

THE BUDGET IN BRIEF — FISCAL YEAR 2004

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BUDGET SUMMARY

We must choose between a world of fear and a world of progress. We cannot stand by and do nothing while dangers gather. We must stand up for our security and for the permanent rights and the hopes of mankind. By heritage and by choice, the United States of America will make that stand.

President George W. Bush
Address to the United Nations General Assembly
September 12, 2002

Overview

The United States is today fully engaged in a campaign against global terrorism and the spread of weapons of mass destruction. In the context of this campaign, the conduct of the nation's foreign affairs has taken on greater urgency and increased importance.

The Department of State has helped maintain American leadership of the international coalition against terror, while at the same time advancing a broad array of other U.S. interests around the world. This has required the application of intense, sustained diplomatic force – and demonstrated the necessity of having a State Department with the capacity to deliver it.

Resources mean the difference between a proactive U.S. foreign policy and one that is, by necessity, reactive. The FY 2004 budget request provides funding that will meet the President's foreign policy commitments. The request also funds the third year of the Secretary's concerted effort to rebuild and ready American diplomacy – the first line of offense against threats to the security and prosperity of the American people.

FY 2004 Budget Request

The President's FY 2004 request for Department of State appropriations totals \$8.081 billion. This request builds on initiatives to get the right people, construct secure facilities, and apply information technology to serve the nation's interests worldwide. The request provides for key components of the Department's operations and infrastructure, as well as for vigorous U.S. engagement abroad through public diplomacy and international organizations.

Specifically, the State Department request includes funding to:

Support the war on terrorism

The budget request provides support for the war on terrorism through increased security for diplomatic personnel and facilities and through aggressive public diplomacy to deny terrorists succor and safe haven. Requested funding includes

BUDGET SUMMARY

\$646.7 million to sustain Worldwide Security Upgrades. The program will continue to enhance security equipment and technical support, information and systems security, perimeter security, and security personnel, including hiring 85 additional security professionals. Funding also includes \$296.9 million for public diplomacy efforts to inform and influence foreign publics. Overseas missions, supported by public diplomacy personnel in the Department's regional and functional bureaus, will target information and cultural programs to further U.S. policies, particularly opposition to terrorism and the spread of weapons of mass destruction.

Enhance protection of U.S. borders

The budget request provides \$736 million in Machine Readable Visa (MRV) fee revenues for the Border Security Program. Funding will permit continuous improvements in systems, processes, and programs to protect U.S. borders against the illegal entry of terrorists and other individuals who would do us harm.

Continue to recruit, hire, train, and deploy the right workforce

The budget request provides \$97 million to complete the Secretary's Diplomatic Readiness Initiative by hiring 399 additional foreign affairs professionals beyond attrition. Foreign policy is carried out by people, and rebuilding America's diplomatic readiness in staff will ensure that the Department can respond to crises and emerging foreign policy priorities. This is the third year of funding for this initiative, which will add a total of 1,158 new staff from FY 2002 through FY 2004.

Continue to upgrade the security of diplomatic facilities

The budget request provides \$1.514 billion to support major security-related construction projects and address the major physical security and rehabilitation requirements of U.S. embassies and consulates. Requested funding includes \$761.4 million for construction of new, secure embassy compounds in seven countries, as well as \$128.3 million for construction of a new embassy building in Germany.

Realize investments in information technology

The budget request provides \$157 million to ensure that the investments made in FY 2002 and FY 2003 for classified connectivity and expansion of desktop access to the Internet keep pace with increased demand from users for functionality and speed. Combined with \$114 million in estimated Expedited Passport fees, requested funding will make available a total of \$271 million for information technology investments. These include the State Messaging and Archive Retrieval Toolset (SMART) initiative to replace outdated systems for cables and messages with a unified system that adds information sharing and document archiving.

BUDGET SUMMARY

❑ Fulfill U.S. commitments to international organizations

The budget request provides \$1.010 billion to fund U.S. assessments to 44 international organizations, including \$71.4 million to support renewed U.S. membership in the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Meeting obligations to these organizations is essential for building coalitions and gaining support for U.S. goals and policies in the war on terrorism.

❑ Participate in international peacekeeping missions

The budget request provides \$550.2 million to pay projected UN peacekeeping assessments for missions to end conflicts, restore peace, and strengthen regional stability in Europe, Africa, the Middle East, and Asia. U.S. participation in these peacekeeping activities strengthens American leadership in shaping the international community's response to developments that threaten world peace and stability.

❑ Conduct strategic educational and cultural exchanges

The budget request provides \$345.3 million for educational and cultural exchanges, including projects in Eastern Europe and the states of the former Soviet Union, to engage foreign publics and win their understanding. These activities establish the trust, confidence, and international cooperation necessary to advance the full range of American national interests.

Budget Details

Graphs and tables detailing the FY 2004 request, including funds and positions by appropriation account, appear in the following sections of this document.

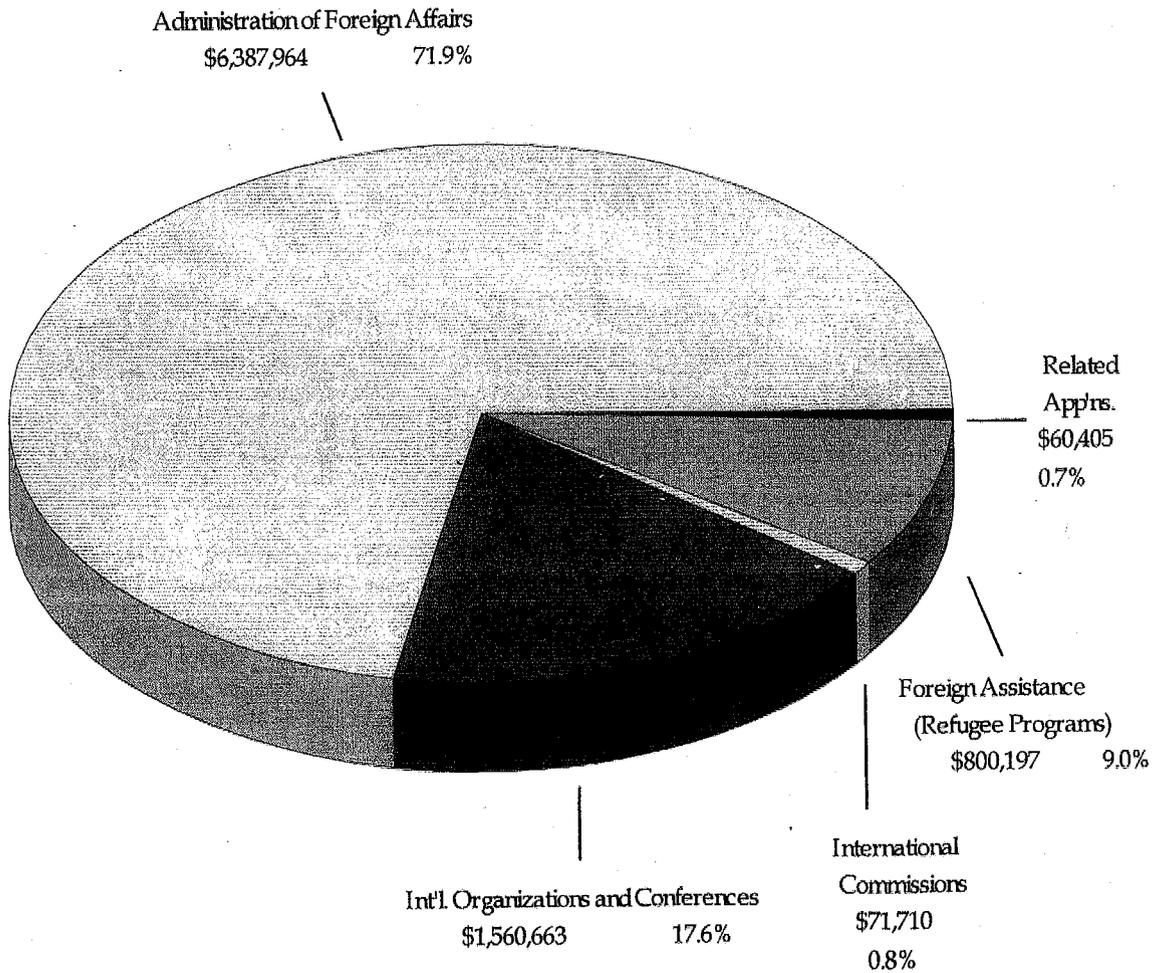
BUDGET SUMMARY

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FY 2004 State Department Request

Distribution by Title

(dollars in thousands)



Total Request \$8,880,939

SUMMARY OF FUNDS

(Dollars in thousands)

Appropriations	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase/ (Decrease)
Administration of Foreign Affairs	\$5,971,165	\$5,886,985	\$6,387,964	\$500,979
State Programs:				
Diplomatic & Consular Programs	\$3,781,062	\$3,937,179	\$4,163,544	\$226,365
Ongoing Operations	3,245,427 /a	3,364,179	3,516,843	152,664
Pacific Salmon	--	20,000	--	(20,000)
Worldwide Security Upgrades	535,635 /b	553,000	646,701	93,701
Capital Investment Fund	210,500 /c	177,000	157,000	(20,000)
Subtotal, State Programs	3,991,562	4,114,179	4,320,544	206,365
Embassy Security, Construction & Maintenance	1,517,326	1,305,000	1,514,400	209,400
Ongoing Operations	443,000	500,000	524,700	24,700
Non-Security Construction	15,000	50,000	128,300	78,300
Worldwide Security Upgrades	1,059,326	755,000	861,400	106,400
Security Construction	865,516 /d	608,550	761,400	152,850
Compound Security	179,530 /e	146,450	100,000	(46,450)
Other Security Support Costs	14,280	--	--	--
Office of Inspector General	29,000	29,264	31,703	2,439
Educational and Cultural Exchanges	247,000 /f	245,306	345,346 /k	100,040
Representation Allowances	6,485	9,000	9,000	-
Prot. of Foreign Missions & Officials	9,400	11,000	10,000	(1,000)
Emerg. in the Dipl. & Consular Service	16,500 /g	15,000	1,000	(14,000)
Repatriation Loans Program Account	1,219	1,219	1,219	--
American Institute in Taiwan	17,044	18,817	19,773	956
F.S. Retirement & Disability Fund (mandatory)	135,629	138,200	134,979	(3,221)
International Organizations	1,724,173	1,617,359	1,560,663	(56,696)
Contributions to Int'l. Organizations	899,206 /h	891,378	1,010,463	119,085
Contr. for Int'l. Peacekeeping Activities	824,967 /i	725,981	550,200	(175,781)
International Commissions	60,546	67,267	71,710	4,443
Int'l. Boundary & Water Comm.-S&E	24,705	27,404	31,562	4,158
Int'l. Boundary & Water Comm.-Construction	5,450	9,401	8,901	(500)
International Fisheries Commissions	20,480	19,780	20,043	263
American Sections:	9,911	10,682	11,204	522
Int'l. Boundary Commission	989	1,143	1,261	118
Int'l. Joint Commission	6,882	7,456	7,810	354
Border Environment Cooperation Commission	2,040	2,083	2,133	50
Related Appropriations	57,625	60,599	60,405	(194)
The Asia Foundation	9,250	9,444	9,250	(194)
National Endowment for Democracy	33,500	36,000	36,000	-
East-West Center	14,000	14,280	14,280	-
Eisenhower Exchange Fellowship Program	500	500	500	-
Israeli Arab Scholarship Program	375	375	375	-
STATE APPROPRIATIONS ACT	\$ 7,813,509	\$ 7,632,210	\$ 8,080,742	\$ 448,532
Foreign Assistance				
Migration & Refugee Assistance	805,000 /j	705,000	760,197	55,197
Emergency Refugee/Migration Assistance	15,000	15,000	40,000	25,000
STATE AUTHORIZATION ACT	8,633,509	8,352,210	8,880,939	528,729

Additional footnotes are on the page opposite

Footnotes to the Summary of Funds Table

- /a Includes \$29.55 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206) and \$73.6 million transferred from the Emergency Response Fund.
- /b Includes \$17.9 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206) and \$30.0 million transferred from the Emergency Response Fund.
- /c Includes \$7.5 million transferred from the Emergency Response Fund.
- /d Includes \$200.516 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).
- /e Includes \$42.85 million transferred from the Emergency Response Fund.
- /f Includes \$10.0 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).
- /g Includes \$100.0 million from the Emergency Response Fund
- /h Includes \$42.206 million reprogrammed from Contributions for International Peacekeeping Activities and \$7.0 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).
- /i Includes \$42.206 million reprogrammed to Contributions to International Organizations and \$23.034 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).
- /j Includes \$100.0 million from the Emergency Response Fund.
- /k Includes \$100.0 million for exchanges focused on Russia and the New Independent States and Central and Southern Europe previously funded from the FREEDOM Support Act (FSA) and Support for Eastern European Democracy Act (SEED) accounts within the Foreign Operations Appropriation Act.

SUMMARY OF DIRECT FUNDED POSITIONS

Appropriations	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase/ Decrease
Administration of Foreign Affairs				
State Programs:				
Diplomatic & Consular Programs	16,695 /a	16,867 /b	17,334 /c	467
Worldwide Security Upgrades	912	1,045	1,130	85
Subtotal, State Programs	17,607	17,912	18,464	552
Embassy Security, Construction & Maintenance	747	797	797	--
Worldwide Security Upgrades	40	--	--	--
Subtotal, Embassy Security	787	797	797	--
Other Administration of Foreign Affairs				
Office of Inspector General	314	314	314	--
Educational and Cultural Exchanges	351	351	351	--
Subtotal, Admin. of Foreign Affairs	19,059	19,374	19,926	552
International Commissions				
Int'l. Boundary & Water Comm.-S&E	280	280	295	15
Int'l. Boundary & Water Comm.-Construction	33	33	18	(15)
American Sections:				
Int'l. Boundary Commission	8	8	8	--
Int'l. Joint Commission	24	24	24	--
Subtotal, International Commissions	345	345	345	--
STATE APPROPRIATIONS ACT	19,404	19,719	20,271	552

/a Position levels do not include 2,157 positions being funded by MRV fees in FY 2002.

/b Position levels do not include 2,441 positions to be funded by MRV fees in FY 2003, including 233 positions that were previously funded in the Diplomatic & Consular Programs appropriation in FY 2002.

/c Position levels do not include 2,566 positions to be funded by MRV fees in FY 2004, including 233 positions that were previously funded in the Diplomatic & Consular Programs appropriation in FY 2002.

COSTS OF FULLY FUNDING PENSION AND HEALTH ACCRUAL COSTS

(\$ in thousands)

Appropriations	FY 2002	FY 2003	FY 2004	FY02 to 03 Incr/(Decr)	
	Estimate	Estimate	Amount	Amount	Percent
Administration of Foreign Affairs:	84,671	88,139	101,571	13,432	15.2%
Diplomatic & Consular Programs	78,506	81,844	94,393	12,549	15.3%
Embassy Security Construction & Maint.	2,944	3,011	3,427	416	13.8%
Office of the Inspector General	1,503	1,527	1,735	208	13.6%
Educational & Cultural Exchange Programs	1,718	1,757	2,016	259	14.7%
State Appropriations Act, Function 150	84,671	88,139	101,571	13,432	15.2%
International Commissions (Function 300):	1,161	1,201	1,395	194	16.2%
Int'l Boundary & Water Commission - S&E	949	983	1,160	177	18.0%
Int'l Boundary & Water Commission - Const.	112	116	116	-	0.0%
<u>American Sections:</u>	100	102	119	17	16.7%
International Boundary Commission	13	14	17	3	21.4%
International Joint Commission	87	88	102	14	15.9%
STATE APPROPRIATIONS ACT, TOTAL	85,832	89,340	102,966	13,626	15.3%

**SUMMARY OF
EMERGENCY RESPONSE FUND (ERF) TRANSFERS**

(Dollars in thousands)

Appropriations	FY 2001	FY 2002	Total
Administration of Foreign Affairs	\$48,890	\$163,950	\$212,840
Diplomatic & Consular Programs	390	73,600	73,990
Worldwide Security Upgrades	-	30,000	30,000
Capital Investment Fund	7,500	7,500	15,000
Embassy Security, Construction & Maintenance	-	42,850	42,850
Emerg. in the Dipl. & Consular Service	41,000	10,000	51,000
Total	\$ 48,890	\$ 163,950	\$ 212,840

**SUMMARY OF
FY 2002 EMERGENCY SUPPLEMENTAL ACT
(P.L. 107-206)**

(Dollars in thousands)

Appropriations	Total
Administration of Foreign Affairs	257,966
Diplomatic & Consular Programs	47,450
Ongoing Operations	29,550
Worldwide Security Upgrades	17,900
Embassy Security, Construction & Maintenance	200,516
Worldwide Security Construction	200,516
Educational & Cultural Exchange Programs	10,000
International Organizations	30,034
Contributions for International Organizations	7,000
Contributions to International Peacekeeping	23,034
Total	\$ 288,000

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PART ONE
ADMINISTRATION OF FOREIGN AFFAIRS

OVERVIEW

This section contains the FY 2004 appropriations in the Administration of Foreign Affairs title.

SUMMARY STATEMENT

(Dollars in thousands)

Appropriations	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase/ (Decrease)
State Programs	\$3,991,562	\$4,114,179	\$4,320,544	\$ 206,365
Diplomatic & Consular Programs	\$3,781,062	\$3,937,179	\$4,163,544	\$226,365
Ongoing Operations	3,245,427 /a	3,364,179	3,516,843	152,664
Pacific Salmon	--	20,000	--	(20,000)
Worldwide Security Upgrades	535,635 /b	553,000	646,701	93,701
Capital Investment Fund	210,500 /c	177,000	157,000	(20,000)
Embassy Security, Construction & Maintenance	1,517,326	1,305,000	1,514,400	209,400
Ongoing Operations	443,000	500,000	524,700	24,700
Non-Security Construction	15,000	50,000	128,300	78,300
Worldwide Security Upgrades	1,059,326 /d	755,000	861,400	106,400
Security Construction	865,516 /d	608,550	761,400	152,850
Compound Security	179,530 /e	146,450	100,000	(46,450)
Other Security Support Costs	14,280	--	--	0
Office of Inspector General *	29,000	29,264	31,703	2,439
Educational and Cultural Exchanges *	247,000 /f	245,306	345,346 /h	100,040
Representation Allowances	6,485	9,000	9,000	0
Protection of Foreign Missions & Officials	9,400	11,000	10,000	(1,000)
Emergencies in the Diplomatic & Consular Service	16,500 /g	15,000	1,000	(14,000)
Repatriation Loans Program Account	1,219	1,219	1,219	--
Payment to the American Institute in Taiwan	17,044	18,817	19,773	956
F.S. Retirement & Disability Fund (mandatory)	135,629	138,200	134,979	(3,221)
TOTAL, ADMIN OF FOREIGN AFFAIRS	5,971,165	5,886,985	6,387,964	\$500,979

Over for additional footnotes

Footnotes to the Admin of Foreign Affairs Summary Table

- /a. Includes \$29.55 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206) and \$73.6 million transferred from the Emergency Response Fund.
- /b. Includes \$17.9 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206) and \$30.0 million transferred from the Emergency Response Fund.
- /c. Include \$7.5 million transferred from the Emergency Response Fund.
- /d. Includes \$200.516 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).
- /e. Includes \$42.85 million transferred from the Emergency Response Fund.
- /f. Includes \$10.0 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).
- /g. Includes \$10.0 million transferred from the Emergency Response Fund.
- /h. Includes \$100.0 million for exchanges focused on Russia and the New Independent States and Central and Southern Europe previously funded from the FREEDOM Support Act (FSA) and Support for Eastern European Democracy Act (SEED) accounts within the Foreign Operations Appropriation Act.

STATE PROGRAMS

2004 Overview

Summary Statement

(dollars in thousands)

Appropriation/Fund	2002 Actual	2003 Estimate	2004 Request	Increase or Decrease (-)
Diplomatic & Consular Programs <i>a/</i>	\$3,245,427	\$3,384,179	\$3,516,843	\$132,664
Worldwide Security Upgrades <i>b/</i>	535,635	553,000	646,701	93,701
Subtotal, Diplomatic & Consular Programs	\$3,781,062	\$3,937,179	\$4,163,544	\$226,365
Capital Investment Fund <i>c/</i>	210,500	177,000	157,000	(20,000)
Subtotal, State Programs Appropriations	\$3,991,562	\$4,114,179	\$4,320,544	\$206,365
<i>Border Security Program/MRV Fees d/</i>	440,212	616,821	736,013	119,192
<i>IRM Central Fund/Expedited Passport Fees d/</i>	63,000	99,500	114,000	14,500
<i>Other Fees d/</i>	13,658	23,262	23,262	0
Total	4,508,432	4,853,762	5,193,819	340,057

/a FY 2002 includes \$73,600,000 transferred from the Emergency Response Fund and \$29,550,000 transferred from the Emergency Supplemental. FY 2003 includes funding for the Pacific Salmon Program in the amount of \$20,000,000.

/b FY 2002 includes \$30,000,000 transferred from the Emergency Response Fund and \$17,900,000 transferred from the Emergency Supplemental.

/c FY 2002 includes \$7,500,000 transferred from the Emergency Response Fund.

/d The funding for these fee programs represents annual program spending estimates from current collections and carryforward balances, not annual fee collections. An accounting of the total collections received by the Department of State is provided in the Appendix.

State Programs Summary

The Department of State requires sufficient resources to carry out U.S. foreign policy effectively and protect U.S. national security interests. Sustained and secure U.S. diplomatic presence, on the ground and around the world, provides for U.S. leadership on the political, economic, and global issues that define U.S. national interests. More than one year after the events of September 11, the demand on the Department's knowledge, capacity, and leadership is more intense than ever. The Department must expand its capacity to deliver diplomatic and economic force wherever they are required more rapidly than ever before.

The need to sustain a high level of commitment to the global war on terrorism strengthens the argument for the Department's initiatives to hire and retain the right people in adequate numbers, provide security and adequate facilities, and modernize information technology to get the job done. The Department's FY 2004 appropriations request sustains these initiatives for Diplomatic and Consular Programs and the Capital Investment Fund with \$4,320,544,000. This request will continue initiatives to:

STATE PROGRAMS

- ❑ Recruit, hire, train, and deploy the right work force for the Department now and for the future;
- ❑ Upgrade information technology capacity through modern global secure communications networks, infrastructure, systems, and tools.
- ❑ Maintain adequate and secure Embassy facilities, sustain security readiness, and fulfill the Department's law enforcement mission; and
- ❑ Operate and maintain Department of State presence domestically, at overseas missions, in the interagency process, and in international organizations;

The FY 2004 budget request includes increased funding for:

- ❑ **People.** The FY 2004 request includes increases for: hiring 399 new Foreign Service and Civil Service staff over attrition — the final year of the Department's Diplomatic Readiness Initiative.
- ❑ **Security/War on Terrorism/Border Security.** The FY 2004 request continues to ensure that the Department's employees have the appropriate level of protection in all locations around the world; that the war on terrorism is fully supported; and that the nation's borders are safeguarded by a thorough passport and visa issuance program.
- ❑ **Foreign Policy Support.** The FY 2004 request includes needed funding increases for supporting international commitments to host the 2004 Summit of Industrialized Nations, rejoin UNESCO, and provide security and assist with the 2004 summer Olympic Games in Athens, Greece.

The State Programs appropriations — Diplomatic and Consular Programs and the Capital Investment Fund — when combined with Machine Readable Visa, Expedited Passport, and other fees fund the salaries, operating expenses, and infrastructure required to carry out U.S. foreign policy at home and abroad. The Department's network of more than 260 posts not only carries out our diplomatic relations with foreign governments, it also assists American citizens, supports U.S. businesses, conducts public diplomacy, and develops the extensive local contacts that are essential to effective diplomacy. The FY 2004 budget request for State Programs reflects a commitment to modernize and improve Department operations and enable the Department to achieve its strategic and performance goals. The Department of State employs a direct-hire workforce of approximately 30,000 employees with about 60% of those working overseas. These employees, of whom about 20,000 are Americans and 10,000 are foreign nationals (FSNs), manage America's overseas diplomatic interests patriotically and professionally.

