Services

SIGIR requires a total of \$248,000 for costs associated with this category which includes training required to maintain auditor, investigator, engineering and other professional certifications; a subsidized fitness program; vehicle lease costs; and miscellaneous costs associated with recruiting efforts, as well as subscriptions. Included in this estimate is \$88,000 for SIGIR's FY 2011 Council of Inspectors General for Integrity and Efficiency (CIGIE) assessment.

### Supplies

This category includes estimates for supplies and shipping costs budgeted for both Iraq- and US-based requirements. This category is estimated at \$61,000.

### *Funds by Program Activity* ( \$ in thousands)

| Activities   | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|--|-------------------|--------------------|--------------------|------------------------|
| <b>Administration and Staff Activities</b>                   | 16,088            | 14,098             | 15,916             | 1,818                  |
| <b>Inspections, Audits, Investigations</b>                   | 44,597            | 39,272             | 44,118             | 4,846                  |
| <b>Policy Formulation</b>                                    | 2,736             | 2,630              | 2,706              | 76                     |
| <b>SIGAR Activities</b>                                      | 12,201            | 23,000             | 35,287             | 12,287                 |
| <b>SIGIR Activities</b>                                      | 43,500            | 23,000             | 22,125             | (875)                  |
| <b>ARRA - American Recovery and Reinvestment Act of 2009</b> | 2,000             | 0                  | 0                  | 0                      |
| <b>Total</b>   | 121,122           | 102,000            | 120,152            | 18,152                 |

FY 2009 SIGIR funds include \$7 million that was forward funded for FY 2010. SIGIR's drawdown is more accurately reflected as authorized funding levels of \$36.5 million in FY 2009, \$30 million in FY 2010, and \$22 million in FY 2011.

**OFFICE OF INSPECTOR GENERAL**

*Funds by Object Class*  
( \$ in thousands)

|                                 | <b>FY 2009<br/>Actual</b> | <b>FY 2010<br/>Enacted</b> | <b>FY 2011<br/>Request</b> | <b>Increase /<br/>Decrease</b> |
|---------------------------------|---------------------------|----------------------------|----------------------------|--------------------------------|
| 1100 Personnel Compensation     | 74,183                    | 56,066                     | 76,755                     | 20,689                         |
| 1200 Personnel Benefits         | 14,781                    | 15,272                     | 15,633                     | 361                            |
| 2100 Travel & Trans of Persons  | 9,289                     | 8,441                      | 9,739                      | 1,298                          |
| 2300 Rents, Comm & Utilities    | 3,855                     | 3,889                      | 3,262                      | (627)                          |
| 2400 Printing & Reproduction    | 1,339                     | 954                        | 1,182                      | 228                            |
| 2500 Other Services             | 15,660                    | 14,664                     | 11,849                     | (2,815)                        |
| 2600 Supplies and Materials     | 1,245                     | 1,595                      | 994                        | (601)                          |
| 3100 Personal Property          | 770                       | 1,019                      | 738                        | (281)                          |
| 4100 Grants, Subsidies & Contrb | 0                         | 100                        | 0                          | (100)                          |
| <b>Total</b>                    | <b>121,122</b>            | <b>102,000</b>             | <b>120,152</b>             | <b>18,152</b>                  |

In response to the Inspector General Reform Act of 2008 (P.L. 110-409), Sec. 6, the following data is provided:

*Inspector General Act Reporting*  
( \$ in thousands)

| <b>Appropriations</b> | <b>FY 2011 IG<br/>Request to<br/>Agency</b> | <b>FY 2011<br/>President's<br/>Request</b> | <b>FY 2011 CIGIE<br/>Contribution*within<br/>President's Request</b> | <b>FY 2011<br/>Training Funds<br/>within<br/>President's<br/>Request</b> |
|-----------------------|---|--|--|--|
| <b>OIG</b>            | 76,200                                      | 62,740                                     | 200  | 250  |
| <b>SIGAR</b>          | 35,266                                      | 35,287                                     | 106  | 378  |
| <b>SIGIR</b>          | 22,100                                      | 22,125                                     | 88   | 89   |
| <b>Total</b>          | <b>133,566</b>                              | <b>120,152</b>                             | <b>394</b>   | <b>717</b>   |

\*CIGIE Contribution – IG contribution to the Council of the Inspectors General on Integrity and Efficiency

*This page intentionally left blank.*

## **EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS**

## Proposed Appropriation Language

### EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For expenses of educational and cultural exchange programs, as authorized, [~~\$635,000,000~~]~~\$633,200,000~~, to remain available until expended: *Provided*, That not to exceed \$5,000,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from or in connection with English teaching, educational advising and counseling programs, and exchange visitor programs as authorized. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010*).

# EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

## *Resource Summary*

(\$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Positions      | 381            | 410             | 419             | 9                   |
| Funds          | 538,000        | 635,000         | 633,200         | (1,800)             |

### *Program Description*

Global exchanges--with their immediacy, enduring impact, reach and appeal that extends from grass-roots to state houses--are the essence of smart power. They are American values in action. In FY 2011, the Bureau of Educational and Cultural Affairs (ECA) will bring the strengths and benefits of exchanges to bear on key foreign policy challenges facing the United States. ECA will concentrate resources in ways that support the goals of the President's June 4 speech in Cairo and on high priority countries, such as Afghanistan, Pakistan, Iraq, and Indonesia.

ECA will continue to focus on global education, women, youth, underserved audiences and the formation of critical global communities. Secondary school and higher education exchanges will bring talented young people to the United States and increase the number of Americans studying abroad. ECA will link individuals and organizations around the world to address such common challenges as climate change and food security. There will be tailored programs for women and girls, who are represented in and contribute to all ECA programs. Young people, with a particular attention to those from underserved sectors of society, will remain a key audience.

High-demand programs that enhance English language skills will be expanded. Broader audiences will be reached through ECA's culture and sports programs, two areas that are especially attractive to young people and unhindered by linguistic barriers. The effectiveness of ECA programs is well documented—a decade of performance measurement confirms the power of exchanges to open minds and bring new thinking into societies.

#### **Academic Programs**

Academic Programs broaden cooperation through academic study and professional activities. These programs include the Fulbright Scholarship Program; the Hubert H. Humphrey Fellowships for mid-career professionals from developing nations; and the Benjamin Gilman program for American undergraduates with financial need to study abroad. Other Academic Programs support English language teaching and English Access Microscholarships for underserved populations, educational advising, and U.S. studies programs.

#### **Professional and Cultural Exchanges**

Professional exchanges increase understanding of U.S. foreign policy goals and allow Americans to broaden their participation in global issues. The International Visitor Leadership Program (IVLP) provides opportunities for foreign opinion makers to meet and confer with their American counterparts and gain firsthand knowledge about the U.S. society, culture and politics. Citizen Exchanges unite an extensive network of organizations and experts in professional, youth, cultural, and sports programs. Cultural programs are particularly effective in engaging non-traditional audiences, and youth and sports programs open young minds to American perspectives and develop a sense of citizen responsibility.

# EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

## Program and Performance

The Office of Policy and Evaluation monitors and evaluates the impact of Bureau programs, earning OMB’s highest rating for effectiveness. The Office of Alumni Affairs maintains productive engagement with ECA’s nearly 1,000,000 alumni worldwide.

## Exchanges Support

Exchanges Support includes funding for employee compensation and benefits for domestic staff and Regional English Language Officers (RELOs) abroad, as well as program direction and administration. It also includes the costs related to implementing U.S. Government exchanges coordination and the Convention on Cultural Property Implementation Act. The U.S. Government Exchanges Coordination – The Interagency Working Group on U.S. Government-Sponsored International Exchanges and Training (IAWG)--works to improve the coordination, efficiency, and effectiveness of the 15 federal departments and nearly 50 independent U.S. Government agencies that sponsor international exchanges and training. IAWG staff serves as an information clearinghouse, conducting research, data collection, analysis and reporting on international exchanges and training government-wide, and works to improve their coordination.

## Performance

Bureau of Educational and Cultural Affairs (ECA) programs annually involve more than 40,000 U.S. and foreign exchange participants in over 180 countries. This measure was selected to underscore the importance of long-term engagement with these key individuals. A smart power approach dictates that ECA support the efforts of its nearly one million exchange alumni to apply in their home countries and communities the learning and skills they acquired during their programs. This provides substantial return on investment and sustains a dialogue with individuals around the world who have first-hand knowledge of the United States.

| STRATEGIC GOAL: PROMOTING INTERNATIONAL UNDERSTANDING |   |                                 |                                 |                |                |                |
|---|---|---------------------------------|---------------------------------|----------------|----------------|----------------|
| <b>Strategic Priority</b>                             | Nurture Common Interests and Values   |                                 |                                 |                |                |                |
| <b>Bureau Goal</b>                                    | Expanding global networks through alumni outreach   |                                 |                                 |                |                |                |
| <b>Indicator</b>                                      | The number of ECA alumni who are registered members of the Alumni Affairs web community.  |                                 |                                 |                |                |                |
| FY 2006 Result  | FY 2007 Result  | FY 2008 Result                  | FY 2009 Result                  | FY 2009 Target | FY 2010 Target | FY 2011 Target |
| 25,329  | 29,448<br>[Baseline]  | 35,113<br><br>▲<br>Above Target | 51,376<br><br>▲<br>Above Target | 38,624         | 54,000         | 58,000         |
| Reason for Exceeding Target                           | ECA launched an initiative to establish full-time alumni coordinators in Washington and at selected field posts, enhanced efforts to establish alumni associations, integrated web community membership into Bureau orientations, and added additional capabilities to the website. These comprehensive steps led to a larger than anticipated increase in membership.                  |                                 |                                 |                |                |                |
| Impact  | Alumni maintain their relationships with the United States while continuing to expand their understanding of the United States and building on their exchange experience. The numbers also indicate the multiplier effect of having increasing numbers of alumni around the world who understand U.S. values and transmit this knowledge to their families, colleagues and communities. |                                 |                                 |                |                |                |
| Methodology   | The Alumni Affairs Office maintains a list of alumni who register as members of the Alumni Affairs web site.  |                                 |                                 |                |                |                |

## EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

|                         |   |
|-------------------------|---|
| Data Source and Quality | ECA's Alumni Affairs Office manages a website to promote alumni engagement. The Data Quality Assessment revealed no significant data limitations. Website operations are continually monitored by the staff of the Alumni Affairs Office. |
|-------------------------|---|

Educational and cultural programs lead directly to greater knowledge and understanding of the United States and the American people. Greater understanding helps build a foundation of trust upon which policy makers can then establish bilateral and multilateral agreements. ECA outreach to official figures of influence as well as expanded exchanges with youth, non-elites, religious and ethnic minorities and women, results in more accurate and informed perceptions of the United States. This measure demonstrates ECA advancement of its mission to increase mutual understanding and develop friendly and peaceful relations.

| STRATEGIC GOAL: PROMOTING INTERNATIONAL UNDERSTANDING |  |                                 |                               |                |                |                |
|---|--|---------------------------------|-------------------------------|----------------|----------------|----------------|
| <b>Strategic Priority</b>                             | Nurture Common Interests and Values  |                                 |                               |                |                |                |
| <b>Bureau Goal</b>                                    | Strengthen the international relations of the United States by increasing mutual understanding   |                                 |                               |                |                |                |
| <b>Indicator</b>                                      | Percentage of participants who increased or changed their understanding of the United States immediately following their program.  |                                 |                               |                |                |                |
| FY 2006 Result  | FY 2007 Result   | FY 2008 Result                  | FY 2009 Result                | FY 2009 Target | FY 2010 Target | FY 2011 Target |
| 92 percent  | 93 percent [Baseline]  | 95 percent<br>▲<br>Above Target | 93 percent<br>◀▶<br>On Target | 93 percent     | 93 percent     | 93 percent     |
| <b>Impact</b>   | As a result of participating in ECA's programs, men and women from around the world (established and emerging leaders, professionals in many disciplines, scholars, students, individuals from underserved communities) have an increased and more sophisticated understanding of American society, values and institutions. This strengthens relationships between strategic communities. |                                 |                               |                |                |                |
| <b>Methodology</b>                                    | ECA program participants complete pre-, post- and follow-up surveys that collect data on standardized indicators across ECA programs. All performance measurement surveys are designed by performance measurement specialists.   |                                 |                               |                |                |                |
| <b>Data Source and Quality</b>                        | ECA performance measurement indicator data captured through pre-, post- and follow-up surveys are collected through ECA's specialized online performance measurement system. The Data Quality Assessment revealed no significant limitations.  |                                 |                               |                |                |                |

### *Justification of Request*

The FY 2011 request is \$633.2 million. Within this funding level, resources support ongoing initiatives and will strengthen America's global engagement through programs of proven value and create new opportunities to engage, educate, and empower foreign and American participants. The FY 2011 budget includes \$29.3 million in redirected resources to support \$8.8 million in current services costs and \$20.5 million programmatic initiatives.

The FY 2011 current services request covers \$8.823 million for domestic and overseas inflation and other built-in costs. ECA programs will absorb \$6.6 million to support a number of mandatory cost increases that must be addressed to maintain program operations. The request also includes \$2.2 million for the annualization of the FY 2010 COLA and the anticipated FY 2011 pay raise.

## EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

### **English Language Programs: \$3,539,000**

The growing global demand for English language skills is a positive development that the United States must rise to meet. English language programs reach disadvantaged high school students, train teachers, and provide expert advice and support for host government English programs. The requested increase of \$3,539,000 supports providing 2,100 new English Access Microscholarships to talented, economically disadvantaged high schools students; producing Access English language learning/teaching series & materials; expanding the English Language Fellows and Specialists programs in support of the English Access Microscholarship Program; expanding the E-Teacher Scholarship Program; and supporting two new overseas Regional English Language Officers.