Highlights of the State Programs budget request by account follow:

Diplomatic And Consular Programs - Ongoing Operations

The FY 2004 request of \$3,516,843,000 for Diplomatic and Consular Programs is a net increase of \$132,664,000 from the FY 2003 President's Request. The request provides resources to continue to implement the Department of State's diplomatic readiness hiring initiative; enhance

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security and infrastructure; fund specific foreign policy enhancements, and provide for cost of living, pay raise, domestic and overseas inflation, and other mandatory cost increases.

Worldwide Security Upgrades

The FY 2004 request for Worldwide Security Upgrades is \$646,701,000, an increase of \$93,701,000 above the FY 2003 President's Request, and provides funding to continue ongoing Worldwide Security Upgrade programs; continue perimeter security upgrades; ensure effective and efficient electronic communication with intelligence and law enforcement entities; establish a lifecycle replacement program for armored vehicles; protect facilities in Kabul, Afghanistan and Dushanbe, Tajikistan; establish a formal program for compliance with the National Information Assurance Certification and Accreditation Process requirements; add 85 security and support professionals; and enhance domestic security.

Capital Investment Fund

The FY 2004 request of \$157,000,000 for the Capital Investment Fund sustains the Department's program of investment in information technology. The FY 2004 Information Resource Management (IRM) Central Fund, which includes the Capital Investment Fund combined with \$114,000,000 in estimated Expedited Passport Fees, will provide a total of \$271,000,000 to support the Department's information technology and communications systems initiatives.

Border Security Program

The FY 2004 request for the Border Security Program, which is funded by increased Machine Readable Visa (MRV) Fees, is \$736,013,000, an increase of \$119,192,000 from FY 2003 program levels of \$616,821,000. The Border Security Program funding will implement a comprehensive strategy to strengthen U.S. Border Security by improving consular systems, programs, and investments in human capital. The program will continue to provide the technology backbone, personnel and support needed to carry out the functions vital to U.S. homeland security. Major initiatives funded within the FY 2004 program include: operation of the domestic and international passport and visa adjudication services, collection and processing of a biometric from applicants seeking U.S. travel documents, continued expansion of the Consular Consolidated Database, and enhanced security processing of visa applicants overseas.

Other Fees

Diversity Lottery, Fingerprint Fees, and Other Consular Fees - The FY 2004 program includes an estimate of \$4,400,000 for the Diversity Lottery Program. Section 636 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 provides that the State Department may collect and retain a fee that ensures the recovery of the cost to the Department of allocating and processing applications for visas to be issued under the Diversity Lottery Program. The Department's fee is imposed on successful applicants for the Diversity Lottery Program to ensure

STATE PROGRAMS

that the costs of administering the lottery and allocating diversity visas are recovered from actual users. These fee collections are available to provide consular services and are used to recover the cost to the State Department of the Diversity Lottery Program. In addition, the FY 2004 program includes an estimate of \$850,000 for the FBI Immigrant Visa Fingerprint Fee program. The request also includes \$8,000,000 for the Affidavit of Support (AOS) Program that is funded from a fee collected from persons submitting AOS documentation.

Defense Trade Control Fees - The FY 2004 program includes an estimate of \$4,000,000 for Defense Trade Control Registration Fees in accordance with Section 45 of the State Department Basic Authorities Act, as amended. These fees are available without fiscal year limitation to pay expenses incurred for specified defense trade control license application processing and other functions.

Commercial Services Fees - The FY 2004 program includes an estimate of \$12,000 for fees charged for the cost of providing commercial services at posts abroad in countries where the Department of Commerce does not perform commercial services for which it collects fees. Pursuant to section 52 of the State Department Basic Authorities Act, as amended, these fee collections are available until September 30th of the fiscal year following the fiscal year in which the funds were deposited.

United States Information and Educational Exchange Fees - As authorized by section 810 of the United States Information and Educational Exchange Act, authority is requested to have not more than \$6,000,000 credited to the Diplomatic and Consular Programs appropriation from fees and other payments received from English teaching, library, motion pictures, and publications programs, and from fees from educational advising and counseling, and exchange visitor programs.

An accounting of the collections received by the Department of State is provided in the Appendix.

Program Descriptions

State Programs funding of \$5,193,819,000, including \$4,320,544,000 from appropriation requests and \$873,275,000 from fee collections, will continue to be directed toward global challenges and opportunities that affect nearly all Department activities. The resources requested to support the activities listed below are critical to the successful conduct of diplomatic and consular relations, public diplomacy, and maintenance of this nation's foreign affairs apparatus.

- ❑ **Policy Formulation and Executive Direction (\$282,747,000)** – Direction, policy formulation, and coordination are provided by the Secretary, the Deputy Secretary, the Under Secretaries, Assistant Secretaries and other bureau heads, chiefs of diplomatic missions, and their immediate staffs. They are assisted by legislative affairs and public affairs staffs who explain to the Congress and the American public the U.S. position on foreign policy issues

STATE PROGRAMS

and interests managed by the Department.

- ❑ **Diplomatic Relations (\$626,426,000 including \$618,954,000 from direct appropriations, \$3,460,000 from Machine Readable Visa Fees, \$4,000,000 from Defense Trade Control Registration Fees, and \$12,000 from Commercial Services Fees)** – A wide spectrum of activities are a part of American diplomacy. Some examples are described below.
 - In-depth knowledge and understanding of political and economic events in many nations are basic requirements of diplomacy. Achieving them requires quality reporting, analysis, and personal contact work at more than 260 missions abroad and by expert staffs in Washington.
 - Management is required of U.S. participation in arms control, non-proliferation, disarmament negotiations, and other verification and compliance activities.
 - International economic and trade diplomacy and in-country services to American businesses have become vital to the health of the American economy. The world continues to become more interrelated economically each year through initiatives such as the North American Free Trade Agreement (NAFTA), the General Agreement on Tariffs and Trade (GATT), and Asia Pacific Economic Cooperation (APEC).
 - Promoting human rights internationally, supporting emerging democracies and economic development, improving the global environment, and meeting humanitarian emergencies that destroy political and economic well-being and stability are vital to America's long-term interest.
 - There is a continuous need to keep abreast of scientific and technological developments abroad and to assist cooperatively some nations in these fields by aiding two-way exchanges of information and expert personnel.

- ❑ **Public Diplomacy (\$302,930,000 including \$296,930,000 from direct appropriations and \$6,000,000 from U.S.I fees)** – Public diplomacy activities of the U.S. Government are intended to engage, inform, and influence foreign publics and broaden dialogue between American citizens and institutions and their counterparts abroad. In FY 2000, certain public diplomacy activities formerly carried out by the United States Information Agency were fully integrated into the Department of State pursuant to the Foreign Affairs Reform and Restructuring Act of 1998. Public diplomacy, within the Department of State, continues to operate under the authority of the Smith-Mundt Act of 1948, as amended, the Fulbright-Hays Act of 1961, as amended, and other statutes.
 - Even before September 11, substantial changes had occurred in the way that governments conduct their business, enact policies, and make decisions. Fundamental to that change is the role played by public opinion. Even less democratic governments tend to operate with more of an eye to the public's reaction to their decisions. At the same time, the range of actors engaged in the development and formulation of policy has broadened considerably. Think tanks, non-governmental organizations, religious organizations, and

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issue-specific voluntary associations, among others, have dramatically increased their influence on the ways and means by which individual governments make policy. Especially in robust, developed democratic nations, the process of making policy is complex, frequently consultative, and responsive to public opinion.

- In the wake of September 11, we recognized that the U.S. Government and its people had become isolated from a large group of people who hold different views about our beliefs, values, policies, and behavior. A 2002 Gallup poll reported an “overwhelming view of the Islamic world that a decadent, undisciplined and irreligious lifestyle has accompanied the West’s success.” This gap has proven to be seriously dangerous and creates a negative environment for the work of the State Department on a variety of national security policy fronts.
- To maintain U.S. leadership in this profoundly changed international environment, the Department implements a vigorous program of public diplomacy that engages influential individuals and organizations from both inside and outside the orbit of government whose work affects the policy-making process. Public diplomacy includes information and cultural programs carried out by overseas missions and supported by public diplomacy personnel incorporated into the Department’s regional and functional bureaus, as well as the Office of the Coordinator of International Information Programs and the Bureau of Educational and Cultural Affairs. This description excludes educational and cultural exchange programs that are described elsewhere in this document under a distinct appropriation.
- Public diplomats work at American embassies and consulates abroad, developing strategies to build understanding and support for the U.S., its policy objectives, and the values of the American people. Activities and programs are planned and implemented country by country, directed at audiences identified by institutional analyses of each country’s political, economic, and societal influence structures, inside and outside of government.
- Within the Department, public diplomacy staff craft information products and services for overseas missions and foreign publics. The current catalogue includes: Websites; the Washington File, a daily electronic compilation of U.S. policies and actions; U.S. speakers and specialists; digital video conferences and teleconferences; electronic journals, published policies, and materials on issues of importance to embassies abroad; and information resource centers, places which provide reference and information support for U.S. missions worldwide.

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- ❑ **Consular Relations (\$790,930,000 including \$101,435,000 from direct appropriations, \$676,245,000 from MRV fees, \$4,400,000 from Diversity Lottery Fees, and \$850,000 from FBI Fingerprint Fees and \$8,000,000 from the Affidavit of Support Fee)** – The events of September 11 demonstrate the national security importance of a robust and sophisticated system to process persons seeking visas to travel to the United States. Furthermore, the reaction of the traveling public to those events have combined with the continued international economic situation to decrease significantly the demand for international travel. At the same time, the Department of State is experiencing major increases in the cost of providing consular services as a result of enhanced security measures implemented to strengthen U.S. homeland security. All of these factors combine to place a heavy burden on Department of State operations:
- Non-immigrant visa requests from foreign tourists, students, business people, investors, and government officials require substantial effort at missions abroad. In FY 2003, the Department projects that 6 million persons will apply for non-immigrant visas that generate an MRV fee. All of these applicants will undergo a thorough screening to help ensure U.S. homeland security. The State Department expects that demand for non-immigrant visa services will remain at this same level in FY 2004.
 - Persons seeking immigrant visas to the United States also undergo comprehensive screening involving the combined efforts of the Immigration and Naturalization Service and the Department of State. In FY 2003, the Department projects total immigrant visa workload of consisting of 715,000 applicants. This workload is expected to remain at the same level in FY 2004.
 - Routine and emergency assistance must be provided to American citizens in distress. In FY 2003 and FY 2004, the Department projects that it will respond to 2 million citizen services requests worldwide each year.
 - American travelers and the U.S. travel industry need to be kept aware of dangerous situations abroad. This is done through Consular Information Sheets, Travel Warnings, and helpful tips to travelers through the Consular Affairs World Wide Web Site available at the Internet Web address: <http://travel.state.gov>.
 - Passport applications in the millions must be adjudicated, and passports must be issued or denied for U.S. citizens wanting to travel abroad. In FY 2003, the Department projects a demand of 7.1 million passport applications growing to 7.6 million applications in FY 2004.
 - The worldwide Border Security Program supports all areas of the President's Management Agenda through programs within Consular Relations, Diplomatic Security/Law Enforcement Cooperation, Information Resource Management and Training. These cross-cutting programs are required to secure the borders of the United States against travel here by terrorists, international criminals, or persons whose presence in the U.S. would violate United States immigration law. Border Security plans include continuing to enhance and refresh the equipment and systems that support worldwide consular activities. It also

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includes continuing modernization of the hardware and software systems that support visa name checks, operating the Border Crossing Card Program in Mexico, implementing biometric collection from visa applicants, strengthening cooperation between the consular and United States law enforcement and intelligence communities, enhancing American Citizen Services, and providing for the staff and operating costs of the Border Security Program. The Border Security Program relies on dedicated funding from increased MRV fees.

- ❑ **Supporting Multilateral Diplomacy (\$48,157,000)** – The United States participates in international organizations because we have an interest in working with other nations to maintain stability, uphold laws, facilitate commerce, spur economic growth, maintain a healthy environment, address urgent humanitarian needs, and halt the spread of weapons of mass destruction. Organizations in which we play a leading role include the United Nations, regional bodies such as NATO and the Organization of American States, and a variety of more specialized and technical organizations. The Department monitors and participates in the organizations through both the headquarters staff and its missions to the larger organizations. The increasingly complex nature of world problems makes U.S. involvement in these multilateral organizations even more important to our future. This includes funding for State Department participation in international conferences.
- ❑ **Diplomatic Security/Law Enforcement Cooperation/Worldwide Security Upgrades (\$971,613,000 including \$947,371,000 from direct appropriations [\$300,670,000 for Diplomatic Security/Law Enforcement Cooperation and \$646,701,000 from Worldwide Security Upgrades] and \$24,242,000 from MRV Fees)** – These activities provide resources, allocated by application of risk management principles, necessary to meet security responsibilities, both foreign and domestic. Included in these activities are:
 - protection of overseas U.S. government employees through local guards, technical security measures, residential security measures, and armored vehicles;
 - protection of the Secretary and visiting or resident foreign dignitaries;
 - counter-terrorism policy formulation, coordination, and research and development as well as investigations to detect passport, visa, and federal benefits fraud;
 - management of security operations at missions;
 - protection of information at headquarters through domestic guards and physical security equipment and measures;
 - protection of information abroad through diplomatic couriers, electronic and security equipment, secure conference rooms, development and application of standards for information security, and security protection and inspection of construction property; and
 - counterintelligence investigations, background security investigations, and evaluations.

The State Department is the lead agency in U.S. Government efforts to reduce the terrorist threat to Americans overseas. The tragic bombings in Africa and attempted attack on the Consulate in Karachi, Pakistan highlight the volatile environment worldwide. As part of

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efforts to prevent terrorist attacks, the Department works closely with other governments to strengthen international counterterrorism cooperation, sends expert teams to augment U.S. embassies in crisis situations, and eliminates physical security vulnerabilities at our diplomatic missions. The security program enhancements, funded first by the FY 1999 Emergency Security Supplemental and now with the \$646,701,000 contained in this budget request, provide for continuing this program that further strengthens security and continues to correct problems identified at our diplomatic facilities.

- ❑ **Information Resource Management (\$824,423,000 including \$526,547,000 from Diplomatic and Consular Programs, \$157,000,000 from the Capital Investment Fund, \$26,876,000 from MRV Fees, and \$114,000,000 from Expedited Passport Fees)** – This program provides the resources for the effective and efficient creation, collection, processing, transmission, dissemination, storage, and disposition of information required for the formulation and execution of foreign policy and for the conduct of daily business including consular services. The information needs of the President, the Secretary of State, the Department, and its overseas missions, and approximately 100 other government organizations drive the resource requirements. This activity includes:
 - corporate information systems and services such as: core foreign affairs systems supporting the Secretary and principal officers; consular systems for passport and visa issuance and reporting; financial systems; administrative systems for personnel and property; and information services provided by Departmental libraries and publishing, records, Freedom of Information Act, and historical offices;
 - infrastructure systems such as: the Diplomatic Telecommunications System; mainframe computer centers; Automated Data Processing, communication and message centers at headquarters and at missions abroad; mail and pouch services; and special communications support for the Secretary and the White House at meetings abroad; and
 - the development and maintenance of software and hardware for classified and unclassified word processing, electronic mail, spreadsheets, graphics, and data base management.
- ❑ **Training Services (\$111,891,000 including \$106,701,000 from direct appropriations and \$5,190,000 from MRV Fees)** – Professional development (including training) is a continuous process by which the Department ensures that its people — its most important asset — have the skills, experience and judgment to fulfill their functions at all levels. Investments in training are vital to a changing and streamlining organization. Training programs provide the language, area, information technology, consular, and other professional skills needed for the conduct of foreign relations. The Department’s training program is the principal responsibility of the Foreign Service Institute, which has an innovative training strategy designed to support directly new and emerging policy and management priorities.
- ❑ **Medical Services (\$26,937,000)** – The Medical Program promotes the health of all under its care by encouraging prevention of illness and facilitating access to health care. This activity encompasses medical programs for the Department of State and the Foreign Service as well

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as other U.S. Government departments and agencies overseas. Approximately 31,000 employees and their eligible family members receive medical care at about 190 overseas health units overseas and in Washington, DC.

- ❑ **Rental Payments to GSA (\$143,479,000)** – GSA finances its real property management activities through user charges, set at commercially comparable rates, collected from agencies occupying GSA-controlled properties. This funding provides payment for domestic space occupied by the Department.
- ❑ **Overseas Program Support (\$466,131,000)** – This activity includes administrative activities at more than 260 posts abroad, such as overseas administrative support for over 100 U.S. Government organizations; personnel and financial management services; and short-term lease property management and building maintenance staff, shipping and customs clearance, and motor pool services.
- ❑ **Domestic Infrastructure and Program Support (\$458,266,000)** – This activity includes the infrastructure located in the United States that is dedicated to the administrative support of U.S. diplomatic activities and other U.S. Government agencies overseas, such as domestic personnel and financial management services, domestic building operations and routine maintenance, acquisition services, and other general administrative services.
- ❑ **Post Assignment Travel (\$139,889,000)** – Post Assignment Travel funds the cost of travel, transportation, and related items in connection with the appointment, transfer, and separation of the Department’s American full-time permanent staff and their families. The Department’s general tour of duty policy (with some exceptions) is four years at most overseas posts, and two years at posts with extreme hardship conditions.

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On the following pages are a series of tables and graphs depicting the distribution by program activity of the FY 2004 requests for Diplomatic and Consular Programs and the Capital Investment Fund.

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Program Activities Summary

Funds Summary Statement (dollars in thousands)				
Activities	2002 Estimate	2003 Estimate	2004 Request	2003/2004 Increase/ Decrease
Policy Formulation, Public Affairs and Executive Direction.....	265,735	272,973	282,747	\$9,774
Diplomatic Relations (e.g., Arms Control, Political and Economic Reporting, Trade Promotion, Global Environmental and Scientific Reporting).....	525,374	579,224	626,426	\$47,202
Public Diplomacy.....	286,259	293,843	302,930	\$9,087
Consular Relations (e.g., Passports, Visas, Services to American Citizens Overseas).....	529,086	642,883	790,930	\$148,047
Supporting Multilateral Diplomacy.....	47,736	49,134	48,157	-\$977
Diplomatic Security/Law Enforcement Cooperation.....	308,102	318,270	324,912	\$6,642
Worldwide Security Upgrades.....	535,635	605,000	646,701	\$41,701
Information Resource Management.....	795,458	816,528	824,423	\$7,895
Training Services.....	85,914	90,081	111,891	\$21,810
Medical Services.....	31,858	25,977	26,937	\$960
Rental Payments to GSA.....	103,941	117,785	143,479	\$25,694
Overseas Program Support.....	436,831	465,037	466,131	\$1,094
Domestic Infrastructure and Program Support.....	421,352	441,638	458,266	\$16,628
Post Assignment Travel.....	136,055	135,389	139,889	\$4,500
Total.....	\$4,509,336	\$4,853,762	\$5,193,819	\$340,057

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(Diplomatic & Consular Programs, Capital Investment Fund,
Border Security Program and Other Fees)

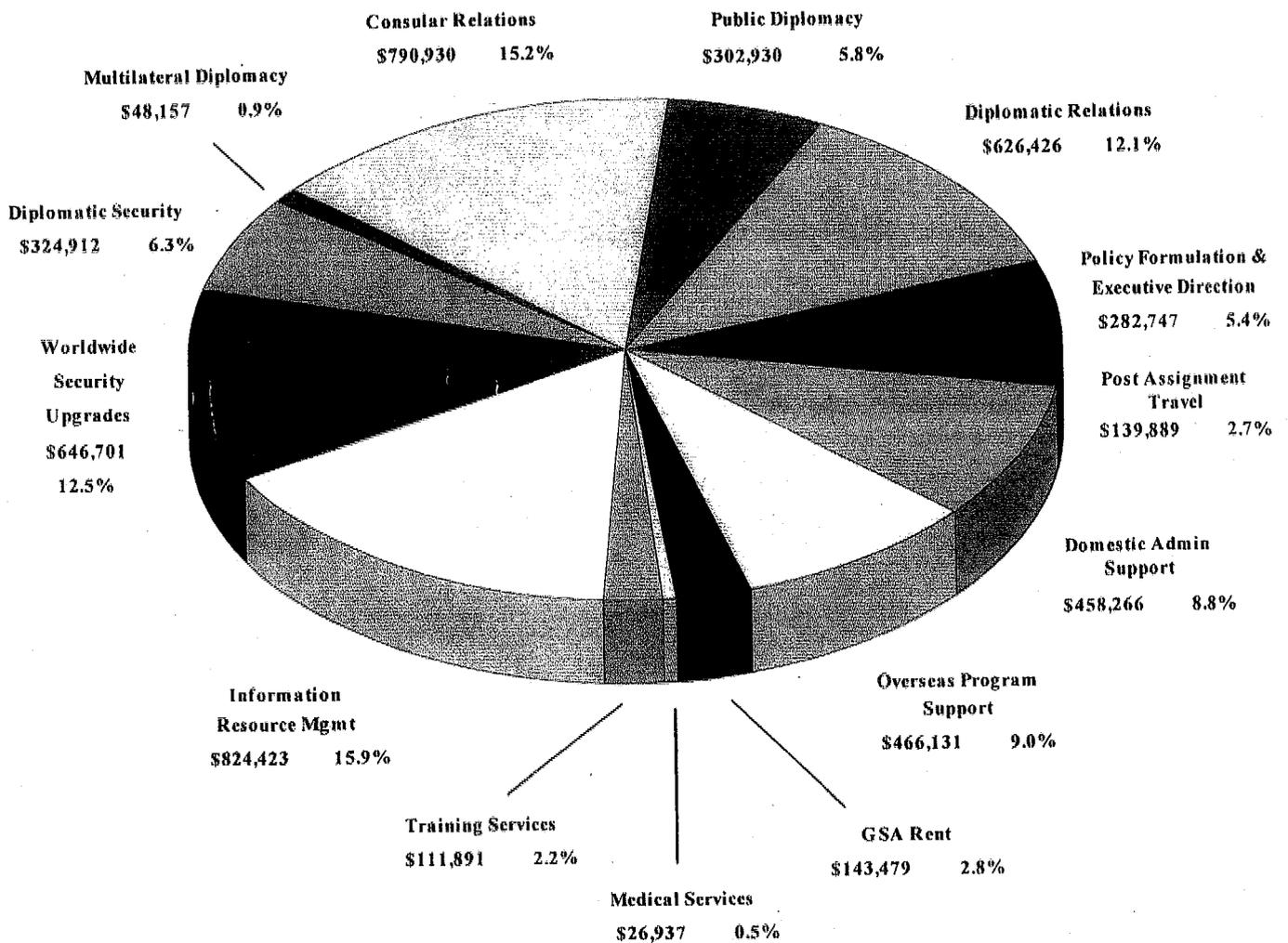
Program Activities Summary

Positions Summary Statement				
Activities	2002 Estimate	2003 Estimate	2004 Request	2003/2004 Increase/ Decrease
Policy Formulation, Public Affairs and Executive Direction.....	1,982	2,022	2,024	2
Diplomatic Relations (e.g., Arms Control, Political and Economic Reporting, Trade Promotion, Global Environmental and Scientific Reporting).....	3,693	3,774	4,016	242
Public Diplomacy.....	2,622	2,625	2,625	0
Consular Relations (e.g., Passports, Visas, Services to American Citizens Overseas).....	3,776	3,831	4,024	193
Supporting Multilateral Diplomacy.....	305	313	313	0
Diplomatic Security/Law Enforcement Cooperation.....	1,592	1,595	1,595	0
Worldwide Security Upgrades.....	912	1,045	1,130	85
Information Resource Management.....	1,912	1,930	1,979	49
Training Services.....	555	559	657	98
Medical Services.....	65	84	90	6
Rental Payments to GSA.....	0	0	0	0
Overseas Program Support.....	380	406	406	0
Domestic Infrastructure and Program Support.....	1,974	2,169	2,171	2
Post Assignment Travel.....	0	0	0	0
Total.....	19,768	20,353	21,030	677

* Increase of 677 positions includes 399 for Diplomatic Readiness, 68 for Consular Associates Replacement, 85 for Worldwide Security Upgrades, and 125 for the Border Security Program

FY 2004 State Programs Request Program Activities Distribution

(dollars in thousands)



Total Request \$5,193,819

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STATE PROGRAMS (Diplomatic & Consular Programs, Worldwide Security Upgrades and Capital Investment Fund)

Highlights of Budget Changes

Summary Statement (dollars in thousands)				
	Diplomatic and Consular Programs	Worldwide Security Upgrades	Capital Investment Fund	Total
FY 2002	3,245,427	535,635	210,500	3,991,562
FY 2003 President's Budget	3,384,179	553,000	177,000	4,114,179
Current Services				
Base Adjustments				
Pacific Salmon Treaty Implementation	(20,000)	-	-	(20,000)
Charleston Financial Services Center	(21,544)	-	-	(21,544)
Perimeter Security Enhancements	-	(30,600)	-	(30,600)
Transfer 2002/03 Dip Readiness Lease Costs to ESCM	(17,009)	-	-	(17,009)
Center for Anti-Terrorism and Security Training	(52,000)	-	-	(52,000)
International Conference Costs	(2,321)	-	-	(2,321)
FY 2003 Diplomatic Readiness One -Time Costs	(30,329)	(5,271)	-	(35,600)
Capital Investment Fund	-	-	(20,000)	(20,000)
Biological Weapons Convention Reduction	(450)	-	-	(450)
Subtotal, Base Adjustments	(143,653)	(35,871)	(20,000)	(199,524)
Annualization of 2003 Requirements				
FY 2003 Hiring Increases Annualization	24,243	4,089	-	28,332
FY 2003 American Cost of Living Adjustment Annualization	9,175	695	-	9,870
Subtotal, Annualization	33,418	4,784	-	38,202
Anticipated 2004 Wage Requirements				
American Cost of Living Adjustment	23,194	1,835	-	25,029
FSN Wage Increases	15,567	-	-	15,567
Subtotal, Wage	38,761	1,835	-	40,596
Anticipated 2004 Price Requirements				
Overseas Inflation	20,890	7,811	-	28,701
Domestic Price	17,062	3,539	-	20,601
GSA Rent	25,694	-	-	25,694
Local Guard Program and Other Global Inflation	3,238	4,300	-	7,538
Domestic Guard Inflation	1,186	8,600	-	9,786
Workers Compensation	566	-	-	566
Subtotal, Price	68,636	24,250	-	92,886
Total Increases	140,815	30,869	-	171,684
Net Total, Built-In Changes	(2,838)	(5,002)	(20,000)	(27,840)
FY 2004 Current Services	3,381,341	547,998	157,000	4,086,339

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STATE PROGRAMS (Diplomatic & Consular Programs, Worldwide Security Upgrades and Capital Investment Fund)

Highlights of Budget Changes

Summary Statement (dollars in thousands)				
	Diplomatic and Consular Programs	Worldwide Security Upgrades	Capital Investment Fund	Total
FY 2004 Current Services	3,381,341	547,998	157,000	4,086,339
People	97,027	-	-	97,027
Diplomatic Readiness - 399 New Hires	97,027	-	-	97,027
War on Terrorism/Security/Border Security	22,572	95,940	-	118,512
Diplomatic Security Personnel - 85 New Hires	-	7,952	-	7,952
Amored Vehicle Lifecycle Replacements	-	12,400	-	12,400
Certification and Accreditation	-	28,300	-	28,300
Other Worldwide Security Upgrades	-	10,608	-	10,608
Kabul/Dushanbe	-	36,680	-	36,680
Border Security - Consular Affairs Associates	22,572	-	-	22,572
Policy Support	15,903	2,763	-	18,666
2004 Summit of the Industrial Nations	10,930	-	-	10,930
Athens Olympics	1,723	2,763	-	4,486
UNESCO US Mission Operations	3,250	-	-	3,250
Total, Program Increases	135,502	98,703	-	234,205
FY 2004 President's Budget Request	3,516,843	646,701	157,000	4,320,544

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Explanation of Current Estimate

The FY 2003 current estimate for State Programs appropriations of \$4,114,179,000 consists of the following amounts:

- \$3,384,179,000 estimated for Diplomatic and Consular Programs.
- \$553,000,000 estimated for Worldwide Security Upgrades.
- \$177,000,000 estimated for the Capital Investment Fund.

Explanation Of 2004 Built-In Changes - Decreases

Decreases (non-recurring costs and adjustments) total \$199,524,000 for Department of State Programs appropriations including \$143,653,000 for Diplomatic and Consular Programs, \$35,871,000 for Worldwide Security Upgrades, and \$20,000,000 for the Capital Investment Fund as follows:

- Pacific Salmon Treaty Implementation: -\$20,000,000.** FY 2003 was the fourth and final year of the treaty-based obligation for the U.S. under the Pacific Salmon Act of 1999. These funds will no longer be required.
- Charleston Financial Services Center: -\$21,544,000.** This reduction is due to a decrease of financial consolidation activities and for one time FY 2003 costs.
- Perimeter Security Enhancements: -\$30,600,000.** This request reflects completion of the initial multi-year perimeter security enhancements program while maintaining required funding levels for additional technical security upgrades and scheduled modernization.
- Diplomatic Readiness Leasehold Costs Transfer to Embassy Security and Construction and Maintenance (ESCM) Appropriation: -\$17,009,000.** Realignment to regularize funding responsibility for leasehold costs for FY 2002 and FY 2003 Diplomatic Readiness Initiative positions within the ESCM appropriation.
- Center for Anti-Terrorism and Security Training: -\$52,000,000.** This reduction reflects one-time costs to establish the CAST training facility.
- International Conference Costs: -\$2,321,000.** Reduction in FY 2004 funding available to support international conferences.
- One-time Hiring Plan Costs: -\$35,600,000 including -\$30,329,000 for D&CP and -\$5,271,000 for Worldwide Security Upgrades.** This amount represents funding for one-time hiring plan costs for 399 new hires under the Diplomatic Readiness Initiative, and the one-time costs requirements for 134 new hires under the Worldwide Security Upgrades program.
- Information Technology/Capital Investment Fund: -\$20,000,000.** This amount reflects a decrease in appropriated funding levels due to non-recurring investments.

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- ❑ **Biological Weapons Convention Costs Reduction: -\$450,000.** A change in administration policy concerning its involvement in Biological Weapons Convention negotiations will permit a reduction in funds committed to this effort.

Explanation Of 2004 Built-In Changes - Increases

The total increases for FY 2004 built-in changes are \$171,684,000. This amount provides for the base adjustments detailed below including a 1.5 percent increase for domestic inflation and an overall average 3.8 percent increase for overseas non-wage inflation. The FY 2004 request reflects the proposed 2 percent American pay increase and overall FSN wage increases of 3.3 percent consistent with anticipated rates of overseas consumer price inflation. The breakdown of the total increase is as follows:

- ❑ **Annualization of 2003 Requirements: \$38,202,000** reflects the full-year cost of the following:
 - Annualization of FY 2003 Diplomatic Readiness Initiative Hiring Increases: \$28,332,000 (\$24,243,000 for Diplomatic and Consular Programs (D&CP) and \$4,089,000 for Worldwide Security Upgrades (WSU)). This amount represents the additional cost in FY 2004 from FY 2003 hiring increases.
 - 2003 American Cost-of-Living Adjustment: \$9,870,000 (\$9,175,000 for D&CP and \$695,000 for WSU). Additional funding is required to annualize the FY 2004 cost of the 2003 American Pay Raise.
- ❑ **Anticipated 2004 Wage Requirements: \$40,596,000** is required for the following anticipated wage increases during FY 2004:
 - American Cost-of-Living Adjustment: \$25,029,000 (\$23,194,000 for D&CP and \$1,835,000 for WSU). This amount reflects an anticipated 2 percent general American cost-of-living increase in 2004.
 - FSN Wage: \$15,567,000. This increase includes FSN salary adjustments consistent with local prevailing wage rates, needed to keep the Department competitive with other foreign countries' embassies and private firms in order to retain competent staff and to comply with local law, as required.
- ❑ **Anticipated 2004 Price Requirements: \$92,886,000** is required for the following anticipated price increases during FY 2004:
 - Overseas Price: \$28,701,000 (\$20,890,000 for D&CP and \$7,811,000 for WSU). This amount will fund an estimated average 3.8 percent increase in overseas utilities, supplies, and contractual services. The rates of overseas inflation are generally higher than that experienced in the United States. Our overseas posts purchase a relatively large proportion of items and services on the local economies which trend toward greater price increases for items such as utilities, communications, security, and information services and equipment.

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- Domestic Price: \$20,601,000 (\$17,062,000 for D&CP and \$3,539,000 for WSU). This amount will fund an estimated 1.5 percent increase in domestic inflation for such items as:
 - Government Printing Office and other printing services;
 - Military Postal Service Agency;
 - Travel and per diem costs;
 - Transportation of equipment and other items;
 - Rents, communications, and utilities;
 - Leasing, service, and maintenance costs primarily in the Department's information management programs;
 - Medical inflation;
 - Payments for transit subsidy;
 - Supplies and materials; and
 - Equipment purchases.
- GSA Rental Payment: \$25,694,000. This increase results from estimated increases in rental rates for buildings occupied by the Department.
- Overseas Local Guard Program and Other Global Inflation: \$7,538,000 (\$3,238,000 for D&CP and \$4,300,000 for WSU). This amount represents the overseas wage and price increases including those required to maintain the Department's numerous contracts for local guard services at overseas posts.
- Domestic Guard Program: \$9,786,000 (\$1,186,000 for D&CP and \$8,600,000 for WSU). This amount represents the mandatory contractual increase to fund guard services domestically.
- Workers Compensation: \$566,000. Funding is required to support the increase in the Department's bill from the Department of Labor for Worker's Compensation payments.

Explanation of FY 2004 Program Changes

The FY 2004 request includes \$234,205,000 for high priority initiatives and investments that are critical to maintaining and improving diplomatic readiness and supporting the U.S. diplomatic platform overseas. These increases include the following: \$97,027,000 for People; \$118,512,000 for War on Terrorism/Security/Border Security; and \$18,666,000 for Policy Support.

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People: \$97,027,000

Diplomatic Readiness: 399 Positions and \$97,027,000

The Department requests funding for the final year of the Diplomatic Readiness Initiative. The Department's Diplomatic Readiness Initiative provides a comprehensive blueprint — and a great deal of momentum — for reforming the Department's recruitment and hiring processes and providing the staffing needed to meet U.S. foreign policy objectives.

Under the three-year Initiative, the Department plans to hire a total of 1,158 additional employees to staff overseas positions and to respond to crises and meet dynamic training and staffing requirements for the Civil Service, Foreign Service Specialists, and Foreign Service Officers. In addition, the Department has separate initiatives to meet workforce requirements for security and consular needs.

The workforce requirements are based on mission needs identified by the President and the Department leadership, workforce analysis of existing skills and gaps, predictions of coming needs, training plans, and estimates of the strength needed to respond to crises.

The first year, FY 2002, of the three-year plan was a success. The Department was able to attract the talent needed to fill the new, higher targets. To do that effectively, we reengineered the hiring process to reduce the time it takes to hire Foreign Service employees from 27 months to less than one year and expanded outreach to attract the needed talent, getting record high levels of applicants to the Department. Based on staffing models and senior leadership decisions about mission priorities, the initial 360 new positions have been directed to the most critical hiring needs, predominately overseas.

In FY 2003, the Department plans to provide the second complement of diplomatic readiness positions to meet the remainder of overseas needs identified in the Overseas Staffing Model (OSM), provide resource support for new or emerging priorities such as the opening of Embassy Kabul, and enhance our professional training for Civil and Foreign Service employees. We also plan to turn our attention in FY 2003 to reengineering of the Civil Service hiring process.

To realize the full benefit of this initial down payment, we must continue building on this success. Successful foreign policy resource management requires nothing less than obtaining the Department's full diplomatic readiness resource requirements. This final increase of 399 positions will enable the Department to finish the task envisioned by the Diplomatic Readiness Initiative. It will provide the flexible and responsive staffing needed to not only fill immediate needs but to prepare for the future and create a workforce that can meet the mission, get needed training, and be prepared to respond to unforeseen events. Our new mandatory leadership and management training initiative can succeed only with additional personnel to prevent training from creating untenable staffing gaps. With a higher employment level, staffing shortages at hardship posts will be reduced.

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To bring 399 new employees on board in FY 2004 (over attrition), the Department requires an increase of \$97,027,000 to fund salaries and benefits, expedite security and medical clearance processing, and provide training — including specialized skills training and language training — to prepare new hires for their new assignments. The Department must also fund the travel to initial posts of assignment as well as routine support costs.

War on Terrorism/Security & Border Security: \$118,512,000

A separate justification for \$95,940,000 to support this initiative is included in Worldwide Security Upgrades section.

Border Security – Consular Associates Replacements: 68 Positions and \$22,572,000

The Department of State is committed to an aggressive effort to rationalize its overseas staffing responsible for visa adjudication. A key element of this strategy will be to shift responsibility for visa adjudication currently held by Consular Associates to Foreign Service Officers. Consistent with this strategy, the Department of State will establish 68 new positions in FY 2004. These positions will be funded as part of the Diplomatic and Consular Programs appropriation. This step will help ensure that all prospective visitors or immigrants to the U.S. are carefully screened by well-trained and language qualified Foreign Service personnel as part of the visa adjudication process. Establishing these 68 new positions is another step in the Department of State's on-going effort to rationalize its overseas consular staffing, consistent with the overriding mission to strengthen U.S. homeland security.

In addition, the Department of State will establish additional positions as part of the Border Security Program funded by MRV fees. These positions will help meet the increased on-going consular workload, especially the enhanced national security requirements established as part of U.S. homeland security initiatives. They will also help ensure the integrity of biometric collection programs that will be established consistent with the Nation's commitment to strengthen U.S. homeland security. These positions will supervise biometric collection in both on-site collection facilities and at contractor-operated facilities established consistent with this critical homeland security effort.

Policy Support Operating Accounts: \$18,666,000

The Department has given priority to the following set of initiatives to support Administration policy objectives and existing commitments in the conduct of foreign affairs.

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2004 G-8 Summit of the Industrial Nations: \$10,930,000

The United States will host the 2004 Summit of the Industrialized Nations (commonly called the G-8 Summit). The G-8 summits provide an important occasion for the President to meet directly with the heads of state of other leading economies and discuss economic issues of vital concern to the United States. Other participants include the heads of state and principals of Canada, France, Great Britain, Germany, Japan, Italy, Russia and the European Commission.

This summit has been held at different locations each year since 1975. The United States last hosted the summit in 1997. The costs requested include: contract support, interpreter support, installation and operation of secure data and voice communications, office and conference space rental, printing, and security. Funding is also included to cover costs associated with chairing the Roma/Lyon Group. This group is responsible for hosting eight foreign delegations and critical to establishing counter terrorism policy commitments that G-8 ministers will endorse.

Athens Olympics: \$4,486,000

The Department has been asked to provide an unprecedented level of security protection and assistance for the 2004 Summer Olympics Games in Athens, Greece. The State Department will also be responsible for assisting Americans attending the Games; supporting the high-level USG delegations visiting Athens; providing support to members of the U.S. media covering the Games; and promoting U.S. business interests. This request includes funding for the Bureau of Diplomatic Security within the Worldwide Security Upgrades budget (\$2,763,000) and funds to support TDY staff and associated travel, lodging and general costs required for achieving these objectives, as well as the lodging for the State Department participants.

UNESCO U.S. Mission Operations: \$3,250,000

The President's speech at the UN General Assembly in September 2002 announced that the United States would be rejoining UNESCO. This request funds the costs of establishing and operating U.S. Mission to UNESCO Headquarters in Paris and UNESCO National Commission in Washington. The costs associated with membership have been requested under the Contributions to International Organizations appropriation.

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Worldwide Security Upgrades (dollars in thousands)

Appropriation/Fund	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Diplomatic and Consular Programs	\$487,735	\$553,000	\$646,701	\$93,701
Emergency Response Fund	30,000	--	--	--
War on Terrorism Supplemental	17,900	--	--	--

Summary Statement

Terrorist threats remain a constant menace to U.S. diplomatic facilities and the U.S. citizens and foreign nationals serving at those facilities. Recent physical and technological attacks directed at those facilities, some as flagrant as the car bomb attack directed at the Consulate General in Karachi and some as subtle as numerous documented attempts to break into sensitive information systems, clearly demonstrate the continued need for an extensive, well-funded program that will sustain recent improvements and support the expansion of critical security initiatives around the world. The recent terrorist attacks on government and civilian targets in the U.S. emphasize the importance of continuing and expanding the programs operated with Worldwide Security Upgrades funds and augmenting those programs with additional domestic initiatives.

The FY 2004 request of \$646,701,000 is an increase of \$93,701,000 over the \$553,000,000 requested for Worldwide Security Upgrades in FY 2003 President's Budget.

The FY 2003 President's Budget included funds to finance the continuation of the comprehensive perimeter security enhancement program, an increase in the Department's cadre of security professionals by 134 positions, and programs to keep security vulnerabilities low and maintain defensive countermeasures to help thwart attacks or mitigate their effects.

The FY 2004 request is summarized in the following table:

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Worldwide Security Upgrades

(dollars in thousands)

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
Worldwide Security Upgrades			
Ongoing Security Activities			
Guards – Worldwide Protection	\$139,101	\$137,046	\$181,649
Physical Security Equipment	18,395	18,912	19,234
Technical Support/Infrastructure	84,003	68,932	66,337
Information/Systems Security	50,684	51,825	54,640
Armored Vehicles	10,320	10,536	10,715
Personnel /Training	99,048	119,780	150,126
Chemical/Biological Program	3,944	4,057	14,332
Radio Program	8,240	7,413	7,565
Domestic Technical & Physical Security Upgrades 1/	--	21,000	--
Response to Terrorist Attacks 1/	--	17,302	--
Strengthened Security Programs (134 positions) 1/	--	22,197	--
Subtotal	413,735	479,000	504,598
Perimeter Security Enhancements	74,000	74,000	43,400
Sub-total	487,735	553,000	547,998
Post-9/11 Staffing Requirements (85 positions)	--	--	7,952
Physical Security – Armored Vehicle Lifecycle	--	--	12,400
National Information Assurance Certification & Accreditation Process (NIACAP)	--	--	28,300
Protection of Domestic Facilities	--	--	2,685
Investigations Infrastructure	--	--	7,923
Overseas Facility Protection (Kabul & Dushanbe)	--	--	36,680
Athens Olympics Security	--	--	2,763
Total – Worldwide Security Upgrades	\$487,735	\$553,000	\$646,701
Emergency Response Funds (203 Agents) 2/	30,000	--	--
War on Terrorism Supplemental	17,900	--	--

1/ FY 2003 program increases are integrated within the applicable program activities in FY 2004.

2/ FY 2002 Emergency Response Fund transfers are integrated within the applicable program activities in FY 2003.

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Worldwide Security Upgrades Request

Maintaining Ongoing Security Activities: \$504,598,000.

The FY 2003 base for the ongoing worldwide security upgrades is \$479,000,000. The increase of \$25,598,000 to \$504,598,000 for ongoing activities includes adjustments for a reduction of \$5,271,000 for one-time costs associated with hiring 134 new security personnel in FY 2003 and an increase of \$30,869,000 to fund FY 2003 annualized and FY 2004 anticipated wage and price increases including mandatory contract wage increases of \$8,600,000 for domestic uniformed guards and \$4,300,000 for overseas local guards.

Perimeter Security: \$43,400,000.

To address critical vulnerabilities in perimeter security, the Department is requesting \$43,400,000 to upgrade security at those facilities not included in prior upgrade efforts and to establish a lifecycle maintenance and replacement program for the upgrades installed over the last four years. The last of the initial 243 posts/chancery buildings identified in the multi-year program of perimeter security enhancement initiated under the 1999 Emergency Supplemental Appropriation will be completed during FY 2004 with funding provided through FY 2003. This request will fund technical upgrades at 30 annexes and other buildings not included in the original program, but that remain at significant risk. This request will also fund the initiation of a phased modernization schedule for the 243 original installations. The scheduled life-cycle replacement and state-of-the-art upgrades for equipment such as cameras and recording devices will keep them technically effective in providing the highest possible level of protection for our personnel and facilities around the world.

Post 9/11 Staffing Requirements (85 Positions): \$7,952,000.

The Department is seeking \$7,952,000 and 85 additional security professionals to increase its ability to address crucial domestic and overseas security needs. The single most important factor in the deterrence of and response to terrorist acts continues to be people. Diplomatic Security Special Agents and other security professionals are on the front lines in the fight against terrorism and the protection of American life and property overseas and domestically. The Department received resources from the Emergency Response Fund to support the addition of 203 Special Agents in FY 2002 and has requested 134 additional positions in the FY 2003 President's Budget. However, further security support is still needed as the deep and pervasive threat of global terrorism and the need for homeland security continue to grow. The addition of these professionals will allow the Department to further strengthen the following activities:

- terrorism investigations conducted by domestic field offices;
- overseas support for overextended regional security officers;
- site security management in support of accelerated embassy construction;
- counterintelligence; and
- Joint Terrorism Task Force participation.

Special Agents - \$6,020,000: A total of 70 Special Agents are needed to perform a variety of tasks. First, 29 are needed throughout the 20 domestic field and resident

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offices to meet workload increases concerning law enforcement activities, on-site coordination with local police authorities, and homeland security requirements. In addition, 11 Special Agents are needed as site security managers to support the Department's accelerated schedule for construction and renovation of embassies. Third, another 15 special agents are needed to provide additional security officer support to overextended Regional Security Officers abroad as overseas workload continues to mushroom dramatically. These RSO support positions would be stationed domestically and deployed abroad on TDY as needed. The remaining 15 agents would be used for Joint Terrorism Task Forces, Foreign Emergency Support Teams, and protection management.

Civil Servants and Office Management Specialists - \$1,932,000: The Department request includes 15 additional security professionals to provide professional and administrative support to the worldwide security program. Primary among these are 11 civil servants to strengthen countermeasures, field office operations, intelligence analysis, overseas operations, industrial security, and facilities protection efforts. In addition, the request seeks to increase overseas support for Regional Security Officers by adding 4 Office Management Specialists and assigning them to posts with the greatest current need.

Physical Security – Armored Vehicle Lifecycle: \$12,400,000.

To maintain the current level of overseas transportation security provided to Chiefs of Mission and other U.S. personnel the Department is seeking \$12,400,000 to fund the armored vehicle replacement cycle in FY 2004. In the aftermath of the embassy bombings in 1998, the Department reassessed threats to U.S. personnel worldwide and determined that increased availability of armored vehicles was essential not only to protect Chiefs of Mission, but other personnel as well. An intensive program to acquire and ship over 1,000 fully and lightly armored vehicles to posts was funded by the 1999 Emergency Supplemental Appropriation. Since the implementation of the Armored Vehicle Program under the supplemental, threat levels have increased requiring the Department to maintain the program at its current level. The established lifecycle for armored vehicles is five years. The requested funding will allow the Department to replace 225 vehicles in FY 2004, an increase of 153 beyond the 72 vehicles scheduled for replacement in FY 2003.

National Information Assurance Certification and Accreditation Process (NIACAP): \$28,300,000.