### **President's Global Engagement Initiative: \$7,519,000**

To advance opportunity, prosperity, and security in Muslim-majority countries and Muslim communities worldwide, ECA will redirect resources within its base to support educational and professional exchanges with the goal of improving mutual understanding and promoting a recognition of common secular interests.

### **Pakistan: Strategic Engagement: \$8,000,000**

This request would fund the extension and expansion of public diplomacy programs in Pakistan that were originally funded in FY 2009 from the FY 2009 Supplemental Appropriations Act (P.L. 111-32). This program will advance U.S. foreign policy goals and further U.S. national security interests by expanding and strengthening engagement, communication, exchanges and mutual understanding with the people of Pakistan. The long-term goals of this program is to build confidence in the capabilities of the Pakistan government to serve its people; improve and expand the professionalism of Pakistani media; and strengthen the U.S. relationship with Pakistani people at all levels of society. ECA will achieve this through support for English language programs, teacher exchanges, short-term undergraduate exchanges, and the exchange of Fulbright students and scholars. ECA will also improve and expand the professionalism of Pakistani media and education sector; and strengthen the U.S. relationship with Pakistani people at all levels of society including improving the Pakistani education system through teacher and internet training.

### **Exchanges Support: \$1,400,000**

In addition, \$1.4 million will support the growth in the number of permanent staff dedicated to exchange programs to keep pace with the historical growth in resources and complexity. These functions are necessary to maintain continued effectiveness. The staff increases are as follows:

#### **Regional English Language Officers – 2 positions**

The Department is requesting the addition of two Regional English Language Officers abroad to carry out English language programs in critical countries and regions. Funding will cover employee compensation and benefits and administrative costs.

#### **Program Staff – 7 positions**

The Department is requesting the addition of seven permanent Civil Service staff to support its growing workloads tied to expansion in the exchange program as well as the Department's multilateral treaty obligations and binding bilateral agreement obligations for protecting the cultural property of other treaty adherents. This will strengthen Department management of the expanding geographic and Muslim engagement initiatives. Funding will cover employee compensation and benefits and administrative costs.

## EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

### *Funds by Program Activity*

(\$ in thousands)

| Activities  | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|---|-------------------|--------------------|--------------------|------------------------|
| <b>Academic Programs</b>                                  | <b>311,727</b>    | <b>358,627</b>     | <b>355,548</b>     | <b>(3,079)</b>         |
| Fulbright Program   | 234,864           | 253,826            | 252,704            | (1,122)                |
| Students, Scholars, Teachers, Humphrey,<br>Undergraduates | 234,864           | 253,826            | 252,704            | (1,122)                |
| Global Academic Exchanges                                 | 38,293            | 59,471             | 62,844             | 3,373                  |
| Educational Advising and Student Services                 | 12,043            | 12,908             | 12,742             | (166)                  |
| English Language Programs                                 | 26,250            | 46,563             | 50,102             | 3,539                  |
| Special Academic Exchanges                                | 38,570            | 45,330             | 40,000             | (5,330)                |
| Regional Graduate Fellowships                             | 22,020            | 22,660             | 22,660             | 0                      |
| American Overseas Research Centers                        | 4,000             | 5,000              | 4,000              | (1,000)                |
| South Pacific Exchanges                                   | 500               | 500                | 500                | 0                      |
| Timor Leste Exchanges                                     | 500               | 500                | 500                | 0                      |
| Mobility (Disability) Exchange Clearinghouse              | 500               | 500                | 500                | 0                      |
| Benjamin A. Gilman International Scholarship<br>Program   | 7,200             | 10,420             | 10,090             | (330)                  |
| George Mitchell Fellowship Program                        | 500               | 500                | 500                | 0                      |
| University of Miami Hemispheric Program                   | 500               | 500                | 500                | 0                      |
| Tibet Fund  | 750               | 750                | 750                | 0                      |
| One-Time Special Grant Competition                        | 2,100             | 4,000              | 0                  | (4,000)                |
| <b>Professional and Cultural Exchanges</b>                | <b>168,251</b>    | <b>209,618</b>     | <b>207,306</b>     | <b>(2,312)</b>         |
| International Visitor Leadership Program                  | 79,211            | 95,025             | 95,869             | 844                    |
| International Visitor Leadership Program                  | 79,211            | 95,025             | 95,869             | 844                    |
| Citizen Exchange Program                                  | 77,377            | 102,000            | 102,844            | 844                    |
| Professional/Cultural/Youth                               | 77,377            | 102,000            | 102,844            | 844                    |
| Special Professional and Cultural Exchanges               | 11,663            | 12,593             | 8,593              | (4,000)                |
| One-Time Special Grant Competition                        | 3,900             | 4,000              | 0                  | (4,000)                |
| Congress-Bundestag Youth Exchange Program                 | 3,230             | 4,000              | 4,000              | 0                      |
| Mike Mansfield Fellowship Program                         | 1,862             | 1,902              | 1,902              | 0                      |
| Institute for Representative Government                   | 496               | 496                | 496                | 0                      |
| Irish Institute   | 1,000             | 1,020              | 1,020              | 0                      |
| Youth Science Leadership Institute of the Americas        | 150               | 150                | 150                | 0                      |
| Ngwang Choephel Fellows (Tibet)                           | 650               | 650                | 650                | 0                      |
| Pakistan Literacy Training                                | 375               | 375                | 375                | 0                      |
| <b>Program and Performance</b>                            | <b>3,145</b>      | <b>6,174</b>       | <b>6,174</b>       | <b>0</b>               |
| Evaluation  | 1,895             | 1,939              | 1,939              | 0                      |
| Alumni  | 1,250             | 4,135              | 4,135              | 0                      |
| Social Networking   | 0                 | 100                | 100                | 0                      |
| <b>Exchanges Support</b>                                  | <b>54,877</b>     | <b>60,581</b>      | <b>64,172</b>      | <b>3,591</b>           |
| <b>Total</b>  | <b>538,000</b>    | <b>635,000</b>     | <b>633,200</b>     | <b>(1,800)</b>         |

## EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

### *Funds by Object Class* (S in thousands)

|                                 | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|---------------------------------|-------------------|--------------------|--------------------|------------------------|
| 1100 Personnel Compensation     | 34,708            | 38,043             | 40,298             | 2,255                  |
| 1200 Personnel Benefits         | 9,062             | 10,034             | 10,811             | 777                    |
| 2100 Travel & Trans of Persons  | 1,825             | 2,023              | 2,102              | 79                     |
| 2200 Transportation of Things   | 340               | 354                | 354                | 0                      |
| 2300 Rents, Comm & Utilities    | 1,007             | 1,025              | 1,025              | 0                      |
| 2400 Printing & Reproduction    | 699               | 702                | 702                | 0                      |
| 2500 Other Services             | 20,824            | 21,255             | 21,225             | (30)                   |
| 2600 Supplies and Materials     | 506               | 510                | 510                | 0                      |
| 3100 Personal Property          | 45                | 54                 | 54                 | 0                      |
| 4100 Grants, Subsidies & Contrb | 468,984           | 561,000            | 556,119            | (4,881)                |
| <b>Total</b>                    | <b>538,000</b>    | <b>635,000</b>     | <b>633,200</b>     | <b>(1,800)</b>         |

## **REPRESENTATION ALLOWANCES**

## Proposed Appropriation Language

### REPRESENTATION ALLOWANCES

For representation allowances as authorized, \$8,175,000. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

# REPRESENTATION ALLOWANCES

## *Resource Summary*

(\$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Funds          | 8,175          | 8,175           | 8,175           | 0                   |

### *Program Description*

Pursuant to Section 905 of the Foreign Service Act of 1980, as amended, Representation Allowances permit Ambassadors, Principal Officers at constituent posts, and other Foreign Service Officers with vital contacts in the host country, to obtain partial reimbursement of costs incurred for official representation overseas. These official contacts help establish and maintain close personal ties with local government officials and influential private citizens who have expertise in the fields of politics, economics, business, journalism, labor, and science. Representational functions are vehicles to convey U.S. foreign policy goals and objectives and to gather information central to the formulation of U.S. bilateral and multilateral policies.

Representation is vital to the Department's foreign policy objectives of advancing its economic interests, and maintaining national security interests. In addition to the normal bilateral events, the Department concentrates on representational activities that support U.S. positions on trade issues associated with the European Union (EU), Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), Central American Free Trade Agreement (CAFTA), Free Trade of the Americas (FTAA), African Growth and Opportunity Acts (AGOA) and the North American Free Trade Agreement (NAFTA).

The central feature of representational activities continues to be the promotion of American interests through the establishment and maintenance of solid working relationships with, and the gathering of information from, foreign officials and representatives. Funding is also used to promote economic activities through strengthening relationships among individuals (e.g., business and labor leaders) who perform duties such as trade promotion; protection of American business interests; economic, commercial, and labor reporting; and negotiations. Representation funding is also required for adherence to certain protocols or traditions that must be observed, such as the installation or inauguration of national leaders, recognition of deaths or marriages of prominent citizens, and presentation of credentials to heads of state.

### *Justification of Request*

The FY 2011 request of \$8.2 million is the same level enacted for FY 2010. Funds requested for FY 2011 will continue support of U.S. national interests, economic activities, and other diplomatic functions at the more than 260 embassies, missions, and consulates worldwide. With the requested amount, the Department will stage appropriate representational events and apply this vital diplomatic tool to enhance the effectiveness of U.S. national and foreign policy interests.

For example, missions in nations with Muslim populations often strengthen communication with the Muslim community through the hosting of annual Iftar dinners, to break the fast during the Islamic holy month of Ramadan. By hosting these Iftar dinners, Ambassadors and other mission officials are able to demonstrate tangible evidence of U.S. openness toward the Islamic faith and religious freedoms supported by the people of the United States. Many posts have reported that the events have

## REPRESENTATION ALLOWANCES

given the mission excellent access to the Muslim community and efforts in this respect have repeatedly resulted in very positive press.

Worldwide, missions also traditionally host Election Day/Night events to explain the U.S. election process and provide real-time election results to local news media and interested host-government officials and populations. These events foster discussions of political and social issues which provide a platform for advancing U.S. foreign policy.

Use of representation funds also facilitates less formal meetings and events that often serve to bring together diverse ethnic and religious groups and promote key U.S. pro-democracy objectives. Representation events can help foster relationships to promote U.S. interests, and can also be used to even more directly advance U.S. foreign policy.

### ***Funds by Program Activity*** (\$ in thousands)

|   | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|---|-------------------|--------------------|--------------------|------------------------|
| Commemorative and Ceremonial Requirements | 280               | 245                | 245                | 0                      |
| Promotion of Economic Activities          | 610               | 572                | 572                | 0                      |
| Promotion of U.S. Citizens' Interests     | 212               | 245                | 245                | 0                      |
| Promotion of U.S. National Interests      | 5,215             | 5,152              | 5,152              | 0                      |
| Public Diplomacy                          | 1,858             | 1,961              | 1,961              | 0                      |
| <b>Total</b>                              | <b>8,175</b>      | <b>8,175</b>       | <b>8,175</b>       | <b>0</b>               |

### ***Public Diplomacy*** (\$ in thousands)

|                 | Positions |     | Total Funds | Increase/<br>Decrease |
|-----------------|-----------|-----|-------------|-----------------------|
|                 | American  | FSN |             |                       |
| FY 2011 Request | 0         | 0   | 1,961       | 0                     |

Activities under Public Diplomacy aim to garner understanding and support for U.S. policies and values through interactions with influential individuals and organizations. Functions that include the local media, key political elites, academics, and members of non-governmental organizations are designed to assess the overseas public affairs climate and convey and reinforce acceptance of U.S. policies and values. These activities promote peaceful relations between the U.S. and other countries by fostering mutual understanding through academic, professional, and cultural activities.

### ***Promotion of U.S. National Interests*** (\$ in thousands)

|                 | Positions |     | Total Funds | Increase/<br>Decrease |
|-----------------|-----------|-----|-------------|-----------------------|
|                 | American  | FSN |             |                       |
| FY 2011 Request | 0         | 0   | 5,152       | 0                     |

Strengthening contacts with foreign officials, prominent citizens, and long-term residents who are knowledgeable in various fields enables Foreign Service officers to promote U.S. national interests

## REPRESENTATION ALLOWANCES

more effectively. The majority of official representational expenditures are for receptions, small working luncheons, and informal dinners that help to establish and maintain personal relationships, and to reciprocate courtesies previously extended. These relationships permit officers to gather information used to report trends, policies and opinions abroad, to conduct negotiations, and to present or further the acceptance of American policies or viewpoints.

### *Promotion of U.S. Citizens' Interests*

(\$ in thousands)

|                 | Positions |     | Total Funds | Increase/<br>Decrease |
|-----------------|-----------|-----|-------------|-----------------------|
|                 | American  | FSN |             |                       |
| FY 2011 Request | 0         | 0   | 245         | 0                     |

Establishing relationships with foreign officials in the country of their assignment allows Foreign Service officers to serve citizens' interests more responsively. Knowing the right people on an immediate basis can help them extend visa and immigration assistance, provide police and prison liaison, solve citizenship and related problems, arrange transportation of effects in the case of death, and arrange transportation and subsistence for destitute Americans overseas. Personal relationships are also important in developing and testing emergency plans, as well as dealing with the actual event of a natural disaster or act of terrorism.

### *Promotion of Economic Activities*

(\$ in thousands)

|                 | Positions |     | Total Funds | Increase/<br>Decrease |
|-----------------|-----------|-----|-------------|-----------------------|
|                 | American  | FSN |             |                       |
| FY 2011 Request | 0         | 0   | 572         | 0                     |

Foreign Service officers meet with foreign and American officials, business representatives, labor leaders, academics, and other individuals involved in production and trade investment in the country or district of their assignment. These contacts help them to perform duties of an economic nature (such as trade promotion, protection of American business interests, and economic, commercial and labor reporting) and conduct negotiations related to these activities.