The Department is requesting \$28,300,000 to implement certification and accreditation requirements of the National Information Assurance Certification and Accreditation Process (NIACAP) and OMB Circular A-130. These require the certification and accreditation of all Department information technology systems, networks, applications, domains and sites over a two-year period. The program includes documentation, certification, accreditation, remediation, and training.

Certification and accreditation reduces the risk that sensitive data will be compromised, protects the integrity and the reliability of the data, and secures the timely availability of the information technology networks' resources, as well as the data that they contain.

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The Department is implementing an aggressive program to certIFY and accredit systems and applications. Applying the NIACAP methodology to the full range of Department systems and sites will be a major undertaking, requiring nearly constant deployment of teams to over 360 sites.

Protection of Domestic Facilities: \$2,685,000.

The Department is requesting \$2,685,000 for projects to increase the security of key domestic facilities. Recent events demonstrate that the Department must continue strengthening its domestic security posture to sustain support of the worldwide security program essential to our diplomatic mission around the world. The following initiatives will strengthen overall security and eliminate specific vulnerabilities at key domestic facilities:

- Closed Circuit Television (CCTV) equipment and cameras - \$345,000: These funds provide for the purchase and installation of new CCTV equipment and cameras to more effectively monitor the perimeter areas of the Harry S Truman building. This will replace the current outdated system with state-of-the-art equipment capable of providing maximum resolution in all light conditions, withstanding severe weather and displaying in color for the most accurate differentiation among objects and persons.
- Perimeter Security Barriers - \$1,690,000: The Inspector General and the Information Assurance Task Force have identified the open moat areas (window wells) around the perimeter of the Harry S Truman building as significant vulnerability points for potential bomb attacks and/or physical break-ins. The proposed remedy is to cover these moats with grates which will enhance the protection of lives and property by minimizing the potential damage that would result from an explosion in the confined area of these moats as well as reduce the potential for unauthorized entry through moat windows.
- Perimeter Fence Upgrade - \$650,000: To better protect employees teaching and attending classes at the National Foreign Affairs Training Center (NFATC) and children enrolled in the NFATC Childcare Center against potential harm related to unauthorized access to the property, the Department will install 7,500 linear feet of 8-foot high anti-climb fencing and gates. This anti-climb fence will extend the existing perimeter protection at NFATC to the parking area and childcare center.

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Investigations Infrastructure: \$7,923,000

The Department is requesting \$6,300,000 to upgrade and broaden its infrastructure related to a variety of inter-agency databases, applications and networks that support domestic and overseas law enforcement, intelligence, and anti-terrorism activities and programs. Under the present threat environment it is critical that the Department's law enforcement, intelligence, and counter-terrorism operations be able to rapidly and accurately exchange information with a wide range of law enforcement and intelligence entities throughout the government. A delay or error in transmission of critical data could have catastrophic effects. The Department must be able to exchange law enforcement and intelligence data in real-time and be truly interoperable with the networks, applications, and databases of the law enforcement and intelligence communities as a whole. This includes the Bureau of Customs' Treasury Enforcement Communications System (TECS); the FBI's National Crime Information Center (NCIC), Integrated Automated Fingerprint Identification System (IAFIS), and Law Enforcement Online (LEO); and the National Law Enforcement Telecommunications System (NLETS) used by state and local law enforcement. In addition to these systems, the Department needs to expand connectivity to Interpol. The need to enhance access and performance on these systems is not limited to domestic security personnel, but is also essential to Regional Security Officers at overseas posts.

Currently, the systems and networks that support DS law enforcement and investigative operations are outmoded, and a series of related initiatives are required to enhance law enforcement operations using the latest technology. For example, connectivity to the law enforcement and intelligence agencies is limited to single, slow connections – often dial-up modem communications - that are unacceptable for user access to existing applications and databases. This request will improve interoperability between the Department and these other entities and ensure coordinated data sharing and communications.

In addition, the Department is requesting \$1,623,000 to reduce the processing time and overall cost of conducting background investigations by allowing electronic exchange of case information. The processing of single scope background investigations for all Department employees is a labor intensive and geographically dispersed process. In FY 2002 the Department opened over 19,000 background investigation cases and physically transmitted copies of those investigative files between offices in Washington, DC and locations throughout the world. Each case file must be sent – usually by Federal Express – to multiple destinations and then back to Washington. The use of Extranet technology will provide accurate, secure, and rapid electronic transmission of the sensitive information in these case files among DS offices and investigators. This will reduce the time required to process these investigations, expedite the hiring process, and result in significant savings to the Department.

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Overseas Facility Protection (Kabul and Dushanbe): \$36,680,000.

To adequately protect the Embassy and Annex in Kabul, Afghanistan, the Department is requesting \$33,680,000 to hire highly trained American contract guards. Because of the extreme danger in Kabul, very robust security efforts are needed to protect these two facilities. This protection is currently provided by U.S. Marines, but they will be turning this responsibility over to the State Department at the end of calendar year 2003. A number of factors combine in this highly volatile and unique situation that dictate the use of American contract personnel instead of local nationals to guard these two U.S. facilities. To adequately address these, 93 American contractor guards costing \$11,400,000 are required to secure the Embassy and 68 American contractor guards costing \$8,280,000 are necessary to secure the Annex. In addition, \$14,000,000 is required to install a residential compound with 60 support staff (including mechanics, cleaning crew and food service providers) to house and provide services for the 161 guard force.

The Department is also requesting \$3,000,000 to continue security efforts begun in FY 2002 to protect our Embassy in Dushanbe, Tajikistan. These resources will be used for local guards and to maintain armored and other vehicles.

Athens Olympics Security: \$2,763,000.

The Department is requesting \$2,763,000 to provide additional security for the United States Olympic Team participating in the 2004 Summer Olympics in Athens, Greece. This protection is above and beyond normal levels provided by State for such events and is based on an assessment of available security resources and other factors related to the size and site of the event. To meet the requirement, 150 Special Agents will be assigned on temporary duty to Athens and environs prior to and during the Olympic games. The requested funding will cover airfare, per diem, lodging, shipment of armored vehicles, local transportation, and other support costs.

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IRM Central Fund Summary Statement

(dollars in thousands)

Appropriation/Fund	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase or Decrease
Capital Investment Fund	\$203,000	\$177,000	\$157,000	\$-20,000
IRM Investment/Expedited Passport Fees	63,000	99,500	114,000	14,500
Total, IRM Central Fund 1/	\$266,000	\$276,500	\$271,000	-5,500
Emergency Response Fund	7,500	--	--	--

1/ This section discusses requests for the Capital Investment Fund and Expedited Passport Fees, together called the IRM Central Fund. The IRM Central Fund is only one component of agency IT spending. IT investments funded in other accounts are discussed in the appropriate sections.

The IRM Central Fund, comprised of the Capital Investment Fund and Expedited Passport Fees, allows the Department to develop robust, secure, and integrated Information Technology (IT) systems for its world-wide users and to maintain the global infrastructure that undergirds the Department's IT systems. The purpose of the Department's IT infrastructure is e-Diplomacy — the application of modern e-business technologies and approaches to support foreign affairs activities, diplomatic readiness, and the underlying business processes required to operate. E-Diplomacy is the Department's implementation of e-Government.

The Department's global IT assets are in the best shape they have ever been. The completion of the OpenNet Plus initiative (May 2003) that provides secure Internet access, and the deployment of Classified IT equipment at all eligible posts through the Classified Connectivity Program (CCP) (scheduled for completion December 2003) signal the completion of the IT infrastructure spelled out in Goal One of the Department's current IT strategic plan.

The Department's highest priority for FY 2004 will be completing the security certification and accreditation of all IT systems, begun in FY 2003. IT security has always been of paramount importance at the Department, where the security of information in any form is a firmly entrenched principle. Defense-in-depth, consisting of numerous firewalls, a robust intrusion detection system, redundancy of key assets, and user security training requirements attest to the Department's recognition of the seriousness of IT security. With IT security as a top priority, we will focus extensive effort and resources on certification and accreditation activities, using resources from Worldwide Security Upgrades. The Department is aligning its management and reporting of IT security to conform to Federal Information Security Management Act of 2002 (FISMA) standards. All systems will be certified and accredited by the end of FY 2004. The Department is also taking concerted action to ensure that IT security is an integral part of a system's life cycle from its inception.

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In FY 2002, in alignment with the President's Management Agenda and the possibilities of increased performance to be gained from technology, the focus expanded from deploying modern infrastructure to involvement of users in the creation of improved tools. Users were polled for requirements and Assistant Secretaries became active in charting the course for a new messaging system. In this effort, the Under Secretary for Management's policy staff became involved in the business architecture and a management team was established to guide these efforts. A new task force for e-Diplomacy was created. The staff that had historically been involved in IT was challenged to involve more users, address security issues in new ways that unleash the potential of IT, utilize more performance-based contracting, and be more judicious in the use of IT resources. Project Managers received training to use the Information Technology Investment Portfolio System (I-TIPS). Acronyms like BCA, ROI, NPV and EVMS are becoming part of their vocabulary. (BCA - Benefit Cost Analysis, ROI - Return on Investment, NPV - Net Present Value, EVMS -Earned Value Management System)

During FY 2003, we are beginning a formal process to pursue e-Government and carry out all required e-Government action items. We have begun development of an e-Gov strategy, establishment of an organization focused on e-Gov activities and initiatives, and are incorporating e-Gov requirements explicitly in the Department's IT Capital Planning process. We will also be developing a new e-Gov/IT strategic plan this year.

The Enterprise Architecture is also being rewritten - with the requisite involvement of those who will benefit. The increased focus of the Department on Information Technology, improvements in capital planning, and the attempt to manage the rush of new user demands has increased awareness of the critical importance that this document will have as a guide for IT investments.

By FY 2004, we will have the necessary IT infrastructure in place to support the knowledge management, collaborative processing, and virtual teaming that modern diplomacy requires. At the same time, we will continue to maintain, manage, and enhance the global IT infrastructure to protect our investment, increase our services, and ensure the infrastructure remains viable to support our evolving mission requirements.

In addition to certifying and accrediting IT systems (an activity not funded in this account), the highest IT priorities for FY 2004 will be developing the State Messaging and Archive Retrieval Toolset (SMART); and implementing e-Diplomacy/e-Government.

- SMART will replace the Department's outmoded telegram system with a modern, Internet-like system that integrates all the means through which people exchange information: replacing today's cables, emails, Department notices, and memoranda with *e-documents*. SMART will replace the fragmented processes, systems, and paper and automated documents in use today in a single web-based system.
- E-Diplomacy is supported by a new Task Force on e-Diplomacy (M/eDip) headed by an ambassador and reporting directly to the Under Secretary for Management. The e-

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Diplomacy office will ensure that the Department's IT investments are focused on the business practices of modern diplomacy and the needs of users; and on optimal use of our substantial knowledge resources, especially the expertise and experience of our employees. E-Gov will be addressed through a concerted effort under the direction of State's IT investment review board, supported by the Offices of the CIO, CFO, and E-Diplomacy; and with extensive involvement by the business and diplomatic bureaus and users throughout the Department.

The programs described below were formulated in our five-year IT Strategic Plan in FY 2001. The tragic events of September 11 serve to emphasize the importance and urgency of the programs required to improve our voice and data security. We anticipate that many ideas will surface in this process to strengthen the global security of the Department and its personnel. These plans will also ensure that the IT databases, tools, and systems needed to support modern diplomatic activities and business processes are in place and available any time, anywhere in the world. These plans will then be incorporated into the Enterprise Architecture.

The Central Fund investments planned during FY 2004 will contribute directly to the achievement of the Department's five strategic goals, set forth in its current IT Strategic Plan:

- A Secure Global Network and Infrastructure
- Integrated Messaging – A Modern Worldwide Approach
- Ready Access to International Affairs Applications and Information
- Leveraging IT to Streamline Operations
- Sustaining a Trained Productive Workforce

The following table summarizes the FY 2004 funding needed by the Department to achieve its strategic IT goals and objectives:

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IT Central Fund (dollars in thousands)

Program Initiatives	FY2002	FY2003	FY2004
	Actual	Estimate	Request
State Messaging and Archive Retrieval Toolset (SMART)	2,949	10,000	15,000
Foreign Affairs Systems Integration (FASI)	650	5,000	0
A Secure Global Network and Infrastructure*	\$257,099	\$195,146	\$188,567
Modernization World-wide IT Infrastructure ^{/1}	216,231	130,735	134,159
<i>OpenNet Plus</i>	109,631	36,500	0
<i>Worldwide OpenNet Infrastructure</i>			59,855
<i>Classified Connectivity Program</i>	106,600	94,235	0
<i>Worldwide Classnet Infrastructure</i>			24,304
<i>Bandwidth</i>			50,000
Infrastructure Initiatives	40,868	64,411	54,408
<i>Secure Voice Program^{/2}</i>	11,066	4,570	1,057
<i>Post High Frequency Communications</i>	1,000	5,057	720
<i>Public Key Infrastructure</i>	1,345	7,345	7,345
<i>Centrally Managed Infrastructure</i>	14,070	26,367	24,917
<i>Other IT Infrastructure</i>	13,387	21,072	20,369
Applications and Software Development	29,736	62,196	63,085
<i>Integrated Logistics Management System (ILMS)</i>	14,367	21,937	23,951
<i>Global Financial Management System (GFMS)</i>	3,640	7,350	5,548
<i>Integrated Personnel Management System (IPMS)</i>	3,000	11,166	11,900
<i>Other Applications</i>	8,729	21,743	21,686
			0
Project Management and Training	2,095	4,158	4,348
Sustaining a Trained Productive Workforce*			
Total, IRM Central Fund^{/3}	\$292,529	\$276,500	\$271,000

* Strategic Goal from Information Technology Strategic Plan (FY 2001-FY 2005)

/1 Total budgetary resources for OpenNet Plus and the Classified Connectivity Program in

FY 2002 and FY 2003 include equipment refresh, bandwidth and network management costs.

/2 \$7,500,000 provided for Secure Voice Program from Emergency Response Fund in FY 2002.

/3 Total for FY 2002 includes unallocated carry-forward from prior years.

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State Messaging and Archive Retrieval Toolset (SMART) - \$15,000,000

The Department depends heavily on a fragmented collection of outmoded manual and automated systems to support foreign policy activities on a worldwide basis. The cable system, which is the main communication vehicle for substantive information exchange, dates back to World War II and suffers numerous limitations.

Compounding the problems is the use of email for official and unofficial business, resulting in fragmented, inaccessible information on topics of great importance to the Department's mission. These key systems cannot meet the Department's requirements for high-speed information exchange and collaborative processing.

SMART is intended to meet three critical business needs of users: modern messaging, dynamic archiving, and information sharing at the desktop. This initiative will replace State's telegram and e-mail systems with a modern system allowing web-based transmission, receipt, and retrieval of messages. Users will access a single, global repository of e-Documents via standard web browsers or personal digital assistants from anywhere in the world. SMART will have many of the characteristics of systems people use at home: portals, remote access, powerful search & retrieval, etc.

During FY 2002 we completed the Business Process Reengineering (BPR) study required for such a major undertaking, established a program management office (PMO) and steering committee, both reporting to the Under Secretary for Management, to ensure user and management oversight, and developed an initial prototype. We are committed to ensuring that SMART is a user-driven project and system.

As of December 31, 2002, the Department had successfully developed and evaluated a prototype of the system that provided a proof of concept and clarified user requirements. The plan is to fully develop the system solution through a design demonstration competition in FY 2003 followed by a phased deployment beginning in FY 2004. In parallel, we will be planning and establishing redundant network and processing facilities to ensure that SMART will be sufficiently reliable and available. We will provide adequate capacity to meet the Department's global messaging requirements in accordance with the phased deployment.

The Department has decided to converge the Foreign Affairs System Integration (FASI) program with the SMART initiative to maximize the Department's investment and interagency collaboration. The FASI pilot reinforced the consensus among interagency colleagues of the need for interagency connectivity and collaboration — a requirement identified by the Overseas Presence Advisory Panel (OPAP) report. The FASI pilot also developed software applications and acquired experience that can be useful in improving Department systems. An interagency working group has been formed under the SMART project to use the FASI lessons learned to explore cost-effective and secure methods of interagency collaboration at post.

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Worldwide Infrastructure Support

Worldwide OpenNet Infrastructure -\$ 59,855,000

Worldwide Classnet Infrastructure -\$24,304,000

During FY 2003, the OpenNet Plus program will have extended Internet access to all unclassified machines worldwide. By early FY 2004 we will have fully deployed modern classified IT systems worldwide extending the Classnet system. In FY 2004, the Department must maintain a funding base to keep its worldwide computer and communications infrastructure up-to-date.

Through the Worldwide OpenNet Infrastructure refresh program, we are centrally managing a technology refresh program to periodically replace unclassified desktop computers, servers, network equipment and circuits at overseas posts. OpenNet Plus brought the domestic unclassified systems under the centralized refresh umbrella and standardized the systems connected to the OpenNet network. The global network assets are in the best state they have ever been.

Management of the domestic portion of these assets has historically been done on an ad hoc basis by the bureaus. The completion of the OpenNet Plus program affords the Department an opportunity to centrally manage these global assets. Likewise, the investment in CCP should be centrally managed to maintain consistency. The extra security requirements for the handling of this equipment make it unsuitable for ad hoc bureau or post management.

The FY 2004 request will enable the Department to fully transition to the new standard operating system in FY 2004, taking advantage of the benefits of the enhancements in security and systems management afforded by the new operating system. The need for comprehensive vendor support also mandates completion of the operating system upgrade in FY 2004.

Bandwidth - \$50,000,000

This request funds the Department's FY 2004 bandwidth requirements. In FY 2002 and FY 2003, the requirements for bandwidth were funded through the OpenNet Plus and CCP programs. These programs provide the access to information, but it is the bandwidth that underlies the Department's ability to ensure immediate worldwide communications. As the demand for the flow of information increases for meeting our nation's foreign policy objectives, basic bandwidth circuits of sufficient size must be provided and funded.

Secure Voice Program - \$1,057,000

The U.S. Government's Secure Voice Program is a mature program that has fielded more than 400,000 STU-IIIs around the world. The STU-III Program has now reached the end of its life cycle. NSA canceled the STU-III procurement program at the end of 1999. The Secure Terminal Equipment (STE) device is replacing STU-III units with funding provided in FY 2002 and FY 2003. The STE is a secure voice device designed to encrypt voice and data for media transmission. In addition to

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ensuring that the Department maintains the ability to inter-operate with its federal government partners, this request will allow the Department to quickly and securely communicate, particularly in crisis environments, with our overseas locations.

Post High Frequency Communications - \$720,000

Funding for FY 2004 is required for equipment maintenance and refresh for the Department's High Frequency (HF) radio program. These systems are currently used worldwide for immediate communications during emergency situations such as natural disasters as well as to coordinate evacuation plans with the U.S. military and embassies in surrounding countries.

Public Key Infrastructure - \$7,345,000

The Department has a requirement to communicate securely with the public, private industry, and other federal agencies via the Internet and Intranets. Public Key Infrastructure (PKI) will support user authentication to State resources on Class Net and OpenNet Plus to greatly improve IT security against external and internal threats; and to support digital signature requirements enumerated in the Electronic Signatures in National and Global Commerce Act (E-SIGN). PKI will also help satisfy provisions set forth by the Government Paperwork Elimination Act (GPEA) by using digital certificates in electronic transactions, thereby reducing the amount of paper produced for physical signature. Other needs for secure communication include contractor information between overseas secure Embassy construction sites and the Department; investigative reports by Diplomatic Security; and protection of sensitive and personal medical records that must be transmitted electronically to serve members of the Foreign Service and others stationed overseas.

Centrally Managed Infrastructure - \$24,917,000

This request will enable the Department to continue to manage the Department's networks. Important improvements have been made in the last few years in supplying secure central facilities for shared equipment and providing the licensing required for consistent systems. This is a significant task when the systems are deployed in environments that range from technologically mature countries to third world countries with inconsistent infrastructure. Central management of the infrastructure enables the Department to develop maintain standards of equipment and authorized activities by system managers every place the network extends, as well to promptly respond to circuit outages.

Other IT Infrastructure - \$20,369,000

In addition to network oversight, numerous programs support anti-virus systems, specific network connection equipment at post, digital copiers at posts, as well as radio, video collaboration and telephone systems.

Applications and Software Development - \$63,085,000

Two of the Department's IT strategic goals are directed toward the development of software systems that: 1) directly support the Department's foreign affairs activities, and 2) support diplomatic readiness functions in a more streamlined, consolidated,

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and cost-effective manner than they do today. During FY 2004 the Department will continue to focus its efforts on three critical administrative systems in the areas of logistics, human resources, and financial management. In addition, initial steps will be taken to expand the direct support for access to critical foreign affairs information. In addition to the major administrative systems, there are also systems for medical information, export licensing and Public Diplomacy. This request will also enable the Department to web-enable applications, create more useful reports and improve the ability of data sharing.

- Integrated Logistics Management System (ILMS) - \$23,951,000. A major reengineering and development effort to create a modern, user-oriented system for all logistics functions, including purchasing, supply, transportation, warehousing and inventory management. The ILMS solution will emphasize operations streamlining and self-service.
- Global Financial Management System (GFMS) - \$5,548,000. The Department of State's overseas and domestic financial management will be integrated into one worldwide system. The ultimate goal is to obtain a single integrated view of financial data through data standardization, common business processes, and the seamless exchange of information through the Department's financial management and administrative environments.
- Integrated Personnel Management System (IPMS) - \$11,900,000. Supports the Department's overall strategic human resources goals. It is instrumental in ensuring we have the "right people, with the right training, in the right place, at the right time". The long-term mission of IPMS is to plan, implement and deploy world-class support systems and technology, providing the Department with superior human capital management in support of its diplomatic mission.

Project Management and Training - \$4,348,000

The Department is increasing its coordination of its world-wide Information Technology and e-Government programs. An Enterprise Architecture is being written that can guide the creating of systems that increase productivity for Department employees. This request will also fund the replacement of outdated equipment at the Foreign Service Institute, which is essential to a trained and productive workforce.

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Border Security Program Summary Statement

The Department's Border Security Program, funded from the Machine Readable Visa (MRV) application fee paid by persons seeking non-immigrant visas, is a critical element in the Department of State's goal to protect American citizens and safeguard the nation's borders. During FY 2003 and FY 2004, the Department will continue to analyze and review all consular processes, policies and procedures, and seek ways to better protect the nation's security in close collaboration with the Department of Homeland Security. Our border security program strategy is focused on five major objectives:

- ❑ **Information.** Enhance data sharing initiatives with other agencies and increase the effectiveness and efficiency of namecheck systems by providing consular or passport officials responsible for adjudicating passport or visa applications with any relevant information the U.S. holds regarding that applicant. Information sharing also facilitates the operations of other agencies by providing them access to Department of State data.
- ❑ **Infrastructure.** Strengthen consular and passport services by providing business quality equipment, developing modernized software, implementing an effective equipment replacement program, and instituting a comprehensive program of data replication and data warehousing among overseas posts, the Department of State, and other federal agencies. Provide American citizens the service they expect and demand by improving facilities and services to meet growing workload and the legitimate demand of our customers.
- ❑ **Connectivity.** Provide worldwide and redundant connectivity in support of passport and visa issuance, including sufficient bandwidth to support data sharing and the transmission of electronic images, biometric information and passport applications.
- ❑ **Human Resources.** Meet the growing demand for overseas and domestic consular and passport services, address seasonal workload peaks, make systematic and major investments in our consular, passport, and support personnel by providing them training on the systems and processes that will support consular operations and enhance U.S. homeland security.
- ❑ **Integrity.** Ensure the integrity of consular processes and products, through improvements to the documents themselves, enhancements in information storage and retrieval, expanded training of anti-fraud personnel and a comprehensive program to investigate any indications of fraud.

The following chart summarizes the major activities of the Border Security Program.