### *Commemorative and Ceremonial Requirements*

(\$ in thousands)

|                 | Positions |     | Total Funds | Increase/<br>Decrease |
|-----------------|-----------|-----|-------------|-----------------------|
|                 | American  | FSN |             |                       |
| FY 2011 Request | 0         | 0   | 245         | 0                     |

Ambassadors, Charges d'Affaires, and their representatives are frequently called upon to participate in ceremonial or commemorative occasions such as national days, installations or inaugurations of national leaders, deaths or marriages of prominent citizens, and presentation of credentials to heads of state. On these occasions certain protocols or traditions (such as the presentation of a wreath, flowers, or other articles) must be observed. Foreign Service officers overseas are also responsible for the presentation of visiting noted personages and personnel of visiting U.S. naval vessels and special U.S. Government aircraft to local leaders.

## REPRESENTATION ALLOWANCES

### *Funds by Object Class*

(\$ in thousands)

|                     | <b>FY 2009<br/>Actual</b> | <b>FY 2010<br/>Enacted</b> | <b>FY 2011<br/>Request</b> | <b>Increase /<br/>Decrease</b> |
|---------------------|---------------------------|----------------------------|----------------------------|--------------------------------|
| 2500 Other Services | 8,175                     | 8,175                      | 8,175                      | 0                              |
| <b>Total</b>        | <b>8,175</b>              | <b>8,175</b>               | <b>8,175</b>               | <b>0</b>                       |

## **PROTECTION OF FOREIGN MISSIONS AND OFFICIALS**

## **Proposed Appropriation Language**

### PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

For expenses, not otherwise provided, to enable the Secretary of State to provide for extraordinary protective services, as authorized, \$27,200,000, to remain available until September 30, 2011.  
*(Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.)*

# PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

## *Resource Summary*

(\$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Funds          | 22,814         | 28,000          | 27,200          | (800)               |

### *Program Description*

The Bureau of Diplomatic Security administers the Department's two programs for the extraordinary protection of international organizations, foreign missions and officials, and foreign dignitaries (under certain circumstances) throughout the United States. These programs are the Extraordinary Protection of International Organizations, Foreign Missions, and Officials in New York, and the Extraordinary Protection of International Organizations, Foreign Missions, and Officials Elsewhere in the United States.

These programs fulfill the U.S. Government's obligations under the Vienna Convention and other international treaties to ensure reasonable security for foreign missions and officials in the United States. When the required level of protection exceeds that which local law enforcement authorities can reasonably be expected to provide to foreign missions and officials, international organizations, or certain visiting dignitaries, the Department is authorized to reimburse other federal agencies or state or local authorities for extraordinary protective services provided or to contract with private security firms to provide such services.

Examples of ongoing protective activities funded by these programs include:

- Permanent protection for certain foreign missions, consulates, and chanceries throughout the United States;
- Intermittent protection for certain other consulates in the United States;
- Protection for foreign officials and certain other distinguished foreign visitors during the annual meeting of the United Nations General Assembly; and
- Protection of foreign government officials while visiting metropolitan areas where there are multiple full-time consular or diplomatic missions, when these officials are in the United States to conduct official business with the U.S. Government.

The program for *Extraordinary Protection of International Organizations, Foreign Missions, and Officials in New York* funds the special security requirements of diplomatic delegations and officials within New York City, including those accredited to the United Nations and other international organizations, and visiting foreign dignitaries under certain circumstances.

The program for *Extraordinary Protection of International Organizations, Foreign Missions, and Officials Elsewhere in the United States* funds the special security requirements of diplomatic delegations and officials and visiting foreign dignitaries under certain circumstances throughout the rest of the United States.

The Vienna Convention and other international treaties require that host governments ensure reasonable security for foreign missions and officials. The events of September 11, 2001 dramatically changed the requirements for the protection of foreign missions and related personnel in the United States, especially with respect to additional protection and specialized training and equipment.

## PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

### *Justification of Request*

The Departments FY 2011 request is \$27.2 million; this funding level is \$800,000 below the FY 2010 enacted level.

#### **Extraordinary Protection of International Organizations, Foreign Missions, and Officials in New York**

\$22.7 million of the FY 2011 request will be used to reimburse the New York Police Department for providing security protection to diplomatic facilities and the United Nations facility. In addition, any amount not used to reimburse NYPD will be applied to the arrears. In FY2011 it is estimated that the NYPD claims will be \$29.3 million.

#### **Extraordinary Protection of International Organizations, Foreign Missions, and Officials Elsewhere in the United States**

A total of \$4.5 million will be used to reimburse local and state police agencies for providing security protection to those visiting foreign officials and their delegations including the Asian Pacific Economic Conference to be held in several cities and the United Nations General Assembly in New York City.

### *Funds by Program Activity* (\$ in thousands)

| Activities   | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|--|-------------------|--------------------|--------------------|------------------------|
| Extraordinary Protection of Foreign Missions/Officials<br>New York     | 18,314            | 22,700             | 22,700             | (642)                  |
| Extraordinary Protection of Foreign Missions/Officials<br>Rest of U.S. | 4,500             | 4,658              | 4,500              | (158)                  |
| <b>Total</b>   | <b>22,814</b>     | <b>28,000</b>      | <b>27,200</b>      | <b>(800)</b>           |

### *Funds by Object Class* (\$ in thousands)

|                     | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|---------------------|-------------------|--------------------|--------------------|------------------------|
| 2500 Other Services | 22,814            | 28,000             | 27,200             | (800)                  |
| <b>Total</b>        | <b>22,814</b>     | <b>28,000</b>      | <b>27,200</b>      | <b>(800)</b>           |

## **EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE**

## Proposed Appropriation Language

### EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

#### (INCLUDING TRANSFER OF FUNDS)

For necessary expenses to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service, [\$9,000,000] *\$11,000,000*, to remain available until expended as authorized, of which not to exceed \$1,000,000 may be transferred to, and merged with, funds appropriated by this Act under the heading "Repatriation Loans Program Account", subject to the same terms and conditions. (*Department of State, Foreign Operations and Related Programs Appropriations Act, 2010.*)

# EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

## *Resource Summary* ( \$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Funds          | 29,000         | 10,000          | 11,000          | 1,000               |

FY 2009 Actual includes \$20.0 million in FY 2008 unobligated balances transferred from Diplomatic and Consular Programs as provided by the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2008 (P.L. 110-161).

### *Program Description*

As authorized by Section 4 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2671), the Emergencies in the Diplomatic and Consular Service (EDCS) appropriation is used to meet unforeseen emergency requirements in the conduct of foreign affairs, including evacuations of personnel and their families overseas, and, in certain circumstances, private U.S. citizens and third country nationals; travel and representational expenses; urgent medical and travel expenses related to natural disasters or terrorist incidents; passport and visa fraud investigations; travel of Presidential delegations; and other authorized activities that further the realization of foreign policy objectives. The EDCS appropriation also is used for the payment of rewards for information related to international terrorism, narcotics related activities, and war crimes tribunals for the former Yugoslavia, Bosnia, Croatia, Rwanda and Sierra Leone as authorized by Section 36 of the State Department Basic Authorities Act of 1956 (22 U.S.C 2708) as amended, and by Section 102 of Public Law 105-323, as amended by Public Law 106-277. Funds appropriated for these purposes are authorized to remain available until expended. The \$11 million request will provide \$10.5 million for unforeseen emergencies and \$500,000 for rewards.