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Border Security Program			
Program Activity	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request
Consular Project Initiatives			
Consular Systems Install and Operations	32,000	31,000	36,000
Consular Systems Modernization and Support	43,950	70,100	105,600
Automated Namecheck Systems: CLASS	11,990	13,500	14,250
MRV Administrative Support	35,025	39,775	41,225
Public Information Support	1,050	5,000	5,000
Document Integrity/Fraud Programs	500	3,600	1,675
Consular Training	2,706	4,220	4,310
Passport Operations	26,131	30,290	29,820
Passport Facilities	3,465	3,950	3,950
Passport Systems	22,000	28,700	44,500
Visa Processing	8,600	15,000	44,000
American Citizen Services	2,915	2,000	2,100
TIPOFF-Terrorism and Crime	4,125	3,360	3,460
Kentucky Processing Center	4,966	1,700	1,750
Diplomatic Security			
Investigative Support/Guards	7,475	9,040	9,380
Technology Backbone - IRM			
IRM Computer Systems and Operations/Diplomatic Telecommunications Support	24,910	19,840	19,900
Subtotal: Project Initiatives	231,808	281,075	366,920
Border Security Staff (American Salaries)			
Consular Affairs	53,965	82,424	85,937
Bureau of Administration		54	55
Information Resource Management	2,705	2,775	2,849
Diplomatic Security	12,842	13,176	13,542
Overseas Staff	77,369	81,767	90,515
Subtotal: Border Security Staff	146,881	180,196	192,898
Border Security Support			
Consular Affairs	54,571	93,590	114,235
Information Resource Management	4,084	4,090	4,090
Diplomatic Security	868	870	870
Western Hemisphere Affairs (BCC)	2,000	2,000	2,000
Overseas Support		55,000	55,000
Subtotal: Border Security Support	61,523	155,550	176,195
Total Border Security Program	440,212	616,821	736,013

Excludes reimbursement to INS for Border Crossing Card Program (\$18 million in FY03 and FY04)

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FY 2003/FY 2004 Border Security Program

Overseas Consular Systems Install and Operations: \$36,000,000

In FY 2003 and FY 2004, we will continue our efforts to provide systems equipment and on-site training to all consular officers worldwide. We will also continue our program of upgrading both hardware and software on a routine basis. During FY 2003, we will operate on a four-year equipment replacement cycle consistent with Department of State information technology guidelines. Training of new hires and refresher training for consular personnel will continue on an 18 to 24-month training schedule.

During FY 2003 and FY 2004, we plan to complete several major deployments, including the introduction of a more secure visa, called the "Lincoln" visa. We will install a redesigned Automated Cash Register System for consular fee collection as well as a new Back-Up Namecheck system. This system features real-time update of local lookout files from the Department's Consolidated Consular Database. We will purchase scanning equipment for posts overseas so that they will be able to electronically capture data elements from selected visa and passport applicants. In the area of American citizen services, we will support a web registration application for American citizens. As in prior years, we will continue to operate the Overseas Support Desk, which provides critical systems support to our overseas operations on a 24-hour basis.

Overseas Consular Systems Modernization and Support: \$105,600,000

Consular operations, which are heavily dependent upon information technologies to conduct day-to-day business, require a high quality modernization and support effort. As part of this effort, we will continue to improve access to information by consular officers responsible for making visa adjudication decisions. A key tool used by visa officers is the Consular Consolidated Database (CCD). As of January 2003, this database contains files on more than 53 million applicants and 27 million photographs. It provides case history records, as well as consular management information, and plays a key role in the Department's efforts to strengthen U.S. homeland security as well as its disaster recovery plans. In FY 2003 and FY 2004, we will expand the CCD's capabilities to include the storage of biometric information. We will also expand our efforts to share the CCD data with border security partners.

In FY 2003 and FY 2004, we will introduce web-based technologies to our non-immigrant visa systems as well as those systems that support American citizen services. We plan to introduce scanning technologies that will enable the Department to replace paper files with image storage and retrieval. In accordance with the requirements of the Enhanced Border Security Act and Visa Entry Reform Act, we will introduce biometrics into the visa. To support the Department's role as the Central Authority under the Hague Convention on International Adoptions, we will develop additional functionality to existing systems to support the tracking and monitoring of all incoming and outgoing international adoption cases. We will continue to support and enhance the domestic automated systems used in the processing of immigrant and selected non-immigrant visas at the Department's Visa

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Office, at the National Visa Center in New Hampshire, and the Kentucky Consular Center.

Finally, we will continue to implement the Department's security guidelines as well as continue our Independent Verification and Validation (IV&V) program, which is devoted to testing and validating new software releases and communications interfaces to other systems within and outside of the Department.

Automated Namecheck Systems: CLASS and BNS: \$14,250,000

The Consular Lookout and Support System (CLASS) is the key security element in the visa and passport adjudication process. The CLASS database consists of biographic information on aliens who have been denied a U.S. visa or who may be excludable from the United States because of their ties to international terrorism, drug trafficking, crime or national security reasons, or owing to prior contact with U.S. enforcement agencies. The database also includes biographic information on U.S. citizens currently ineligible for a U.S. passport. As a result, the CLASS database has grown significantly during FY 2002 and now consists of 15 million records. We expect this database to grow during FY 2003 and FY 2004 as we continue to expand and enhance CLASS. Among the enhancements will be the ability to conduct identity checks on the basis of photos and other biometric features. The Department will also continue development on linguistic algorithms against which names can be checked. We currently have the linguistic algorithms for Arabic, Russo/Slavic and Hispanic names. The establishment of an Asian algorithm is under review.

CLASS includes a back-up system for times when communications are unavailable between remote locations and the mainframe database located in the U.S. The Backup Namecheck System (BNS) will ensure that visa and passport production are uninterrupted. Furthermore, and consistent with the Department's responsibilities for Critical Infrastructure Protection, a second mainframe computer to support the CLASS system is being installed at the Kentucky Consular Center and will be operational early in calendar year 2003.

MRV Support Costs: \$41,225,000

The Department will continue to use MRV fees to finance administrative costs associated with the Machine Readable Visa program and efforts to strengthen homeland security. These efforts include paying for bank charges associated with off-site bank collections and expanding data collection requirements associated with efforts to improve U.S. homeland security. We will also continue to provide temporary staffing, such as temporary duty (TDY) assistance, to meet staffing gaps, seasonal visa fluctuations, and work resulting from changes in visa processing procedures. We will also provide funds for posts to hire local personnel to help them meet their workload requirements. As in previous years, we will fund the limited procurement and installation of furniture and furnishings for a select number of existing consular facilities where the infrastructure is inadequate to sustain increased workloads and staffing. We will also be upgrading microphones and signage in existing consular facilities. In FY 2003 and FY 2004, this budget will continue to pay the salaries and benefits of consular associates and Fascell Fellows performing consular-related duties. We will also continue to support the consular agent program, paying the salaries and benefits of agents and providing a

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basic equipment toolkit to all agencies. We expect to open approximately five new consular agencies in the next two years. Ongoing support to Mexico's Border Crossing Card Program will continue. In FY 2003, we will conduct a study to examine our fee structure in light of the changes in our processes, demand for consular services, and new national security requirements. The purpose of this study is to determine whether our current fee structure adequately and accurately captures all the costs associated with new security initiatives.

Public Information Support: \$5,000,000

During FY 2003 and FY 2004, we will continue to strengthen our public information efforts. We will enhance the operation of the current consular information program by establishing customer contact centers, operated by third parties, that provide information and respond to public inquiries on various consular matters. The call centers will provide information on visas, passports and also provide routine and non-Privacy Act information regarding the safety and welfare of American citizens abroad.

Document Integrity and Anti-Fraud Programs: \$1,675,000

Recent events have only underscored the Bureau's assessment that document security, and the detection of false documents, is vital to Border Security. We will continue to make targeted investments designed to deter further attacks, to monitor technology leaps related to document security, and to produce even more tamper-resistant documents. We will also continue our efforts to provide anti-fraud training to all consular personnel. As in prior years, the Department will provide training to staff assigned to fraud prevention units overseas. The Department will continue to conduct workshops, prepare self-instructional guides, and issue publications on fraud trends and how to detect them.

FSI – Consular Training: \$4,310,000

During FY 2004, the Foreign Service Institute will continue to conduct classes for consular FSNs, FSOs, consular agents, passport staff and systems personnel who support consular systems. Training for FSOs will include a special emphasis on Department's namecheck system (CLASS).

Passport Operations: \$29,820,000

Funds will be used to support on-going passport operations. We anticipate processing 7.1 million passport applications in FY 2003 and 7.6 million passports applications in FY 2004. Since FY 2002, all passports issued by domestic passport agencies incorporate printed digital photographs and security embedded in the book. These applications also reflect recent policy decisions to shift most overseas passport production to the U.S. to ensure that all U.S. passports benefit from security advantages offered by the passport photodigitization process. As a result, any individual seeking a long-term passport overseas will now receive a photodigitized passport. In FY 2003 and FY 2004, we will continue our commitment to strengthen the passport document and processes against potential fraud. To improve our ability to determine the validity of a passport application, we will convert into digital images passport applications processed between 1994 and 1999 that were previously microfilmed. These data images of valid passport holders will then be available to all posts worldwide and to the passport agencies through the Department's application database,

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PRIZM. By mid-FY 2004, we expect to have scanned and digitized approximately 30 million applications. During FY 2003 and FY 2004, we will also review our passport production processes to incorporate enhanced reliance on biometric technology. We will also continue to work with the Social Security Administration to verify the issuance and authenticity of birth, death and social security records prior to the issuance of a passport.

Passport Facilities: \$3,950,000

Funds will be used to maintain the infrastructure of passport facilities including headquarters space in Washington, DC, and to pay for utility and facility maintenance expenses at the Charleston, South Carolina, Passport Center. We will also invest in physical security upgrades to resolve vulnerabilities that were identified in a security survey of all passport agencies. Funds will also be used to for maintenance and/or upgrades of appointments systems, telephone systems, and videoconferencing equipment at passport agencies.

Passport Systems Support: \$44,500,000

Passport Systems provide the network, operational and Help Desk support for users at the 16 U.S. domestic Regional Passport agencies and processing centers. It also provides the system support needed to store, maintain, archive and retrieve all data and records associated with passport issuances. In FY 2003 and FY 2004, passport systems will be enhanced to include complete data redundancy. We will develop the capability for all passport agencies and overseas posts to check the status of passport applications. We are continuing to explore the role of biometrics in the passport process. These plans are complex since they require international cooperation and are resource intensive owing to the widely distributed network of more than 5,000 U.S. domestic passport acceptance facilities. Finally, we will incorporate passport data into the Consolidated Consular Database.

Visa Processing: \$44,000,000

During FY 2002, we instituted several measures in support of enhanced border security. We now require additional background checks for applicants from certain countries, implemented new supplemental visa application information for all men ages 16 to 45, and developed a supplemental form to comply with a requirement of the Enhanced Border Security and Visa Entry Reform Act. We also implemented new procedures for posts seeking security advisory opinions on targeted cases of interest. In FY 2003 and FY 2004, we will continue to review our visa processes. We expect these changes and the expansion of homeland security initiatives to continue to significantly increase workload and the amount of time required to process visa cases.

In FY 2003, the Department will continue to shift the clerical functions related to immigrant visa processing to the National Visa Center (NVC) located in New Hampshire. The Kentucky Processing Center (KCC), which supports the Diversity Lottery Program, will undergo expansion in FY 2003 in order to provide enhanced screening and support for overseas posts involved in processing certain non-immigrant visa categories. Anti-fraud programs are being established at both NVC and KCC.

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Included in this program activity is FY 2004 funding to begin to collect a biometric from individuals seeking a non-immigrant visa to travel to the U.S. This requirement will have a major impact on visa processes overseas, although the full scope of this change is currently being discussed within the interagency border security community. The integrity of this process will be under the control of on-site Department of State personnel.

American Citizen Services: \$2,100,000

During FY 2003 and FY 2004, the Department will continue to provide consular services to Americans residing or traveling abroad. We will continue to provide a global Voting Assistance Outreach Program and continue to meet our treaty obligations as the U.S. Central Authority for the Hague Convention on Inter-country Adoption. We will share adoption information with the INS and we will continue to work closely with parents whose children have been abducted overseas.

INR – TIPOFF/Terrorism: \$3,460,000

The TIPOFF/Terrorism program is a cornerstone of U.S. border security efforts. It is a counter terrorism/crime tool that utilizes information from the intelligence and law enforcement communities to detect known or suspected terrorists or other persons of serious concern as they apply for U.S., Canadian, or Australian visas or as they attempt to pass through border entry points in nations. Information from the TIPOFF database is also provided to consular officers adjudicating visa applications overseas and to other personnel located at U.S. ports of entry.

Bureau of Administration – Facilities Management: \$1,750,000

Funds will be used to provide utilities, facilities maintenance, and custodial services at the Kentucky Consular Center, the National Visa Center in New Hampshire, and at the Charleston Passport Center.

Bureau of Diplomatic Security: \$9,380,000

In FY 2003 and FY 2004, funds will be used to support guard services needed at all passport agencies nationwide, at the National Visa Center and at the Kentucky Processing Center. Criminal investigations of illegal passport and visa issuance will continue, including investigations of Russian Organized Crime. As in prior years, we will continue to fund travel of Department employees required to testify at trials relating to passport and visa fraud. This program will also help finance the Department's continuing efforts to investigate and bring to prosecution persons or groups who attempt to subvert U.S. passport and visa laws.

Technology Backbone - IRM: \$19,900,000

Funds are used to provide mainframe support for CLASS, including around-the-clock systems operations and maintenance, secure connectivity, redundancy, and contingency operations. During FY 2003 and FY 2004, we will establish and operate a second CLASS processing facility located at the Kentucky Consular Center, consistent with our responsibilities for Critical Infrastructure Protection.

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BORDER SECURITY STAFF AND SUPPORT COSTS

American Salaries: \$192,898,000

In FY 2002, the Border Security Program funded the salaries and benefits of 2,157 full-time consular, DS and IRM employees. In FY 2003, the salaries and benefits for 233 existing Consular positions that were previously funded within Diplomatic and Consular Program appropriation were transferred to the Border Security Program (\$26,372,000). Our FY 2003 position request consists of 52 positions (39 overseas positions and 13 domestic positions). In FY 2004 we plan to hire an additional 125 positions, consisting of 80 overseas positions and 45 domestic positions. A major factor driving the Department's position growth in FY 2004 is the need to implement the national security requirement to collect and process a biometric from passport and visa applicants. This biometric effort accounts for 19 of the 45 domestic positions and 40 of the 80 overseas positions requested in FY 2004. The additional domestic and overseas positions are required to handle increasing workload and operational requirements.

Border Security Support: \$176,195,000

This program activity funds such direct costs as supplies used in passport and visa processing, as well as the Border Crossing Card Program. Funds are also used to pay for the start-up and recurring costs for new consular positions. Beginning in FY 2003, this will include all administrative support costs associated with new officer positions assigned overseas. Also in FY 2003, the Department will shift \$73,628,000 in consular operating expenses from the Department's Diplomatic and Consular Programs appropriation to the Border Security Program. In FY 2002, these expenses were funded under the Department's Diplomatic and Consular Programs appropriation.

BCC Reimbursement to INS: \$18,000,000

Since FY 1999, the Department has reimbursed the INS for the cost of producing Border Crossing Cards issued to Mexican nationals. This reimbursement, based on a Memorandum of Understanding between the two agencies, is consistent with the requirements of section 104 of the Illegal Immigration and Immigrant Responsibility Act of 1996. The reimbursement is considered a direct transfer of revenue to INS and is not included in relevant charts and tables that summarize the Border Security Program. In FY 2003 and FY 2004, the Department plans to reimburse \$18,000,000 to the INS annually.

PART Analysis of Visa and Consular Programs

OMB's PART analysis noted that various portions of the Border Security program are frequently evaluated and their analysis found that the overall visa and consular programs regularly achieve the annual targets relating to the protection and safety of Americans who travel or live abroad and the facilitation of travel for qualified foreign visitors. Overall, Consular Affairs is relatively effective and heavily scrutinized. The Department is working on improving their program measures to better link annual and long-term goals and to improve the quality of performance data.

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EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

FY 2004 SUMMARY STATEMENT OF BUDGET AUTHORITY (\$ in thousands)

Program	2002 Actual	2003 Estimate	2004 Request	Increase Decrease
Worldwide Security Upgrades				
Capital Projects	865,516 /a	608,550	761,400	152,850
Compound Security	179,530 /b	146,450	100,000	(46,450)
Other Security Upgrades/Support Costs	14,280	-	-	-
Subtotal, Security Upgrades	1,059,326	755,000	861,400	106,400
Non-Security Construction	15,000	50,000	128,300	78,300
Operations:				
Planning and Development	2,814	8,555	10,000	1,445
Real Estate and Property Management	3,772	6,000	6,150	150
Project Execution	79,515	88,645	97,200	8,555
Operations and Maintenance	310,429	336,300	346,200	9,900
Information Management and Support	16,893	31,000	34,700	3,700
Main State/Domestic Renovations	24,000	23,000	23,000	-
Subtotal, Operations	437,423	493,500	517,250	23,750
Headquarters	5,577	6,500	7,450	950
APPROPRIATION TOTAL	\$1,517,326	1,305,000	1,514,400	209,400

/a Includes \$200.516 million provided through the Emergency Supplemental Act, 2002 (P.L. 107-206)

/b Includes \$42.85 million transferred from the Emergency Response Fund

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

Program Summary

The mission of the Bureau of Overseas Buildings Operations (OBO) is to manage the Department of State's (DOS) real property assets while providing U.S. diplomatic and consular missions with secure, safe, and functional facilities to assist them in achieving U.S. foreign policy objectives. In furtherance of this mission, the past year has been incredibly busy and highly productive as OBO ushered in a new era – and embarked on an overseas construction program on a scale unprecedented in the history of the Department. The progress made in the past year is noteworthy. In addition to opening new chanceries in Kampala, Uganda and Doha, Qatar, an annex in Bogota, Columbia, and a new facility for the U.S. Agency for International Development (USAID) in Lima, Peru, the Department has 19 new embassy compound (NEC) projects under construction, with another five NECs and three annexes planned for execution in FY 2003. Within the next year, seven NECs will be completed and ready for occupancy.

This progress is the first step in addressing the monumental task facing OBO of ensuring that 260 U.S. diplomatic posts have appropriate facilities in which to perform their vital work. The value of the OBO real estate portfolio exceeds \$12 billion and includes over 15,000 properties. Unfortunately, many facilities lack adequate security and safety, and are overcrowded as a result of the increased international role many government agencies are exercising to advance vital American interests. Many overseas facilities have simply been neglected for too long and need extensive work to restore their serviceability. OBO continues working diligently to ensure that existing facilities become safe, secure, and functional. When this is not feasible or possible, they must be replaced as expeditiously as possible.

To aggressively tackle the overseas facility issues that confront the Department, OBO recognized that a change had to be made in the way in which it had been doing business. As such, the first priority was to restructure the organization internally to streamline its management functions and provide the strategic vision and focus required to meet its commitments to the Department, other agencies, and the American people. The internal restructuring, which is now complete, clarifies the roles of management, ensures accountability, and eliminates organizational bottlenecks. The result is that OBO now operates with the best practices of an innovative, high performance, customer-focused organization.

The FY 2004 request reflects the proposal for implementation of a Capital Security Cost Sharing Program. Under this program, all agencies occupying overseas facilities will pay their fair share of the cost of an accelerated capital security construction program. The purpose of this program is not only to finance the construction of new safe and secure facilities for all overseas staff, but also to provide incentive to agencies to rightsize their overseas presence. The Program will be phased in over a five-year period, with FY 2004 being a transition year in which the State Department will pay the full \$120 million first-year cost. Each agency will begin paying its share in FY 2005.

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

FY 2004 Request

The FY 2004 budget request of \$1,514,400,000 and 797 positions for Embassy Security, Construction, and Maintenance (ESCM) is an increase of \$209,400,000 over the FY 2003 President's Budget with no increase in personnel. Of this increase, \$18,745,000 is to maintain operations at a current services level. An additional \$184,700,000 supports worldwide security and capital projects.

Worldwide Security Upgrades - \$861,400,000

The request includes \$761.4 million for Capital Security projects, of which \$120 million is for the first year cost of the Capital Security Cost Sharing Program. Beginning in FY 2005, all agencies having an overseas presence will pay for their share of urgent, security-driven capital projects as delineated in the Long-Range Overseas Buildings Plan. The FY 2004 plan includes:

- Construction of NEC facilities in Accra, Ghana; Algiers, Algeria; Belgrade, Serbia; Lome, Togo; Panama City, Panama; Rangoon, Burma; and Surabaya, Indonesia.
- Construction of USAID facilities in Abuja, Nigeria; Accra, Ghana; and Kingston, Jamaica.
- Acquisition of sites for future NEC projects and planning activities.

In addition, \$100.0 million, \$46.4 million less than FY 2003, is requested to continue the Department's program of compound security upgrades. The FY 2004 request will fund installation, service, and replacement of forced entry/ballistic resistant roof hatches, safe havens, vault doors, and emergency generator enclosures; burial of fuel tanks; maintenance and replacement of shatter resistant window film; and procurement of construction security equipment. The request also includes a ramp-up in the program to provide physical security improvements to residential compounds. The net reduction of \$46.4 million in the Compound Security Program reflects the phase out of the completed physical perimeter security program.

In 2002, the Administration conducted a Program Assessment Review Tool (PART) examination of the security construction program. The review determined that the program has excellent planning, purpose, and management. Since the program is new, results should improve significantly over time, particularly once the effects of the new management (since 2001), the reorganization of the planning mechanism (2001), and the new standard embassy design efforts (also 2001) are more apparent.

Non-Security Construction - \$128,300,000

The Non-Security Construction request of \$128.3 million will provide funding for the construction of the NEC in Berlin, Germany.

Operations – \$517,250,000

The Operations requests provide funding for the six major program areas within OBO: Planning and Development, Real Estate and Property Management, Project Execution, Operations and Maintenance, Information Management and Support, and Main State and Domestic Renovations.

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

Planning and Development - \$10,000,000

Proper planning is the key component of OBO's philosophy of "getting it right." The Planning and Development Office provides the central focus for overseas facility planning efforts and is the linchpin in OBO's efforts to change from a "budget drives planning" mindset to one of "planning drives the budget." This office is responsible for producing the Long-Range Overseas Buildings Plan (LROBP) and provides the detailed master planning, space requirements, project development, and cost engineering support necessary to design and construct new facilities or renovate existing ones.

With an increase of \$1.45 million, this request maintains current services for the salary and support costs of the 72 positions in the Planning and Development Office. It also supports the update and maintenance of the LROBP and specialized private sector planning and cost engineering.

Real Estate and Property Management - \$6,150,000

Site selection and acquisition is a critical step in the success of any new construction project, but it can be the most difficult to negotiate and complete. This program supports all aspects of real property management, acquisition, and disposal, including the salary and support costs for 40 positions. The FY 2004 request provides an increase of \$0.15 million for wage and price increases.

Project Execution - \$97,200,000

The Project Execution (PE) Office is the single point of responsibility and accountability for the execution of construction, rehabilitation, compound security, and special maintenance and improvement projects. The request is comprised of several different programs responsible for different aspects of execution.

- Construction and Commissioning - \$27,700,000. This program funds expenses for the domestic and on-site construction management staff that oversees the work of the general contractors building and renovating the Department's overseas facilities. The request reflects an increase of \$2.5 million to maintain current services and support costs for 122 positions and inflationary price increases.
- Design and Engineering - \$21,044,000. The Design and Engineering program provides assistance in soliciting and negotiating architectural and engineering services contracts and reviewing project drawings, specifications, and associated documents. The staff resolves design problems and changes during the construction process, and assists with procurement of U.S. Government-furnished equipment. In addition to participating in the project planning and programming phases (including project definition and cost engineering support), staff assist the Facility Management Division in determining criteria and standards governing operations, maintenance and repair requirements.