The earthquake in Haiti, the evacuation of Lebanon, the tsunami in Southeast Asia, the war in Iraq, the events of September 11, 2001, the outbreaks of pandemic influenza (SARS, Avian and H1N1 flu), and the bombings of the U.S. Embassies in Nairobi, Kenya and Dar es Salaam, Tanzania and the U.S. Missions in Riyadh, Saudi Arabia and Islamabad, Pakistan underscore the continuing need for a funding source from which extraordinary expenditures can be made on a timely basis to further and protect United States interests abroad.

The Rewards Program consists of three separate components – Rewards for Justice (RFJ), Narcotics Rewards, and War Crimes Rewards. The program is a valuable asset and has been instrumental in bringing to justice international terrorists, notorious narcotics traffickers, and war criminals sought by the UN International Criminal Tribunals for the Former Yugoslavia and Rwanda.

### *Justification of Request*

#### **Unforeseen Emergencies and Other Activities: \$10,500,000**

The FY 2011 request of \$10.5 million will provide a \$1 million increase above the FY 2010 level.

Demands on this account, although unpredictable, are heavily influenced by evacuations that may occur as a result of natural disasters, epidemics, terrorist acts, and civil unrest. Recent demands include the earthquake in Haiti, the large-scale evacuation of Americans from Lebanon, and those related to the

## EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

tsunami in Southeast Asia. In FY 2009, evacuations occurred in Antananarivo, Madagascar, and Khartoum, Sudan due to civil unrest. Currently, an evacuation from Conakry, Guinea due to civil unrest has been ongoing since Oct. 1, 2009. The Department is requesting \$3 million to support emergency evacuations.

The EDCS appropriation also funds certain activities relating to the conduct of foreign affairs by senior Administration officials. These activities generally take place in connection with the U.S. hosting of U.S. Government-sponsored conferences, such as the UN and OAS General Assembly, the G-20 Summit and U.S.-China Strategic and Economic Dialogue, visits by foreign dignitaries, and official overseas travel by high-level members of the U.S. Government, including Members of Congress and prominent public sector delegates. The Department projects a \$1,000,000 increase will be needed to cover representational expenses due to the U.S. hosting of the G-8 Summit and the APEC Ministerial. The account also funds activities related to Smart power and Muslim outreach programs. This request will provide \$5.5 million to support these activities.

The EDCS account provides funding in support of confidential investigations conducted to counteract passport and visa fraud. A higher volume of investigations and apprehension of groups or individuals involved in the fraudulent issuance of U.S. passports and visas has resulted in increased funding requirements. Other activities funded from the EDCS account are travel of Presidential delegations, official visits of and official gifts for foreign dignitaries, Presidential, Vice Presidential, and Congressional travel overseas and other highly-sensitive unusual activities such as travel of foreign dissidents, ex gratia payments to foreign nationals, and urgent medical/travel costs in natural disasters or terrorist incidents. This request will provide \$2 million to support these activities.

### **Terrorism, Narcotics, and War Crimes Rewards Program - \$500,000**

The FY 2011 request of \$500,000 is at the same level as FY 2010. The EDCS account funds the payment of rewards for information on international terrorism, narcotics trafficking and war crimes, as well as provides for the expansion of publicity efforts. Currently, there are approximately \$690 million in pending reward offers in the Terrorism, Narcotics and War Crimes Rewards programs: \$379 million for cases concerning terrorist acts; \$206 million for cases concerning narcotics traffickers; and \$105 million for cases concerning war crimes. All rewards under the Rewards Program are funded from the EDCS appropriation.

The Terrorism Rewards Program, or Rewards for Justice (RFJ) Program, is a valuable asset in the fight against international terrorism. Currently, there are reward offers for information that prevents, frustrates, or favorably resolves acts of international terrorism against U.S. persons or property worldwide, leads to the arrest or conviction, in any country, of terrorists responsible for such acts, or leads to the location of a key terrorist leader. RFJ works closely with DOD's Military Information Support Teams (MIST) in key frontline countries in the Horn of Africa, South Asia, and Southeast Asia in an effort to resolve acts of international terrorism or prevent terrorist attacks against U.S. persons or property. Key targets of the campaign include al-Qaida senior leadership and members of al-Qaida-associated groups such as the Abu Sayyaf Group. Additionally, advertising campaigns are being conducted in key states, including Afghanistan, Colombia, Comoros Islands/Madagascar, Ethiopia, Greece, Iraq, and the Philippines. RFJ remains a powerful tool in the fight against international terrorism and is determined to bring the terrorists on RFJ's Most Wanted List to justice.

The Narcotics Rewards Program has been successful in helping law enforcement capture some of the world's most notorious narcotics traffickers responsible for bringing hundreds of tons of illicit drugs into the United States each year. Recent successes include the arrests of Haji Bashir Noorzai, an Afghan heroin warlord and Taliban ally; Javier Arellano-Felix, the head of Mexico's largest and most violent

## EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

trafficking organization; Eduardo Arellano-Felix; Gustavo Rivera-Martinez; key leaders of the Colombian Norte Valle Cartel and violent narcotics trafficking networks operating in South America. Currently, there are reward offers for major narcotics traffickers including Mexican cartels, Asian Heroin kingpins and top Colombian FARC leaders. The Narcotics Rewards Program relies on support from the EDCS account for advertising in Colombia and Mexico to target major narcotics trafficking organizations that bring hundreds of metric tons of illegal drugs into the U.S. each year.

The War Crimes Rewards Program has been instrumental in bringing to justice some of the most notorious and brutal fugitives sought by the UN International Criminal Tribunals for the Former Yugoslavia (ICTY) and Rwanda (ICTR). Notorious war criminals have been arrested as a direct result of the program. However, key leaders such as Ratko Mladic and Felicien Kabuga still remain at large, and the RFJ program is crucial in the fight to apprehend and prosecute these war criminals. The War Crimes program is launching a multi-media ad campaign in Africa's Great Lakes Region to apprehend the last remaining fugitives before the International Criminal Tribunal for Rwanda closes.