This request includes an increase of \$5.4 million, of which \$3.5 million will fully fund salary and support costs for 118 positions and provide for pay raise and inflationary price increases. The request also expands the value-engineering program

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

and includes the realignment of personnel from the Seismic Program into Design and Engineering.

- Energy Conservation - \$3,983,000. Improving energy efficiency and reducing operating costs at DOS facilities overseas is the mission of the Energy Conservation Program and reflects our commitment to become a model of energy efficiency at every facility. The program is pursuing a worldwide plan to increase efficiency by setting ambitious conservation goals for all new major construction projects, implementing projects previously identified by surveys, continuing to survey overseas facilities to identify energy conservation measures for future implementation, and training facility managers to improve operating energy efficiency. The FY 2004 budget reflects a small increase for inflationary price increases.
- Seismic Program - \$873,000. This program identifies properties occupied by the U.S. Government that are vulnerable to seismic activity and develops solutions to minimize that risk as required by the National Earthquake Hazards Reduction Act of 1977 (P.L. 103-374). The Seismic Program works in conjunction with the Maintenance of Buildings and Facility Rehabilitation and Support System Replacement Programs to fund construction associated with strengthening at-risk buildings, and assists in the design of NECs in seismically vulnerable regions. The request reflects a total decrease of \$0.33 million, combining the realignment of personnel to the Design and Engineering Program with inflationary price increases.
- Security Management - \$31,650,000. This program provides security measures that safeguard overseas construction sites and materials from potentially hostile intelligence efforts for functional and non-security construction, and includes the salary and support costs for 52 positions. The FY 2004 request reflects a \$0.65 million increase to cover wage and price increases.
- Interiors and Furnishings - \$11,950,000. This program provides interior planning and design for new office and support buildings, existing office facilities under rehabilitation, and new lease fit-outs, and includes the salary and support costs for 30 positions in the Interior and Furnishings Division. In addition, it formulates policy, standards, and procedural guidance for interiors of office facilities and provides for the maintenance and replacement of furniture, furnishings, and equipment in representational spaces. This request includes \$0.25 million for wage and price increases.

Operations and Maintenance - \$346,200,000

The Operations and Maintenance (OM) Office is the single point of responsibility and accountability for operations and maintenance issues of U.S. Government owned or leased structures. Included in this office are the Leasehold, Maintenance and Repair of Buildings, Facility Management, Facility Rehabilitation, Fire Protection, Post Communications, and Safety, Health and Environmental Management programs.

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

- Leaseholds - \$155,000,000. Leasehold funds are used to acquire functional and residential properties for foreign affairs agencies through lease, lease-purchase, and build-lease agreements. The decision to lease or purchase a property is based on economic analysis of the cost alternatives and the availability of funds. This program funds all activities associated with leasing overseas properties, including market assessments, legal expenses, and fee recording. It also provides living quarters allowance payments to Department employees at selected posts where U.S. Government provided housing is not available.

The Leasehold Program funds long-term leased (i.e., lease terms of ten years or longer) residential and non-residential properties overseas supporting all foreign affairs agencies under the policy direction of the Chief of Mission on a non-reimbursable basis. The Department also funds short-term leased residential and non-residential space for its own personnel. In cases where the Department leases shared office facilities on a short-term basis, the costs for such leases are distributed among all tenant agencies through the International Cooperative Administrative Support Services (ICASS) system. Under a memorandum of agreement with the Department of Defense, the Department is reimbursed for the cost of housing Marine security guards that are deployed overseas.

The FY 2004 request reflects includes \$5.0 million for anticipated overseas inflation.

- Maintenance and Repair of Buildings - \$69,900,000. The core business of this program is to provide for the upkeep of the Department's existing inventory of U.S. Government-owned and long-term leased overseas properties. Proper stewardship of this inventory requires a continuing investment in maintenance and repair to retain asset value, retard deterioration, and ensure facilities are an adequate platform for conducting diplomacy.

The Department allocates maintenance and repair of buildings funding by two major activities: Routine Maintenance and Repair and Special Maintenance and Improvement Projects. In addition, this program funds the staff salary and support costs for 33 Area Management and 5 Art in Embassies positions.

Routine Maintenance and Repair includes preventive maintenance of building systems, as well as recurring activities such as painting, weather-stripping, termite control, minor repairs, replacement of fixtures, and the acquisition of building supplies used for recurring maintenance requirements. Special Maintenance and Improvement Projects restore, alter, and modernize existing facilities. This request includes an increase of \$1.4 million to cover wage and price increases.

In addition, the request includes \$1.5 million for the Art in Embassies program which administers loans and donations of American works from museums, institutions, corporations, galleries and individual artists and collectors to communicate American values and cultural diversity through the display of these works at overseas posts. The FY 2004 request reflects an increase of \$0.1 million due to higher insurance premiums and inflationary wage and price increases.

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

- Facilities Rehabilitation and Support System Replacement - \$41,000,000. This program rehabilitates, upgrades, or replaces worn out building systems that can no longer be physically or economically maintained by routine, preventative, and unscheduled maintenance and repair activities. System rehabilitation, replacement, and upgrade is done to extend the life of the building and ensure continued serviceability, provide a safe and secure environment for U.S. Government employees, and capitalize on efficiencies from new technologies. The FY 2004 request reflects an additional \$1.0 million to keep pace with inflationary cost increases.
- Facility Management - \$59,800,000. This program provides technical assistance and support to overseas posts in maintaining major building systems. This includes performing maintenance inspections, developing preventive maintenance programs specific to post requirements, and offering hands-on technical support and materials necessary where such assistance is not otherwise available. Support is provided by the Washington Maintenance Assistance Center (WASHMAC), the Facility Maintenance Specialist (FMS), the Global Condition Survey (GCS) and the Facilities Evaluation and Assistance (FEAP) programs. Included in the Facility Management program are salary and support costs for 191 domestic and overseas positions. The FY 2004 request reflects an increase of \$1.8 million for wage and price increases.

The WASHMAC provides hands-on technical support by supplying cleared American personnel to perform repairs, renovations, and systems rehabilitation at overseas posts where no local expertise exists or where security clearances are required for entry. The FMS program provides a cadre of professionally trained and experienced on-site building managers for newly constructed or rehabilitated embassy facilities. These managers are required to meet more complicated needs that exceed the technical abilities of personnel at post. The GCS program provides survey teams to examine the entire inventory of U.S. Government-owned and long-term leased facilities and develop an assessment of building conditions and a prioritization of the facilities maintenance and rehabilitation workload. The FEAP program assists posts in developing more effective maintenance management programs.

- Fire Protection - \$8,700,000. This program performs a variety of services to the Department's overseas posts, including conducting fire inspections, promoting and presenting training programs, installing fire detection alarm systems, and supplying posts with critical fire and life safety equipment. The program also funds the salary and support costs for the 20 positions in the Fire Protection Division. The FY 2004 request includes an increase of \$0.2 million for wage and price increases.
- Safety, Health and Environmental Management - \$3,700,000. The Safety, Health and Environmental Management (SHEM) program mission is to protect the life, health, and safety of U.S. Government employees and family members stationed overseas, minimize the environmental impact of Department activities, and to provide occupational health and environmental services to Department of State facilities. This is done by providing technical expertise and support to overseas managers to help them avoid accidents, eliminate workplace hazards and environmental

EMBASSY SECURITY, CONSTRUCTION AND MAINTENANCE

contaminants, and comply with Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) requirements. The program includes salary and support costs for 16 positions. This request provides an increase \$0.3 million for wage and price increases.

- Post Communications - \$8,100,000. The Post Communications program provides funding for the life-cycle replacement of all telephone systems located in U.S. Government-owned and long-term leased, non-residential facilities. Currently, 35% of the 260 overseas posts have old obsolete telephone systems that are no longer supported by their manufacturers. The goal of this program is to replace obsolete telephone systems with modern, reliable, digital systems capable of delivering a full range of services. This request includes \$0.1 million for inflationary price increases.

Information Management and Support – \$34,700,000

The Information Management and Support request provides funding for all information technology (IT) and administrative services to OBO program offices, and includes the salary and support costs for 41 positions. This request will keep IT capacity in line with the dramatic growth of the construction/security programs and sustain management reforms in administrative services.

The FY 2004 request provides an increase of \$3.7 million to support mandatory wage and price increases (\$0.7 million) and to cover rent payments on additional office space required for the expanding capital and security programs (\$3.0 million).

Main State and Domestic Renovations - \$23,000,000

The Department of State owns or operates and maintains numerous facilities in metropolitan Washington, D.C. and in other U.S. locales. To protect the real property investment and to ensure adequate working conditions for employees, the Department developed a Capital Improvement Program to upgrade building systems and to correct long identified deficiencies in these facilities.

The FY 2004 request includes \$19.2 million for the continued renovation of the old section of the Harry S Truman Building including construction costs for offices, the seventh floor mechanical room, new computer room and auditorium addition, telecommunications administration/cable/equipment, security equipment, modular office and conference room furniture, and project support costs. The remaining \$3.8 million supports various maintenance and repair projects at other domestic facilities maintained by the Department.

Headquarters - \$7,450,000

This request provides for the salaries and support costs of the 57 positions providing executive direction, resource management, and developmental training for the entire OBO staff. Of the request, \$6,503,000 or 87% is for personnel compensation and benefits. The request includes an increase of \$0.3 million to provide adequate funding for a central training program, specialized management support for front office personnel, and improvements to resource management (including implementation of the President's Management Agenda) in addition to \$0.7 million for inflationary wage and price increases.

OFFICE OF INSPECTOR GENERAL

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Executive Direction and Policy Formulation	\$1,950	\$1,968	\$2,013	\$45
Inspections, Audits, and Investigations	20,759	20,948	23,403	2,455
Administration and Staff Activities	6,291	6,348	6,287	(61)
Appropriation Total	\$29,000	\$29,264	\$31,703	\$2,439

Explanation of 2004 Request

This request funds the activities of the Office of Inspector General (OIG) to include audits, inspections, and investigations, of worldwide operations and programs of the Department of State and the Broadcasting Board of Governors (BBG). The \$2,439,000 increase requested for FY 2004 funds ten authorized but unfunded positions (\$1,736,000) and anticipated wage and price increases (\$703,000).

OIG will continue to focus its work on the four strategic goals detailed in its five-year strategic plan and its annual work plan. The additional funding requested will expand oversight to the Department's and BBG's efforts to protect people, information, and facilities under their control in the United States and abroad; to enhance oversight of intelligence coordination at overseas missions; and to step up oversight of the Department's visa and passport border security programs. Internally OIG will continue its initiatives in response to the President's Management Agenda, specifically improving its own financial management and accountability, strengthening human resource management through better training and reduced attrition, and implementation of a budget-performance integration system. The latter initiative will enable OIG to track the timeliness of projects and their relative costs. By aligning projects with specific performance goals, OIG will evaluate more accurately the expenditure of resources in support of its organizational goals and objectives.

Purpose Of Program

OIG has developed the following strategic goals toward which it will direct its efforts:

- The Department and BBG effectively, efficiently, and economically advance the foreign policy interests of the United States;
- The Department and BBG adequately protect the people, information, and facilities under their control in the United States and abroad;
- The Department and BBG have the necessary financial and support systems and controls to meet legal and operational requirements; and

OFFICE OF INSPECTOR GENERAL

- The Department and BBG ensure accountability and prevent or eliminate fraud, waste, abuse, and mismanagement in programs and operations.

The OIG's objectives are to:

- improve the economy, efficiency, and effectiveness of Department of State and BBG operations;
- detect and prevent fraud, waste, abuse, or mismanagement;
- assess the implementation of U.S. foreign policy primarily through inspection of overseas posts and domestic offices to assure that their activities are consistent with the goals established by the Secretary of State; and
- independently evaluate the formulation, applicability, and implementation of security standards at all U.S. diplomatic and consular posts and BBG overseas operations that fall under chief of mission authority.

Program Description

In support of the Government Performance and Results Act, OIG will focus its work and strategic goals on assisting the Department and, as appropriate, the BBG, to:

- Effectively, efficiently, and economically advance the foreign policy interests of the United States;
- Adequately protect the people, information, and facilities under their control in the United States and abroad;
- Acquire and institute the necessary financial and support systems and controls to meet legal and operational requirements;
- Prevent and detect fraud, waste, abuse, and mismanagement of U.S. Government resources.

These goals provide the framework for specific activities leading to measurable results as reflected in OIG's annual performance plan.

The OIG will focus on conducting audits, inspections, security and intelligence reviews, and investigations consistent with furthering its strategic goals.

Benefits

The Office of Inspector General assists the Department and the BBG in improving the economy, efficiency, and effectiveness of their operations. Additionally, the OIG helps detect and prevent fraud, waste, and mismanagement. OIG assessments of management and operations around the world have enhanced the Department's ability to meet its mandate of managing the foreign affairs of the United States.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Academic Exchanges	\$139,487	\$150,382	\$140,955	\$(9,427)
Professional/Cultural Exchanges	74,421	86,183	73,461	(12,722)
FSA/SEED Exchanges /b /c	--	--	100,040	100,040
Exchanges Support	27,982	30,890	30,890	--
Total Direct Obligations	\$241,890	\$267,455	\$345,346	\$77,891
Balances/Recoveries Applied From Prior Years /d	(17,039)	(22,149)	--	22,149
Balances Carried Forward	22,149	--	--	--
Appropriation Total	\$247,000 /a	\$245,306	\$345,346	\$100,040

/a Includes \$10,000,000 for the 2002 Supplemental Appropriation for Further Recovery From and Response to Terrorist Attacks on the United States (as enacted in P.L. 107-206). These funds will be obligated in FY 2003.

/b In addition to the direct appropriated amounts shown above, the U.S. Agency for International Development (USAID) transferred funds for Support for Eastern European Democracy Act (SEED), Freedom Support Act (FSA), and Economic Support Fund (ESF) activities. In FY 2002, \$126,125,451 in transferred funds was obligated. Additional transfers from USAID for FSA, SEED, and ESF are anticipated in FY 2003.

/c In FY 2004, exchanges focused on Russia and the New Independent States and Central and Southeastern Europe previously funded from the FSA and SEED accounts within the Foreign Operations appropriations act are included within the ECE appropriation request..

/d The balance applied from prior years excludes \$2,711,510 received in FY 2001 for reimbursement from USAID for the Education for Development and Democracy Initiative (EDDI) funded through ESF.

Explanation of 2004 Request

The Department requests \$345,346,000 for FY 2004 exchange program requirements. The request includes \$100,040,000 for exchanges focused on Russia and the New Independent States and Central and Southeastern Europe previously funded from the FREEDOM Support Act (FSA) and Support for Eastern European Democracy Act (SEED) accounts within the Foreign Operations appropriations act. Funding for this program is level with the FY 2003 President's Budget request after adjusting for FSA/SEED.

Purpose of Program

The Educational and Cultural Exchange Programs Appropriation supports the exchange of persons and ideas fundamental to the foreign, economic, and security policy of the United States as authorized by the Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays Act), as amended.

Exchanges establish the trust, confidence, and international cooperation with other countries that sustain and advance the full range of American national interests. Exchanges provide foreign

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

audiences a context for understanding American policies that might otherwise be misunderstood. The United States engages the leaders of tomorrow through these exchange programs of today.

These programs affect attitudes over lifetimes and from one generation to the next. Their much-discussed potential to address long-term problems of anti-American sentiment is central to the campaign against terrorism.

Program Description

Exchanges are strategic activities that build corps of internationally informed leaders in the national political, economic, and social infrastructures of their respective countries and in the United States. This appropriation provides funding for programs authorized by the Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays Act), as amended. These include:

- **Educational Exchanges** – Educational exchanges include the following programs: J. William Fulbright Educational Exchange Program for the exchange of scholars, students, and teachers between the United States and foreign countries; Hubert H. Humphrey Fellowship Program of academic study and internships in the United States for mid-career professionals from developing countries; programs to support English teaching abroad and to advise foreign students about educational opportunities in the United States; and the Dante B. Fascell North-South Center.
- **Professional and Cultural Exchanges** – Professional and cultural exchanges include the International Visitor Program which supports travel in the United States by current and emerging foreign leaders to obtain first-hand knowledge about the United States, its people, politics, and culture; the Citizen Exchange Program which awards grants to U.S. non-profit organizations for professional, cultural, non-governmental organizational development and grassroots community exchanges with foreign counterparts; and activities of special Congressional interest such as the Congress-Bundestag Youth Exchange and the Mike Mansfield Fellowship programs.
- **FSA/SEED Exchanges** – A wide array of academic and professional development exchanges focused on Russia and the New Independent States and Central and Southeastern Europe, including related staff and administrative costs.
- **Exchanges Support** – Exchanges support includes staff costs and support for general exchange programs management, increasing cooperation among U.S. government agencies that administer international exchange and training programs, and support for the U.S. Cultural Property Advisory Committee that acts on requests from foreign governments to the United States to assist in cultural preservation and the prevention of the theft of cultural heritage material.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Benefits

International relations are no longer defined primarily by political ideology, but instead by culture, traditions, values, and beliefs. In an age of global and instant communication, public perceptions of U.S. policies and motivations have a profound impact on the conduct of American foreign policy. International understanding provides a context in which the United States can articulate its intentions and actions abroad. Exchanges promote a better appreciation of the United States abroad and provide a greater receptivity for U.S. policies among foreign publics.

Exchanges entail a broad range of factors affecting how the United States is perceived abroad. How are young people educated? Is there access to reliable information about the United States to counter disinformation, hatred, and sensationalized views presented by mass entertainment? Exchanges help build the long-term trust to counter stereotypes and address political, economic, and social issues that fuel hostility and conflict. Exchanges create opportunities for U.S. and foreign publics to understand each other's societies and cultures directly.

Exchanges' unique contribution to foreign policy is the ability to engage key individuals and institutions through changing perceptions and attitudes. These experiences provide all elements of societies firsthand knowledge of American culture, politics, and values and increase U.S. knowledge of the world. To build support for U.S. policy abroad, the United States must go beyond governments to inform people and organizations that influence policy and frame public discussion.

Rarely has the need for a sustained effort to ensure foreign understanding of our country and society been so clearly evident, or as directly related to our long-term national security, as now.

In 2002, the Administration conducted a Program Assessment Review Tool (PART) examination of exchange programs in Near East Asia and South Asia. The overall purpose, planning, and management of exchanges were rated high. The review identified difficulty in strategic planning; shortcomings in well-defined targets, timeframes, and baseline data were observed. Additionally, exchange programs' long-term goals are global and performance indicators were program-based, and as such, it was not possible to report regional performance. However, multiple program evaluations conducted by independent evaluators demonstrate the exchanges are highly effective at achieving their goals.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Page not used

REPRESENTATION ALLOWANCES

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$6,485	\$9,000	\$9,000	--

Explanation Of 2004 Request

Representational events provide a critical path for diplomatic staff to personally engage government, business, academic and cultural leaders in host countries. A broader base of contacts is one method to improve and magnify understanding between the United States and the people of the world. By providing resources for representational events at the more than 260 embassies, missions, and consulates worldwide, the FY 2004 request will support U.S. national interests, economic activities, and other diplomatic functions. With the FY 2004 request the Department will be able to stage appropriate representational events and better apply this vital diplomatic tool to enhance the effectiveness of U.S. national and foreign policy interests partially.

Purpose Of Program

This appropriation enables diplomatic and consular personnel to engage in official representational activities overseas and at missions to international organizations.

Program Description

The activities funded by this appropriation typically include:

- promotion of the U.S. national interests through formal and informal interactions with knowledgeable foreign officials and long-term residents, usually at receptions, small working luncheons, and informal dinners;
- protection of U.S. citizens' interests by developing and maintaining personal relationships with foreign officials, which facilitates providing assistance and solving problems of Americans abroad;
- promotion of economic activities by establishing and maintaining relationships with foreign and American officials, business persons, labor leaders, and others who may be helpful in performing duties connected with promoting and protecting American trade;
- fulfillment of commemorative and ceremonial requirements such as Fourth of July celebrations or the laying of a wreath at the tomb of a local national hero;
- interaction with influential individuals and organizations, including the local media, key political elites, academics and members of non-governmental organizations to assess the overseas public affairs climate and convey and reinforce acceptance of U.S. policies and values; and
- promotion of peaceful relations between the U.S. and other countries by fostering mutual understanding through academic, professional, and cultural activities.

REPRESENTATION ALLOWANCES

Benefits

Activities performed under this appropriation facilitate the effective conveyance of U.S. foreign policy goals and objectives, the gathering of information central to the formulation of our bilateral and multilateral foreign policy, and the cultivation of and support for U.S. policies and values.

BUYING POWER MAINTENANCE FUND

Program Activities Summary

Summary Statement

(dollars in thousands)

Fiscal Year	Opening Balance	Appropriation	Transfers In/Out (-)	Net Cum. Balance
2002	\$16,386	--	--	\$16,386
2003	16,386	--	--	16,386
2004	16,386	--	--	16,386

Explanation Of 2004 Request

The Department is not seeking additional FY 2004 appropriations for this fund. While the State Department's Buying Power Maintenance (BPM) account was capitalized at a level of over \$20 million in the mid-1980s, 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. During FY 1995, the Department completely depleted the BPM account by using funding remaining at that time to partially offset: (1) the annualized effects of the dramatic decline in the dollar which occurred in the latter part of FY 1994 (\$5 million); and (2) the continued decline in the dollar during the first half of FY 1995 (\$5 million). Since FY 1997, the Department has been able to build the fund back to its current level through exchange rate gains and the transfer of balances from the Former USIA Buying Power Maintenance Account. Recently, the Department experienced a precipitous drop in the value of the U.S. dollar which will greatly increase demands on this account.

Purpose Of Program

The Buying Power Maintenance Fund provides standby budget authority to sustain approved levels of activities under rapidly changing economic conditions abroad. Situations that can have a direct, adverse impact on the Department of State's overseas budget include inflation on goods and services, local employee wage increases, and exchange rate fluctuations. To the extent that adverse exchange rate fluctuations are experienced, the Department's buying power deteriorates, causing potentially large operating deficits. The Fund is currently limited, by practice, to the following countries where available economic data are most accurate and the impact on our appropriation is likely to be the greatest: Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Italy, Japan, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, and the United Kingdom.

Benefits

When this account has an adequate balance, the Department is able to buffer overseas operations from the adverse impact of exchange rate losses.

BUYING POWER MAINTENANCE FUND

Page not used.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Extraordinary Protection of International Organizations, Foreign Missions & Officials in New York	\$8,100	\$8,700	\$8,000	--
Extraordinary Protection of International Organizations, Foreign Missions & Officials Elsewhere in the United States	1,300	2,300	2,000	--
Reimbursement to Seattle, Washington	--	--	--	--
Appropriation Total	\$9,400	\$11,000	\$10,000	--

Explanation Of 2004 Request

The FY 2004 request of \$10,000,000 (to remain available for two fiscal years) funds the anticipated requirements for the extraordinary protection of international organizations and foreign missions and officials in the United States. This level allows the Department to continue to meet the heightened protection requirements across the country following the terrorist attacks of September 11.

Program Description

Under section 214 of the State Department Basic Authorities Act, and 3 USC 202(8), 202(10), and 208, the Department of State provides for the extraordinary protection of international organizations, foreign missions and officials, and foreign dignitaries (under certain circumstances) throughout the United States. The Bureau of Diplomatic Security administers this program in the following manner:

- Extraordinary Protection of International Organizations and Foreign Missions and Officials in New York** - Extraordinary protection of foreign missions and officials (including those accredited to the UN and other international organizations), and visiting foreign dignitaries under certain circumstances, is arranged when deemed necessary by the Secretary of State either at the request of a foreign mission or international organization, at the initiative of the Department of State, or in response to a request by state or local law enforcement authorities. In those instances where the Secretary of State determines that the required level of protection exceeds that which local law enforcement agencies can reasonably be expected to provide, the Department is authorized to use its own resources to reimburse other Federal agencies (including the U.S. Marshals Service and the Bureau

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

of Alcohol, Tobacco, and Firearms), contract for the services of private security firms, or reimburse state or local authorities for extraordinary protective services.

- ❑ **Extraordinary Protection of International Organizations, Foreign Missions and Officials Elsewhere in the United States** - Throughout the rest of the United States, extraordinary protection of international organizations, foreign missions and officials, and visiting foreign dignitaries under certain legally prescribed circumstances, is arranged when deemed necessary by the Secretary of State either at the request of a foreign mission or international organization, at the initiative of the Department of State, or upon a request by state or local law enforcement authorities. In those instances where the Secretary of State determines that the required level of protection exceeds that which local law enforcement agencies can reasonably be expected to provide, the Department is authorized to use its own resources to reimburse other Federal agencies (including the U.S. Secret Service and the U.S. Park Police), contract for the services of private security firms, or reimburse state or local authorities for extraordinary protective services.

Benefits

This program is used by the United States Government in fulfilling its obligation under the Vienna Convention and other international treaties to ensure reasonable security for foreign missions and officials in the United States.

Examples of the protection given to foreign missions and officials 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 United Nations General Assembly; and
- ❑ protection of foreign government officials while in the United States to conduct official business with the United States Government and while visiting metropolitan areas where there are 20 or more full-time consular or diplomatic missions.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Program Activities Summary

Summary Statement

(dollars in thousands)

	FY 2002 Actual ^{a/}	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$16,500	\$15,000	\$1,000	\$(14,000)

a/ Includes \$10 million transferred from the Emergency Response Fund. In addition, in FY2001, funds totaling \$41 million were provided under the Emergency Response Fund.

Explanation Of 2004 Request

The “K-Fund” is a contingency account that has received substantial funding since 2001. The FY 2004 request of \$1,000,000 is \$14,000,000 below the FY 2003 level. Additional funds provided under the Emergency Response Fund (P.L. 107-38) for expenses related to the September 11 terrorist attacks in the U.S. are being used for evacuations and other emergencies and for rewards. These resources and other carryover balances will allow the Department to meet emergency requirements, and other needs in the conduct of foreign affairs, including:

- travel, per diem, and other related expenses for evacuation of American government employees and their families from troubled areas to the United States and/or “safe haven” posts;
- allowances granted to State Department employees and their dependents evacuated in such emergencies;
- travel, per diem and other related expenses for the emergency response teams that provide immediate medical and administrative assistance to posts that have undergone a terrorist incident or natural disaster;
- reimbursement to HHS of travel, per diem, equipment, and salaries of the International Medical Surgical Response Team (IMSuRT) physicians who provide emergency medical services to assess, treat, and prepare for evacuation of injured American personnel and their families in the event of natural or manmade disaster;
- reimbursement to DOD for hostage rescue contingencies;
- investigations and apprehension of groups or individuals involved in fraudulent issuance of U.S. passports and visas;
- representation expenses for senior domestic officials related to the conduct of foreign affairs;
- other confidential purposes as authorized under this appropriation;

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

- payments for rewards related to terrorism, narco-terrorism and war crimes, as well as ongoing rewards publicity campaigns

Purpose Of Program

The Emergencies in the Diplomatic and Consular Service appropriation is a no-year account utilized to meet unforeseen emergencies and other requirements that arise in the conduct of foreign affairs.

Program Description

The appropriation is available to:

- meet emergency situations in the conduct of foreign affairs, such as the evacuation of USG employees and their families from areas of political unrest or natural disaster;
- assist host governments with quick transportation of specialized equipment to locations where American citizens and U.S. interests are in jeopardy due to terrorist incidents overseas. This fund will expedite payments for airlifting specialized equipment to locate hostages.
- pay rewards for information concerning acts of international terrorism, international narco-terrorism, drug trafficking, and war crimes. There are standing offers which cover numerous terrorist incidents such as the Bwindi murder in Uganda; the UTP murders in Karachi; the U.S. Consulate murders in Karachi; the bombings of Pan Am Flight 103, the World Trade Center (1993), and the embassies in Nairobi and Dar Es Salaam; the truck bombing of the U.S. Marine Barracks in Beirut; the bombing of the U.S.S. Cole; the Embassy Islamabad killings; the targeting of major international drug lords operating internationally; and the arrest of war criminals in the FRY, Rwanda, and the Congo.
- support certain representational activities, such as those incurred during visits of official foreign dignitaries and at international summits.
- support reimbursements for hostage rescue contingencies.

Benefits

In FY 2002, funds were used to:

- provide for the evacuation and related support of USG employees and their families who were evacuated from Antananarivo, Madagascar; Caracas, Venezuela; and Abidjan, Cote d'Ivoire, and supported evacuations from Islamabad, Peshawar, Lahore, and Karachi, Pakistan; New Delhi, Chennai, Calcutta, and Mumbai, India; Damascus, Syria; and Jerusalem with funds provided through the Emergency Response Fund.
- provide seven reward payments totaling \$3.5 million; publicize the rewards program overseas for information leading to the apprehension, effective prosecution, and punishment of individuals responsible for terrorist activities; for the prevention of acts of international terrorism outside the territorial jurisdiction of the United States against U.S.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

citizens or property; and for the initiation of a publicity campaign targeting war criminals in the FRY and Rwanda.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Page not used.

REPATRIATION LOANS

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$1,219	\$1,219	\$1,219	--

Explanation Of 2004 Request

The FY 2004 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.

FY 2004 subsidy request of \$612,000 will provide a loan level of \$865,000. The subsidy appropriation represents the estimated costs to the U.S. Government of loans that are unlikely to be repaid. For FY 2004, the Department is requesting continuation of authority within the Emergencies in the Diplomatic and Consular Programs account to allow the transfer of up to \$1 million into this account if loan requirements exceed the requested level.

The FY 2004 administration request of \$607,000 will provide for operation and management of the loan program consistent with the Credit Reform Act. The Department is requesting continuation of authority to transfer the administration portion of this request to the Diplomatic and Consular Programs account. This transfer makes administration of the program more efficient by simplifying financial planning and accounting procedures.

Purpose Of Program

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

REPATRIATION LOANS

Benefits

The Repatriation Loans Program directly benefits American citizens by providing them with the means to return to the United States if destitute or otherwise in need of such assistance. The program also serves U.S. foreign policy interests where exigent circumstances require an individual's return to the U.S. to respect host country laws or preserve public safety. During FY 2002, 731 repatriation loan cases were processed abroad in the following regions: Africa, 96 cases; the Americas, 281 cases; Asia (including Near East, South Asia and Pacific), 184 cases; and Europe, 170 cases.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Economic Services	\$975	\$1,024	\$1,426	\$402
Commercial Services	1,627	1,708	1,449	(259)
Consular Section	2,442	2,564	2,730	166
Public Affairs Section	2,117	2,693	2,480	(213)
Other Services	7,925	8,682	9,550	868
Agriculture Services	459	482	500	18
Washington Headquarters	1,499	1,664	1,638	(26)
Appropriation Total	\$17,044	\$18,817	\$19,773	\$956

Explanation Of 2004 Request

This request funds a contract between the American Institute in Taiwan (AIT) and the Department of State. The additional \$956,000 requested in FY 2004 includes \$452,000 to fund American and FSN cost of living adjustments and pay raises, domestic and overseas inflation, and other mandatory cost increases. In addition, the request includes \$504,000 for two Information Management Officers. Based on a FY 2001 technical review of post operations, the Department staffed two Information Management Officer positions at AIT in FY 2002 and 2003 that will require AIT "core" funding in order to be maintained.

FY 2004 also represents a move of one position from the Commercial to the Economic Section, a position previously shared by the two sections and previously staffed by Commerce. The position is now staffed by the State Department. The FY 2003 request for the Public Affairs Section reflected a one-time cost of \$300,000 for the move of staff/offices. The decrease in this year's request reflects a reduction for these move costs. The FY 2003 request for Washington Headquarters included \$90,000 for the replacement of office furniture, a cost not repeated in FY 2004. Please note that the Traveler Services Section has been changed to Consular Section and the Cultural Information Section has been changed to Public Affairs. Both changes were effective November 1, 2002.

Funding From Other Sources

The American Institute in Taiwan, a nonprofit corporation, has historically received reimbursement for services performed. In FY 2004, AIT anticipates collecting a total of \$29 million. This includes approximately \$21 million in visa processing fees and \$8 million in reimbursements from other agency contracts as well as compensation associated with supporting

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

the Foreign Service Institute's Chinese Language School. Of the estimated \$21 million in visa processing fees, approximately \$10 million will be needed to cover direct and indirect operating expenses in addition to the appropriation provided. The remaining \$11million will be set aside for the capital projects account and consular service upgrades. Visa fee collections have steadily declined since 2000. Events of September 11 had an additional negative impact on Taiwan applications for visitor travel to the United States. Even with a June 2002 fee increase from \$45 to \$65 per application, AIT visa processing fee collections for the year ended down 26 percent from FY 2000 and down 15 percent from FY 2001. Projections for FY 2004 are based on number of applications at the FY 2002 level and a \$100 application fee.

Purpose Of Program

The American Institute in Taiwan was established in 1979 to carry out the Taiwan Relations Act (Public Law 96-8) by providing economic and commercial services, cultural and information programs, and travel services for Americans and the people on Taiwan. To support U.S. interests in Taiwan, AIT promotes U.S. exports; participates in cultural, scientific, and information exchange programs; analyzes and reports on political and economic events critical to U.S. interests; provides consular and travel-related services; and performs liaison functions on behalf of the Department of State and various U.S. government agencies with its Taiwan counterpart organization.

Program Description

Pursuant to Section 6(a) of the Taiwan Relations Act, "Programs, transactions, and other relations conducted or carried out by the President or any agency of the United States Government with respect to Taiwan shall, in the manner and to the extent directed by the President, be conducted and carried out by or through...the American Institute in Taiwan...." Under contract with the U.S. Department of State, AIT is reimbursed for the DOS share of salaries, benefits, rents, representation, and other expenses associated with operations in Taiwan and in the United States. The broad range of contractual responsibilities is described below:

- ❑ Economic Services includes reporting on economic developments in Taiwan, negotiations on trade barriers to U.S. products and services, resolution of trade disputes, and negotiations on trade and investment policy matters. The primary areas covered in bilateral consultations and negotiations include general market access for goods and services, including textiles, telecommunications and financial services, textile and apparel trade, investment, intellectual property rights protection, and environmental issues.
- ❑ Commercial Services activities include a strong trade promotion program providing commercial services to benefit U.S. exporters. These activities include one-on-one counseling on business conditions, the issuance of credit reports on Taiwanese companies, searches for representatives for U.S. business organizations, bulletins on specific export conditions, and market research on generic lines of business. AIT also serves the large resident U.S. business community in Taiwan.
- ❑ Consular Section functions include processing of immigrant and non-immigrant visas, notarial services, reports of births of Americans, interrogatories on behalf of Americans in

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

legal processes, and passport services. AIT assists Americans in cases involving death, arrest, welfare and whereabouts, and voter registration.

- ❑ Public Affairs Section encompasses outreach to Taiwan's aggressive and influential media, the coordination of visitor programs to the U.S., presentations on American history, culture and society through exhibits and programs, contributions to the Foundation for Scholarly Exchange, and maintenance of an electronic library of English language materials and books.
- ❑ Agricultural Affairs identifies new trade opportunities, analyzes agriculture trade issues, and assists U.S. agriculture exporters, and promotion of sales of American agricultural products and services.
- ❑ Other Services activities represent a diverse category of functions including: political reporting, support for the defense needs of Taiwan, cooperation to combat international drug trafficking, and administrative support for program activities.
- ❑ The Washington Office carries out the executive, negotiation, and liaison functions between various U.S. Government agencies and the Taipei Economic and Cultural Representative Office (TECRO). The Washington office provides executive and administrative direction for AIT and public affairs programming for business and other interest groups in the United States. In accordance with the AIT-TECRO Agreement on Privileges and Immunities, the Washington office also issues identity cards and tax-exemption cards to TECRO employees and their dependents, and liaises on their behalf with the Department of State and the Immigration and Naturalization Service regarding visas and adjustments of status.

Benefits

The activities of AIT preserve and promote the successful commercial, cultural, and other relations between the people of the United States and the people on Taiwan.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Page not used.

PAYMENT TO FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Program Activity Summary

Summary Statement

(dollars in thousands)

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$135,629	\$138,200	\$134,979	\$-3,221

Explanation Of 2004 Request

The request for this account represents the cost of sustaining adequate funding of the Foreign Service Retirement and Disability Fund (FSRDF). The FY 2004 request reflects the funding needs based on the annual evaluation of the FSRDF performed by the Government Actuaries at the Department of Treasury using current statistical data including the Federal pay raise information.

Purpose of Program

The purpose of this appropriation is to maintain the Foreign Service Retirement and Disability Fund (FSRDF). This appropriation is the complementary funding required, as determined by the Treasury Actuary, in addition to the other sources of funding mentioned below. The FSRDF was established to provide pensions to retired and disabled members of the Foreign Service. The Fund includes the operations of two separate retirement systems, the Foreign Service Retirement and Disability System and the Foreign Service Pension System. The appropriation is one of several sources of income to the FSRDF. Funding is maintained through the following:

- contributions by participants;
- matching government contributions;
- special government contributions, including this program;
- interest on investments; and
- voluntary contributions.

Program Description

Payments to the FSRDF are authorized by sections 805 and 821 of the Foreign Service Act of 1980, as amended. Section 821 authorizes payments to be made in 30 equal annual installments to pay unfunded liability costs due to:

- new or liberalized benefits;
- new groups of beneficiaries; and
- salary increases on which benefits are computed.

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

Page not used.

PART TWO
INTERNATIONAL ORGANIZATIONS
AND CONFERENCES

OVERVIEW

This section contains the FY 2004 appropriations in the
International Organizations and Conferences title.

SUMMARY STATEMENT

(Dollars in thousands)

Appropriations	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase/ (Decrease)
Contributions to International Organizations	\$899,206 /a	\$891,378	\$1,010,463	\$119,085
Contributions for Int'l. Peacekeeping Activities	824,967 /b	725,981	550,200	(175,781)
TOTAL, INT'L. ORGANIZATIONS	\$1,724,173	\$1,617,359	\$1,560,663	(\$56,696)

/a Includes \$42,206 reprogrammed from Contributions for International Peacekeeping Activities and \$7,000 provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).

/b Includes \$42,206 reprogrammed to Contributions to International Organizations and \$23,034 provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Page not used.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Program Activities Summary

Summary Statement

(dollars in thousands)

	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase/ Decrease (-)
Appropriation Total	\$899,206 /a	\$891,378	\$1,010,463	\$119,085

/a Includes \$42,206,000 transferred from Contributions for International Peacekeeping Activities and \$7,000,000 provided through the Emergency Supplemental Act, 2002 (P.L. 107-206).

Explanation Of 2004 Request

The FY 2004 request of \$1,010,463,000 represents full funding; consistent with statutory restrictions, of U.S. assessed contributions to the 44 international organizations funded through this appropriation. The request recognizes the United States' international obligations to the United Nations (UN) and other international organizations. The request includes an increase of \$71,429,000 for UNESCO, consistent with the Administration's intention to rejoin UNESCO as of October 1, 2003. These funds include \$13 million for a U.S. contribution for the 2003 UNESCO budget, which will support programs of high priority to the U.S.; \$52.5 million for the U.S. share of UNESCO's 2004 budget and \$5.5 million for a one-time contribution to UNESCO's Working Capital Fund.

Purpose Of Program

This appropriation provides funds for pursuing U.S. foreign policy initiatives and addressing global issues that transcend bilateral considerations, (e.g., human rights, environmental issues, and humanitarian concerns).

Program Description

The various activities under this appropriation include assessed contributions to:

- ❑ the **UN and Affiliated Agencies**, that cover such diverse fields as peaceful uses of nuclear energy, international peace and security, international war crimes tribunals, arms control activities, international agricultural programs, labor, health and medical research, postal services, telecommunications, shipping, civil aviation, scientific cooperation, education, meteorology, maritime safety and pollution control, and patent classifications and copyrights;
- ❑ the **Inter-American Organizations** that are involved in matters of democracy and human rights, animal and plant health, international law, eradication of endemic diseases, and cartographic and geophysics surveys in the Western Hemisphere;
- ❑ the **Regional Organizations** that are involved in matters of economic and social development, national security, and consultations with representatives of national legislative bodies in geographic areas of high interest to the United States; and
- ❑ **Other International Organizations** that are mainly concerned with international trade (including a broad range of commodities), the environment, and legal

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

decision making and arbitration through courts and administrative bodies operating at international levels.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Activities	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request
United Nations & Affiliated Agencies			
Food & Agriculture Organization	\$72,741	\$72,457	\$72,457
Int'l. Atomic Energy Agency	47,475	57,172	54,282
Int'l. Civil Aviation Organization	12,011	12,464	12,608
Int'l. Labor Organization	55,309	56,725	50,425
Int'l. Maritime Organization	1,093	1,246	1,189
Int'l. Telecommunications Union	5,801	6,923	6,558
United Nations – Regular	266,149	279,327	340,700
United Nations - War Crimes Tribunals	23,767	27,213	30,027
Iraq War Crimes Commission	--	4,000	2,000
UN – Capital Master Plan (Taskforce)	--	1,000	--
UN – Capital Master Plan (Assessment)	--	8,140	--
UN Educational, Scientific & Cultural Organization	--	--	71,429
Universal Postal Union	1,303	1,358	1,316
World Health Organization	108,109	93,615	93,615
World Intellectual Property Org.	822	897	880
World Meteorological Org.	8,324	9,232	8,318
Subtotal, UN and Affiliated Agencies	602,904	631,769	745,804
Inter-American Organizations			
Inter-American Institute for Cooperation on Agriculture	16,560	16,560	16,560
Organization of American States	54,196	54,196	55,295
Pan American Health Organization	54,964	56,367	56,367
Pan American Institute of Geography and History	324	324	324
Subtotal, Inter-American Organizations	126,044	127,447	128,546

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Activities	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request
Regional Organizations			
Asia-Pacific Economic Cooperation	\$601	\$601	\$601
Colombo Plan Council for Technical Cooperation	15	15	15
North Atlantic Assembly	573	702	635
North Atlantic Treaty Organization	42,502	52,050	46,695
Organization for Economic Cooperation and Development	53,099	68,646	62,463
South Pacific Commission	1,046	1,207	1,048
Subtotal, Regional Organizations	97,836	123,221	111,457
Other International Organizations			
Customs Cooperation Council	2,658	3,205	2,770
Hague Conference on Private Int'l. Law	101	129	111
Int'l. Agency for Research on Cancer	1,650	1,692	1,692
Int'l. Bureau of the Permanent Court of Arbitration	20	24	21
Int'l. Bureau for the Publication of Customs Tariffs	87	104	89
Int'l. Bureau of Weights & Measures	791	941	784
Int'l. Copper Study Group	53	67	55
Int'l. Cotton Advisory Committee	226	256	280
Int'l. Center for the Study of Preservation & Restoration of Cultural Property	692	692	692
Int'l. Grains Council	439	501	453
Int'l. Hydrographic Organization	80	96	84
Int'l. Institute for the Unification of Private Law	95	115	98
Int'l. Lead & Zinc Study Group	57	69	55
Int'l. Office of Epizootics	88	110	95
Int'l. Organization for Legal Metrology	94	108	95
Int'l. Rubber Study Group	122	137	124
Int'l. Seed Testing Association	7	8	7
Int'l. Tropical Timber Organization	193	195	195
Int'l. Union for the Conservation of Nature & Natural Resources	247	304	260
Int'l. Union for the Protection of New Varieties of Plants	161	193	166

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Activities	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request
Other International Organizations (Cont.)			
Organization for the Prohibition of Chemical Weapons	\$11,414	\$14,949	\$14,276
Organization for the Prohibition of Chemical Weapons IV & V	1,727	4,815	5,737
World Trade Organization/General Agreement on Tariffs and Trade	12,847	15,289	15,198
Subtotal, Other International Organizations	33,849	43,999	43,337
FY 2002 United Nations Buy down	(15,166)	--	--
FY 2003 United Nations Buy down	4,533	(4,533)	--
FY 2004 United Nations Buy down	--	11,681	(11,681)
FY2002 Reprogram from CIPA to UN Buy down	42,206	(42,206)	--
Subtotal, CIO Requirements	892,206	891,378	1,017,463
FY 2002/2003 Emergency Supplemental	7,000	--	(7,000)
CIO Appropriation Total	\$899,206	\$891,378	\$1,010,463

Benefits

Membership in international organizations benefits the United States in the following ways:

- building U.S. coalitions and gaining support for U.S. interests and policies in the UN and its affiliated agencies, and pursuing multilateral programs and activities which advance U.S. interests and democratic principles and fundamental human rights based on the rule of law;
- promoting economic growth through market economies, free trade and investment, and efficient multilateral development assistance;
- settling disputes peacefully and providing an effective means to address our specific national interests in certain geographic areas of the world and strengthening our alliances in these areas;
- encouraging non-proliferation, nuclear safeguards, arms control, and disarmament;
- adopting international standards to facilitate international trade, telecommunications, transportation, intellectual property protection, environmental protection, and scientific exchange; and
- strengthening international cooperation in environment, agriculture, technology, science, education, health, and drug abuse prevention.

**CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING
ACTIVITIES**

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CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

Program Activities Summary

Summary Statement

(dollars in thousands)

	FY 2002 Actual	FY 2003 PresBud	FY 2004 Request	Increase/ Decrease (-)
Appropriation Total	\$824,967 a/	\$725,981	\$550,200	(\$175,781)

/a Includes \$42,206,000 reprogrammed to Contributions to International Organizations (CIO) and \$23,034,000 provided through the Emergency Supplemental Act, 2002 (P.L. 107-206)

Explanation Of 2004 Request

The FY 2004 request provides funds for the United States' share of the expenses of United Nations peacekeeping operations. The FY 2004 request is \$550,200,000 for funding of projected FY 2004 operations. The FY 2004 budget request reflects lower UN peacekeeping assessment rates and projected downsizing of missions in Sierra Leone and East Timor. The Department requests that 15% of these funds be appropriated as "two-year funds" due to the demonstrated unpredictability of the requirements in this account from year to year and the nature of multi-year operations that have mandates overlapping the United States' fiscal year.

Purpose Of Program

The purpose of this appropriation is to provide funding to make payments toward the U.S. share of assessed UN peacekeeping budgets so as to ensure continued American leadership in shaping the international community's response to developments that threaten international peace and stability. UN peacekeeping activities promote the peaceful resolution of conflict.