### *Funds by Program Activity* ( \$ in thousands)

| Activities  | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|---|-------------------|--------------------|--------------------|------------------------|
| Emergency Evacuations & Other Activities                | 6,000             | 9,500              | 10,500             | 1,000                  |
| International Terrorism, Narcotics & War Crimes Rewards | 23,000            | 500                | 500                | 0                      |
| <b>Total</b>  | <b>29,000</b>     | <b>10,000</b>      | <b>11,000</b>      | <b>1,000</b>           |

### *Funds by Object Class* ( \$ in thousands)

|                  | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|------------------|-------------------|--------------------|--------------------|------------------------|
| 9100 Unvouchered | 29,000            | 10,000             | 11,000             | 1,000                  |
| <b>Total</b>     | <b>29,000</b>     | <b>10,000</b>      | <b>11,000</b>      | <b>1,000</b>           |

*This page intentionally left blank.*

## **BUYING POWER MAINTENANCE ACCOUNT**

## Proposed Appropriation Language

### BUYING POWER MAINTENANCE ACCOUNT

To offset adverse fluctuations in foreign currency exchange rates and/or overseas wage and price changes, as authorized by section 24(b) of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696(b)), [~~\$8,500,000~~]~~\$0,000,000~~, to remain available until expended. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

# BUYING POWER MAINTENANCE ACCOUNT

## *Resource Summary*

(S in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Funds          | 5,000          | 8,500           | 0               | (8,500)             |

### *Program Description*

The Buying Power Maintenance Account (BPMA) is authorized under section 24 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696). The BPMA is intended to offset adverse fluctuations in foreign currency exchange rates or overseas wage and price changes.

Adverse exchange rate fluctuations erode the Department's buying power overseas, causing potential operating deficits. Funds may be transferred from this account to other accounts under the heading "Administration of Foreign Affairs" to maintain planned levels of activity. Managing factors include the ability to absorb exchange rate losses within the current year financial plan, offsetting gains in other parts of the world, and the balances available versus projections of exchange rate fluctuations in the current and the budget year. Decisions to transfer exchange rate gains from other accounts under the heading "Administration of Foreign Affairs" into the BPMA are made on a similar basis.

Historically, the BPMA was capitalized at a level of over \$20 million in the mid-1980s, and balances were depleted in subsequent years due to the decline in the value of the dollar against the currencies of virtually every major industrialized country. From FY 1997 through FY 2002, the Department built the fund back up to \$16.7 million through exchange rate gains and the transfer of balances from the former USIA Buying Power Maintenance Account. However, because of significant worldwide losses in the value of the dollar in FY 2003 and FY 2004, the BPMA account was drawn down to zero by the end of FY 2004.

In FY 2008, the Department received authority to transfer \$26 million from the D&CP appropriation in the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (P.L. 110-28) to the BPMA, in accordance with section 1408 of the Supplemental Appropriations Act, 2008 (P.L. 110-252). These funds were transferred in FY 2008 to the Diplomatic & Consular Programs appropriation to offset \$37.9 million in cumulative exchange rate losses as of August 2008. In FY 2010, projected exchange rate losses are expected to reach \$55 million.

### *Justification of Request*

No funding is requested for the BPMA account, as the Department will use existing BPMA balances and related transfer authority to manage exchange rate fluctuations in FY 2011.

*This page intentionally left blank.*

## **REPATRIATION LOANS PROGRAM ACCOUNT**

## Proposed Appropriation Language

### REPATRIATION LOANS PROGRAM ACCOUNT

#### (INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$739,000, as authorized: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974. In addition, for administrative expenses necessary to carry out the direct loan program, \$711,000, which may be [transferred to, and merged with, funds made available under the heading] *paid to* "Diplomatic and Consular Programs". (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

# REPATRIATION LOANS PROGRAM ACCOUNT

## *Resource Summary* ( \$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase / Decrease |
|----------------|----------------|-----------------|-----------------|---------------------|
| Funds          | 1,353          | 1,450           | 1,450           | 0                   |

### *Program Description*

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

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

The Repatriation Loan Program directly benefits American citizens by providing them with the means to return to the United States if destitute. During FY 2009, 943 repatriation loan cases were processed abroad in the following region: Africa 63 cases; the Americas 436 cases; East Asia/Pacific 149 cases; the Near East and South Central Asia 117 cases; and Europe 178 cases.

### *Justification of Request*

The FY 2011 request will allow the Department of State to subsidize and administer the Repatriation Loans program consistent with the Credit Reform Act of 1990 and at a funding level consistent with historical requirements. This activity is funded as a direct loan program in accordance with the Credit Reform Act. The Department of State receives a limited level of financing for direct loans from the Department of the Treasury in a separate financing account, disburses these funds to U.S. citizens as needed abroad, and repays the Treasury as the repatriation loans are collected from the public.

## REPATRIATION LOANS PROGRAM ACCOUNT

### *Funds by Program Activity* ( \$ in thousands)

| Activities            | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|-----------------------|-------------------|--------------------|--------------------|------------------------|
| <b>Administration</b> | 675               | 711                | 711                | 0                      |
| <b>Subsidy</b>        | 678               | 739                | 739                | 0                      |
| <b>Total</b>          | 1,353             | 1,450              | 1,450              | 0                      |

The FY 2010 subsidy request of \$739,000 (58.57 percent) will provide a loan level of \$1,261,738. The subsidy appropriation represents the estimated costs to the U.S. Government of loans that are unlikely to be repaid. For FY 2011, the Department is also requesting continuation of authority within the Emergencies in the Diplomatic and Consular Service account (EDCS) to allow the transfer of up to \$1 million into this account from EDCS if loan requirements exceed the requested level.

The FY 2011 administration request of \$711,000 will provide for operation and management of the loan program consistent with the Credit Reform Act. Contract positions (non Consular Affairs) to administer the loan program are funded with the administration component of the Repatriation Loan Program Subsidy. These positions handle the loans from just after Consular Affairs approval to final payoff. Currently about 90% of the administrative funding is used to support loans from previous fiscal years and 10% for current year loans. Due to changes in accounting systems and practices over the years, the older loans require a great deal of contractor hours in research to correctly account for payoffs and to track defaulted loans. The Department is requesting continuation of authority to transfer the administration portion of this request to the Diplomatic and Consular Programs account. This transfer makes administration of the program more efficient by simplifying financial planning and accounting procedures. In recent years, the Department has made significant improvements in defaulted loan collections with the administration funding it has received, resulting in a 20% decrease in the subsidy costs to the U.S. Government.

### *Funds by Object Class* ( \$ in thousands)

|                                   | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|-----------------------------------|-------------------|--------------------|--------------------|------------------------|
| <b>2500 Other Services</b>        | 675               | 711                | 711                | 0                      |
| <b>3300 Investments and Loans</b> | 678               | 739                | 739                | 0                      |
| <b>Total</b>                      | 1,353             | 1,450              | 1,450              | 0                      |

**PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN**

## **Proposed Appropriation Language**

### **PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN**

For necessary expenses to carry out the Taiwan Relations Act (Public Law 96–8), [\$21,174,000]  
\$21,420,000. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

# PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

## *Resource Summary* ( \$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase /<br>Decrease |
|----------------|----------------|-----------------|-----------------|------------------------|
| Funds          | 16,840         | 21,174          | 21,420          | 246                    |

### *Program Description*

To support U.S. interests in Taiwan, the American Institute in Taiwan (AIT) serves as the advocate to Taiwan authorities for U.S. political and security interests and analyzes and reports on political and economic events critical to U.S. interests. AIT advances U.S. commercial and agricultural interests in Taiwan, including the promotion of U.S. exports. AIT provides the full range of consular services, including both immigrant and non-immigrant visas as well as American citizen services, and supports border protection and anti-terrorism efforts. AIT participates in cultural, scientific, and information exchange programs, and facilitates U.S. arms sales to Taiwan. In addition, AIT negotiates agreements on behalf of the U.S. with its Taiwan counterpart, the Taipei Economic and Cultural Representative Office (TECRO) in Taiwan and in the U.S.

AIT's Washington headquarters carries out executive functions and acts as the liaison between various U.S. Government agencies and TECRO. In particular, the Washington office provides executive and administrative direction for AIT, financial oversight and contract administration of all agency agreements, and coordination of negotiations and agreements. In accordance with the AIT-TECRO Agreement on Privileges and Immunities, the Washington office also issues identity and tax exemption cards to TECRO employees and their dependents, and serves as the liaison between TECRO, the Department of State, the Department of Homeland Security regarding visas and adjustments of status.

Support for AIT operations comes from three funding sources: this Department of State appropriation; reimbursements by U.S. Government agencies such as the Departments of Commerce, Agriculture, Defense, Energy and Homeland security for specific staff positions on an actual cost-reimbursable basis; and visa processing fees (charged by AIT under Department of State authority). These sources amount to approximately \$21.9 million in reimbursements from other agency contracts and compensation associated with supporting the Foreign Service Institute's Chinese Language School, as well as approximately \$19.2 million in visa processing fees.

Before FY 2009 visa processing fees were sufficient to fund consular service upgrades as well as incrementally fund a capital projects account. Visa processing fees have also covered shortfalls in the appropriation and exchange rate losses. However, visa processing receipts dropped 28% in 2009 at the same time that State, Commerce and Agriculture Foreign Service salaries increased by more than 7%. This trend in visa processing fee collections continues in 2010 and is anticipated to continue in the future. Of the estimated \$19.2 million in visa processing fees, approximately \$15.884 million will be needed to cover direct and indirect operating expenses in addition to the appropriation provided. The remaining funds will be set aside for consular upgrades and will also be used to cover any further increases in Foreign Service salaries and adverse exchange rate changes. The remainder, will be added to capital projects.

## PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

### *Justification of Request*

The Department's FY 2011 request of \$21.4 million includes increases to maintain current services and support several key initiatives. The requested increase of \$246,000 for statutory pay raises, domestic and overseas inflation, and increased facility costs maintains the FY 2010 level of activity.

### *Funds by Program Activity* ( \$ in thousands)

| Activities              | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|-------------------------|-------------------|--------------------|--------------------|------------------------|
| Agriculture Services    | 461               | 635                | 635                | 0                      |
| Commercial Services     | 1,227             | 1,483              | 1,599              | 116                    |
| Consular Services       | 3,679             | 4,659              | 4,695              | 36                     |
| Economic Services       | 1,465             | 1,906              | 1,906              | 0                      |
| Other Services          | 6,906             | 8,793              | 8,897              | 104                    |
| Public Affairs Services | 1,388             | 1,983              | 1,927              | (56)                   |
| Washington Headquarters | 1,714             | 1,715              | 1,761              | 46                     |
| <b>Total</b>            | <b>16,840</b>     | <b>21,174</b>      | <b>21,420</b>      | <b>246</b>             |

### *Funds by Object Class* ( \$ in thousands)

|                             | FY 2009<br>Actual | FY 2010<br>Enacted | FY 2011<br>Request | Increase /<br>Decrease |
|-----------------------------|-------------------|--------------------|--------------------|------------------------|
| 1100 Personnel Compensation | 14,023            | 17,575             | 17,821             | 246                    |
| 1200 Personnel Benefits     | 2,497             | 3,176              | 3,176              | 0                      |
| 2500 Other Services         | 320               | 423                | 423                | 0                      |
| <b>Total</b>                | <b>16,840</b>     | <b>21,174</b>      | <b>21,420</b>      | <b>246</b>             |

**FOREIGN SERVICE RETIREMENT AND DISABILITY FUND**

## **Proposed Appropriation Language**

### **PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND**

For payment to the Foreign Service Retirement and Disability Fund, as authorized by law, [\$157,100,000] \$158,900,000. (*Department of State, Foreign Operations and Related Programs Appropriations Act, 2009.*)

# FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

## *Resource Summary*

(\$ in thousands)

| Appropriations | FY 2009 Actual | FY 2010 Enacted | FY 2011 Request | Increase /<br>Decrease |
|----------------|----------------|-----------------|-----------------|------------------------|
| Funds          | 157,100        | 158,900         | 158,900         | 0                      |

FY 2009 Actual, FY 2010 Enacted, and FY 2011 Request include mandatory funding for both the Department of State and the United States Agency for International Development.

### *Program Description*

This appropriation provides mandatory funding to the Foreign Service Retirement and Disability Fund (FSRDF), which provides financing in 30 annual installments for any unfunded liability created by new or liberalized benefits, new groups of beneficiaries, and salary increases. This appropriation is one of several sources of income to the FSRDF. Funding is maintained through contributions by employees; agency contributions; special government contributions, including this program; interest on investments; and voluntary contributions. This request includes the State Department's and the United States Agency for International Development's (USAID) portions of these Foreign Service costs.

This separate payment by the State Department into the FSRDF is provided for by Section 821 of the Foreign Service Act of 1980, as amended, which authorizes appropriations to the Fund, to be paid in thirty annual installments, to finance the unfunded liability created by new or liberalized benefits, new groups of beneficiaries, or increased salaries on which benefits are computed. In addition, Section 822 of the Act authorizes financing of the balance of the normal cost for each fiscal year of an amount equal to the balance of annual costs to the Fund in excess of current employee and employer contributions. As a mandatory program, these resources are not included in the total DOS summary of funds.

### *Justification of Request*

The request funds continuing installments of unfunded liabilities created by federal salary increases, the extension of benefits to new groups of employees, by new or liberalized benefits paid from the Fund, and for normal costs not met by employee and employer contributions. The amount of the appropriation is the result of the annual evaluation of the Fund balance based on current statistical data, including Federal pay raise information.

The FSRDF includes the operations of two separate retirement systems - the Foreign Service Retirement and Disability System (FSRDS) and the Foreign Service Pension System (FSPS). The FSRDF was established to provide pensions to all eligible retired and disabled members of the Foreign Service who are enrolled in either of the two systems, and certain eligible former spouses and survivors. The purpose of this appropriation is to maintain the required funding level of the FSRDF. This appropriation is the complementary funding required, in addition to the other sources of funding previously mentioned.

# FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

## *Funds by Object Class*

(\$ in thousands)

|                         | <b>FY 2009<br/>Actual</b> | <b>FY 2010<br/>Enacted</b> | <b>FY 2011<br/>Request</b> | <b>Increase /<br/>Decrease</b> |
|-------------------------|---------------------------|----------------------------|----------------------------|--------------------------------|
| <b>9100 Unvouchered</b> | <b>157,100</b>            | <b>158,900</b>             | <b>158,900</b>             | <b>0</b>                       |
| <b>Total</b>            | <b>157,100</b>            | <b>158,900</b>             | <b>158,900</b>             | <b>0</b>                       |