Program Description

This appropriation will fund the U.S. assessed share of UN peacekeeping operations as follows:

- ❑ **UN Disengagement Observer Force** (UNDOF, initial UN mandate in May 1974) – acts as a buffer between Syria and Israeli troops in the strategic Golan Heights area.
- ❑ **UN Interim Force in Lebanon** (UNIFIL, initial UN mandate in March 1978) – (1) restores international peace and security in southern Lebanon; and (2) restores Lebanese sovereignty in the south of Lebanon.
- ❑ **UN Iraq/Kuwait Observer Mission** (UNIKOM, initial UN mandate in April 1991) – monitors the demilitarized zone between Iraq and Kuwait established in the aftermath of the Gulf War. Kuwait pays for two-thirds of the costs of this force.
- ❑ **UN Mission in Western Sahara** (MINURSO, initial UN mandate in April 1991) – monitors the cease-fire and assists in conducting a referendum on the future status of the Western Sahara – MINURSO's original mandate. The focus of this operation will depend upon the continuing efforts of the Secretary General's special envoy, former Secretary of State James A. Baker, III, to resolve this long-standing dispute.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

- ❑ **UN Mission in Kosovo** (UNMIK, initial UN mandate in June 1999) – provides an interim administration for Kosovo while establishing and overseeing the development of provisional, democratic and self-governing institutions in the province. UNMIK also facilitates a safe environment for all people in Kosovo.
- ❑ **UN Force in Cyprus** (UNFICYP, initial UN mandate in March 1964) – halts violence between the Turkish Cypriot and Greek Cypriot communities. UNFICYP helps maintain order on the island. Together, the Greek and Cypriot governments fund approximately half of the costs of this force.
- ❑ **UN Observer Mission in Georgia** (UNOMIG, initial UN mandate in August 1993) – monitors compliance with the cease-fire agreement reached between the Republic of Georgia and Abkhaz separatist forces on May 14, 1994.
- ❑ **War Crimes Tribunals in Yugoslavia and Rwanda** (established for Yugoslavia in February 1993 and for Rwanda in November 1994) – examines war crimes in these areas. Half of each of these tribunals is funded by a special assessment using the UN regular budget scale of assessments (which is paid out of the Contributions to International Organizations account), and the other half is funded using the UN peacekeeping scale (which is paid out of this account).
- ❑ **UN Mission to Sierra Leone** (UNAMSIL, initial UN mandate in October 1999) – assists the Government of Sierra Leone to re-establish its authority and restore law and order through this country. This mission is projected to be downsizing in FY 2004.
- ❑ **UN Mission in East Timor** (UNMISSET, established May 17, 2002) – assists the government of East Timor post independence with civil administration to become a self-sufficient independent nation. UNMISSET is the successor to the UN Transitional Administration in East Timor (UNTAET, which was established in October 1999) to provide administration of the territory of East Timor during its transition to independence, in accordance with the outcome of the popular consultation conducted in August 1999. UNMISSET is projected to close in FY 2004.
- ❑ **UN Operations in the Democratic Republic of Congo** (MONUC, initial UN mandate in August 1999) – covers expenses of UN activities in the Democratic Republic of Congo (DROC) in support of the Lusaka accords goals of withdrawal of foreign forces and the disarmament and demobilization of armed rebel groups.
- ❑ **UN Mission in Ethiopia/Eritrea** (UNMEE, initial UN mandate in July 2000) – In support of the cessation of hostilities and the peace agreements signed by Ethiopia and Eritrea in 2000, and following the Boundary Commission determination on the delimitation of the border areas, UNMEE will observe and provide technical support for the demarcation of the disputed areas.
- ❑ **Completed Missions** – UN Mission in Bosnia and Herzegovina (UNMIBH, initial mandate in December 1995). UNMIBH ended in December 2002 as did the related mission in Prevlaka. The European Union Police Mission in Bosnia now handles some of the functions of this mission. The completion of this mission marks a significant milestone in the history of UN operations in the former Yugoslavia.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

*Allocation by Mission
(dollars in thousands)*

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
UN Disengagement Observer Force (UNDOF)	\$10,454	\$8,365	\$10,065
UN Interim Force in Lebanon (UNIFIL)	18,831	33,520	30,795
UN Iraq/Kuwait Observer Mission (UNIKOM)	4,595	4,479	4,784
UN Mission in Western Sahara (MINURSO)	13,324	11,792	10,785
UN Mission in Bosnia and Herzegovina (UNMIBH), includes UN Mission of Observers in Prevlaka (UNMOP)	18,279	0	0
UN Mission in Kosovo (UNMIK)	67,111	96,534	85,225
UN Force in Cyprus (UNFICYP)	5,964	5,219	5,809
UN Observer Mission in Georgia (UNOMIG)	7,340	6,516	8,998
War Crimes Tribunal – Yugoslavia	16,418	14,656	19,431
War Crimes Tribunal – Rwanda	13,052	12,100	17,420
UN Mission to Sierra Leone (UNAMSIL)	205,941	145,803	84,014
UN Mission in East Timor (UNMISSET/UNTAET)	103,519	58,177	9,358
UN Operations in the Democratic Republic of Congo (MONUC)	226,390	273,226	210,012
UN Operations in Ethiopia/Eritrea (UNMEE)	67,648	55,594	53,504
FY 2003 Assessment Payments /a	46,101		
Appropriation Total	\$824,967	\$725,981	\$550,200

/a Carryover to FY 2003 will be applied to assessment for Strategic Deployment Stocks (SDS) and unpaid peacekeeping mission balances.

In FY 2002 \$42,206,000 was reprogrammed to Contributions to International Organizations (CIO) for UN Buy-down.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

Benefits

United Nations (UN) peacekeeping operations can be an effective means of containing conflict and resolving disputes in support of U.S. national interests. Acting in this way to support U.S. interests through the UN allows the U.S. to share the risks and costs of dealing with international crises with other nations. Deployment of UN peacekeeping operations, and selective U.S. participation in them, is an important tool for advancing U.S. interests and leadership.

Peacekeeping:

- separates adversaries;
- maintains cease-fires;
- facilitates the delivery of humanitarian relief;
- helps create conditions where refugees and displaced persons can return home;
- constrains the forces of opposing parties;
- facilitates peace talks; and
- creates conditions conducive to political reconciliation and the conduct of free elections.

In these and other ways, peacekeeping operations can help nurture new democracies, lower the global tide of refugees, reduce the likelihood of unsanctioned interventions, and prevent small conflicts from growing into larger wars. These results directly serve the national interests of the United States.

PART THREE
INTERNATIONAL COMMISSIONS

OVERVIEW

This section contains the FY 2004 appropriations in the International Commissions title.

SUMMARY STATEMENT

(Dollars in thousands)

Appropriations	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Request	Increase/ (Decrease)
International Boundary & Water Commission:				
Salaries & Expenses	\$24,705	\$27,404	\$31,562	\$4,158
Construction, Operations & Maintenance	5,450	9,401	8,901	(500)
Subtotal, International Boundary & Water Commission	30,155	36,805	40,463	3,658
International Fisheries Commissions	20,480	19,780	20,043	263
American Sections:				
International Boundary Commission	989	1,143	1,261	118
International Joint Commission	6,882	7,456	7,810	354
Border Environment Cooperation Commission	2,040	2,083	2,133	50
Subtotal, American Sections	9,911	10,682	11,204	522
TOTAL, INTERNATIONAL COMMISSIONS	60,546	67,267	71,710	\$4,443

**INTERNATIONAL BOUNDARY & WATER COMMISSION,
UNITED STATES & MEXICO - SALARIES & EXPENSES**

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**INTERNATIONAL BOUNDARY & WATER COMMISSION,
UNITED STATES & MEXICO - SALARIES & EXPENSES**

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Administration	\$5,375	\$6,162	\$6,300	\$138
Engineering	2,131	2,205	5,011	2,806
Operations and Maintenance	17,199	19,037	20,251	1,214
Appropriation Total	\$24,705	\$27,404	\$31,562	\$4,158

Explanation Of 2004 Request

The FY 2004 request provides \$31,562,000 for Administration, Engineering, and Operations & Maintenance (O&M) activities for the International Boundary and Water Commission, an increase of \$4,158,000 over the FY 2003 request. This request includes wage and price increases of \$352,000 to maintain administrative and O&M at current level. Increased needs in Engineering include \$2,000,000 for South Bay International Wastewater Treatment Plant to investigate causes of toxicity in the effluent as required by the National Pollutant Discharge Elimination System permit; \$250,000 for NIWTP for toxicity reduction evaluation project; \$250,000 for U.S. environmental regulatory compliance and safety activities; and \$306,000 for wage and price increases. Increased needs in Operations and Maintenance of \$1,214,000 include \$500,000 for increased electricity costs at the South Bay International Wastewater Treatment Plant, due to deregulation; and \$500,000 for Lower Rio Grande Flood Control Environmental Commitments.

Purpose Of Program

The mission of the international Boundary & Water Commission (IBWC) is to:

- apply the rights and obligations which the governments of the United States and Mexico assumed under numerous boundary and water treaties and related agreements;
- improve the water quality of the boundary rivers (the Rio Grande and Colorado)
- resolve border sanitation problems;
- distribute boundary rivers' water to both countries at agreed-to proportions;
- operate the international flood control projects along the boundary rivers;
- operate the international reservoirs for the conservation of Rio Grande water and for hydroelectric generation;

INTERNATIONAL BOUNDARY & WATER COMMISSION, UNITED STATES & MEXICO - SALARIES & EXPENSES

- ❑ establish and maintain the boundary in the international rivers (the Rio Grande, Colorado, New, and Tijuana Rivers);
- ❑ maintain and demarcate the land boundary; and
- ❑ operate and maintain international wastewater treatment facilities.

Program Description

The IBWC Salaries and Expenses appropriation ensures that the rights and obligations of treaties and agreements between the United States and Mexico are met through administration, engineering, and the operation and maintenance activities using funds appropriated to IBWC. O&M activities will continue to be performed at two international wastewater treatment plants, two international dams and power plants, five diversion dams on the Rio Grande, and numerous smaller in-river structures, such as weirs and grade-control structures. Additionally, the USIBWC is responsible for the O&M of six flood-control projects with over 550 miles of levee and related structures. These flood control projects protect approximately 3 million residents and 1.5 million acres of adjoining farmland in the U.S. and Mexico. Program stability in this activity is vital to continue operations and maintenance of aging structures along the entire 1,952-mile border and to accomplish necessary studies and special maintenance requirements.

In addition, the Commission will:

- ❑ implement joint water quality programs for the observation of the biological, mineral, chemical, and toxic quality of international river waters;
- ❑ ensure compliance with National Pollution Discharge Elimination System (NPDES) permits for the Nogales International Wastewater Treatment Plant, located in Nogales, Arizona, and the South Bay International Wastewater Treatment Plant, located in San Ysidro, California;
- ❑ design water conveyance structures for the new higher capacity American Canal, including box culverts, wasteways, and transition structures; and design of operation and maintenance facilities for flood control, hydrologic, groundwater, sanitation (water quality), and boundary demarcation and preservation projects;
- ❑ conduct various planning (pre-design) and environmental studies to address a variety of border issues, including surveys, environmental investigations, water quality, and other possible small-scale pre-design studies required prior to design and construction, and ultimately, border sanitation and boundary preservation studies; and
- ❑ investigate and report on the most feasible measures for solving border sanitation problems along the U.S.-Mexico border.

Benefits

The work of the IBWC facilitates the solution of international boundary and water problems, which benefits populations on both sides of the boundary and improves relations between the two countries. Particular emphasis is placed on the resolution of critical environmental issues.

**INTERNATIONAL BOUNDARY AND WATER COMMISSION,
UNITED STATES & MEXICO – CONSTRUCTION**

Program Activities Summary

Summary Statement
(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Boundary Wide Construction	\$2,156	\$2,475	\$1,601	(\$874)
Facilities Renovation	656	725	600	(125)
Heavy Equipment Replacement	500	500	250	(250)
Land Mobile Radio Systems Replacement	500	750	500	(250)
Hydrologic Data Collection System Rehab.	500	500	251	(249)
Rio Grande Construction	2,954	3,426	2,750	(676)
Rio Grande Canalization	800	800	800	--
Rio Grande Flood Control System Rehab.	1,150	1,150	500	(650)
Safety of Dams Rehabilitation	754	1,000	750	(250)
Rio Grande American Canal Extension	250	476	--	(476)
Reconstruction of American Canal (2)	--	--	700	700
Western Boundary Construction	340	3,500	4,550	1,050
Colorado River Boundary & Capacity Preservation	340	500	100	(400)
Secondary Treatment of Tijuana Sewage (1)	--	3,000	2,000	(1,000)
Surfrider Consent Decree Compliance (2)	--	--	1,650	1,650
Advanced Primary Plant Completion (2)	--	--	800	800
Appropriation Total	\$5,450	\$9,401	\$8,901	(\$500)

(1) New Project for FY 2003, requested under P.L. 106-457 "Tijuana River Valley Estuary and Beach Sewage Clean-up Act of 2000."

(2) New Projects in FY 2004

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES & MEXICO – CONSTRUCTION

Explanation of 2004 Request

Funding for FY 2004 is the same as FY 2003. The FY 2004 request for Construction of \$8,901,000 reflects funding for ten on-going construction projects and three new projects including Surfrider Consent Decree and Advanced Primary Plant Completion (\$800,000) both for the South Bay International Wastewater Treatment Plant (SBIWTP) as well as Reconstruction of the American Canal Project (\$700,000).

Explanation of Projects

The FY 2004 request permits program support at levels consistent with overall foreign policy objectives. Following is the status of the major projects and activities planned in FY 2004:

Boundary-Wide Construction – (\$1,601,000)

Facilities Renovation (FRP) - \$600,000: Originally funded in 1992, this will continue with rehabilitation work on many USIBWC facilities, most of which were constructed between 1930 and 1950. These facilities require major rehabilitation work to meet OSHA safety standards, current environmental laws, and to provide a more efficient and effective working environment. The rehabilitation work includes, but is not limited to, electrical re-wiring of buildings, roof replacements, structural reinforcing of building/structures, replacement of underground fuel storage tanks, American With Disabilities Act (ADA) compliance, fire protection for buildings, construction of storage facilities for hazardous wastes, compliance with Clean, Air and Drinking Water Acts, and replacing old sewer and potable water distribution systems.

Heavy Equipment Replacement Program (HER) - \$250,000: Originally funded in FY 2001, this program will continue to replace existing heavy equipment such as bulldozers, scrapers, excavators, dump trucks, water trucks, graders, cranes, front-end loaders, and other essential equipment. Due to the age of the equipment, the Commission incurs excessive repair and maintenance expenses in order to keep the equipment operational. Funding will improve the USIBWC's normal operations by eliminating the constant repairing of old and obsolete equipment and converting "down-time" to productive time, reduce the potential for accidents and employee injuries resulting from operating old age equipment. In addition, the new equipment will greatly improve the USIBWC's flood fighting capabilities and bring the program up to standard. Having the appropriate heavy equipment available and in good working condition during a flood event greatly enhances USIBWC's ability to provide adequate protection to the lives and property located along USIBWC's flood protection area. This flood control provides protection to approximately 3 million residents and 1.5 million acres of adjoining farmland.

New equipment will also provide a more efficient and effective working environment for day-to-day operations such as levee maintenance (grading, slope reconditioning), floodway mowing, erosion control, arroyo (drain) clearing, roadway maintenance, riprap replacement, sludge, and silt removal.

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES & MEXICO – CONSTRUCTION

Land Mobile Radio (LMR) Systems Replacement - \$500,000: Originally funded in 2001, this project will continue with the replacement of outdated and deteriorated LMR systems currently in operation at twelve USIBWC Field Offices. This project is intended to comply with the requirements promulgated by the Department of Commerce and the National Telecommunications and Information Administration (NTIA). NTIA requires all Federal Government radio systems, Very High Frequency (VHF) and Ultra High Frequency (UHF) to migrate to narrowband technology by January 1, 2005, and January 1, 2008, respectively (Title IV of the Omnibus Budget Reconciliation Act of 1993). This project also assures that wireless/radio communication be available for day-to-day coordination of field activities and during emergency flood situations.

Hydrologic Data Collection System Rehabilitation (HDR) - \$251,000: Started in FY 2001, FY 2004 funding will help renovate aging monitoring stations and replace existing deteriorated telemetry systems for the Rio Grande, Colorado, and Tijuana Rivers. These instruments gather data on river flow that is critical to control operations during flood flows along the Colorado, Tijuana, and the Rio Grande rivers. The 1944 Water Treaty requires the USIBWC to provide flood control protection, execute water accounting, and determine international ownership of waters occurring in the international reaches of these rivers.

Rio Grande Construction (\$2,750,000)

Rio Grande Canalization (RGC) - \$800,000: Started in 1993, the RGC continues to stabilize the Rio Grande channel between Caballo Dam in New Mexico and American Dam at El Paso, Texas. This project, authorized by the Act of August 29, 1935 (49 Stat. 961), facilitates water deliveries to Mexico under the 1906 Convention and protects against Rio Grande floods. Channel scouring has exposed foundations of bridges, siphons, flumes and diversion dams in portions of the Rio Grande channel. In addition, hydraulic studies indicates the existing protective levee system is inadequate to provide flood protection for the design flood of the system, placing the adjacent communities and farmland in jeopardy. Recently, the USIBWC experienced levee failure with minimal flows. Plans are to build control structures stabilizing the Rio Grande channel and levee system and to complete the necessary mitigation effort to accomplish the authorized work.

Rio Grande Flood Control System Rehabilitation Project - \$500,000: This project started in FY 2001, will continue a multi-year program to evaluate and rehabilitate the Rio Grande Flood Control System along the international segment of the river, downstream of the Rio Grande Canalization Project. The project work includes evaluation of 380 miles of the levee system, rehabilitation of the inadequate levees, replacement of the failed Riverside diversion dam, preservation of the river channel and flood plain, and boundary mapping and demarcation efforts along the Rio Grande.

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES & MEXICO – CONSTRUCTION

Safety of Dams Rehabilitation (SOD) - \$750,000: Originally funded in FY 2001, this continues a multiyear program to rehabilitate all USIBWC dams and to properly address the Safety of Dams Program. The U.S. Section of the IBWC is solely responsible for operation and maintenance of two diversion dams on the Rio Grande (American and International), and jointly responsible for four international dams (Amistad, Falcon, Anzalduas, and Retamal). These dams provide for distribution of the Rio Grande waters between the United States and Mexico as well as for the conservation, flood control, water storage, power generation, and regulation of the flow of the river.

The Safety of Dams Rehabilitation Project provides direction for the safe operation of these dams. Every five years, the Commission's Technical Advisors jointly inspect the international dams. The purpose of the Safety of Dams Rehabilitation Project is to properly address deficiencies and implement the corrective measures recommended by the Joint Technical Advisors.

Reconstruction of the American Canal Project - \$700,000: New in FY 2004, this project will provide for the design and reconstruction of the 1938 American Canal. The canal separates U.S. waters from the international portion of the Rio Grande and insures U.S. water deliveries allotted under the 1906 Convention (Treaty). This project is required to maintain compliance with the 1906 Convention between the U.S. and Mexico. The 1938 American Canal is in poor structural condition and has deteriorated to the point of possible collapse. Failure of the American Canal will result in the U.S. not complying with its 1906 Treaty obligations. American Canal failure would also render the recently constructed American Canal Extension useless and totally shut down the U.S. irrigation system in the El Paso Valley.

Western Boundary Construction (\$4,550,000)

Colorado River Boundary and Capacity Preservation (CRP) - \$100,000: Originally funded in FY 1998, this allows for the continuance of studies on improving the carrying capacity and stabilization of that portion of the lower Colorado River that partially forms the international boundary between the United States and Mexico. The river, due to flood events in 1983 and 1993, has filled with approximately 20 million cubic yards of sediment that threatens the U.S. ability to deliver a guaranteed volume of Mexico's annual allocation of Colorado River waters as required under the 1944 Water Treaty.

Secondary Treatment of Tijuana Sewage (Public Law 106-457) - \$2,000,000: Starting in FY 2003 the Commission will undertake planning - level studies incident to the development of a conceptual minute in furtherance to the implementation of the PL. The FY 2004 request will fund environmental studies to satisfy the NEPA compliance requirement of the PL.

Surfrider Consent Decree Compliance - \$1,650,000: This project will initiate a two-year study, required by a court consent decree, to assess the impacts of the SBIWTP's discharge on the neighboring coastal marine environment, and identify the source of bacterial pollution. The USIBWC is currently involved in a lawsuit brought by the Surfrider Foundation alleging

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES & MEXICO – CONSTRUCTION

noncompliance with the Clean Water Act, California Ocean Plan, and the NPDES permit. To resolve these claims a Consent Decree was submitted to the court in December 2001 requiring the USIBWC to conduct environmental studies to assess the impacts of the discharge of the SBIWTP on the marine environment. The request will also provide for the coastal marine environment studies required by Court Order.

Advanced Primary Plant Completion Project - \$800,000: New in FY 2004, these funds will be designated for the design of a Maintenance Building, Grit Chamber, and an Administration Building for the existing Advanced Primary Plant.

Purpose of Program

The purpose of the IBWC-Construction program is to investigate, design, construct, operate, and maintain joint construction projects independent of or with Mexico that address boundary demarcation, border sanitation, trans-boundary groundwater, and flood control problems. This appropriation ensures that the rights and obligations of treaties and agreements between the United States and Mexico are met through construction activities using funds appropriated to the USIBWC. In addition, the Commission will:

- ❑ implement joint water quality programs for the observation of the biological, mineral, chemical, and toxic quality of international river waters;
- ❑ promote successful resolution of a broad range of trans-boundary environmental issues;
- ❑ ensure compliance with National Pollution Discharge System (NPDES) permits for the Nogales International Wastewater Treatment Plant (NIWTP) located in Nogales, Arizona, and the South Bay International Wastewater Treatment Plant (SBIWTP) located in San Ysidro, California;
- ❑ design, construct and maintain water conveyance structures, and operation and maintenance facilities for flood control, hydrologic, groundwater, sanitation (water quality), and boundary demarcation and preservation projects;
- ❑ investigate and report on the most feasible measures for solving border sanitation problems along the U.S.-Mexico border; and
- ❑ conduct various planning (pre-design) and environmental studies for flood control, hydrologic, groundwater, border sanitation (water quality), and boundary demarcation and preservation programs.

Benefits

Benefits of this appropriation include:

- ❑ implementing boundary preservation, flood control, and sanitation projects consistent with treaty obligations between the Governments of the United States and Mexico, and various Acts of Congress;
- ❑ promoting successful resolution of a broad range of trans-boundary environmental issues;

**INTERNATIONAL BOUNDARY AND WATER COMMISSION,
UNITED STATES & MEXICO – CONSTRUCTION**

- ❑ maintaining the natural boundary between the United States and Mexico;
- ❑ preventing potentially destructive flooding in towns along the boundary; and
- ❑ preserving the water quality for human and other use on both sides of the boundary.

INTERNATIONAL FISHERIES COMMISSIONS

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Inter-American Tropical Tuna Commission	\$2,181	\$2,100	\$2,100	\$ 0
Great Lakes Fishery Commission	13,119	12,248	12,248	0
Pacific Salmon Commission	2,186	2,225	2,250	25
Inter Pacific Halibut Commission	2,100	2,180	2,180	0
Other Marine Conservation Orgs.	894	1,027	1,265	238
Appropriation Total	\$20,480	\$19,780	\$20,043	\$263

Explanation Of 2004 Request

The FY 2004 request provides \$263,043,000 for U.S. support for the International Fisheries Commissions, a \$263,000 increase from the FY 2003 request.

This request contains an increase of \$263,000 including:

- ❑ \$100,000 for one-time North Pacific Marine Science Organization (PICES) costs associated with hosting the annual meeting of the parties. The responsibility for hosting the meeting is done on a rotational basis by each of the parties to the organization and during FY 2004 the U.S. will host this meeting.
- ❑ \$75,000 for implementation of a new secretariat for the Antarctic Treaty. The parties to this treaty have determined that uses of the Antarctic have greatly increased over the last decades and that developing a secretariat will enable better management of this treaty.
- ❑ \$86,000 for wage and price increases for organizations within the Other Marine Conservation Organizations line.

Purpose Of Program

The purpose of these international fisheries and biosphere organizations is to secure and maintain access to the U.S. share of fisheries resources, while strengthening regional economic stability, and securing a sustainable global environment by:

- ❑ conducting continuing scientific studies on marine resources for which they are responsible; and
- ❑ recommending conservation and management measures to member governments based on study results.

INTERNATIONAL FISHERIES COMMISSIONS

Program Description

The International Fisheries Commissions appropriation provides for:

- the U.S. share of operating expenses of nine international fisheries commissions and organizations, one sea turtle convention, the International Whaling Commission, two international marine science organizations, and the Antarctic Treaty;
- travel expenses of U.S. Commissioners and their advisors; and
- compensation payments to non-government employees of the Pacific Salmon Commission for days actually worked as U.S. Commissioners, panel members, advisors, and/or alternates.

Benefits

Membership in these organizations produces the following benefits to the United States:

- management and conservation of commercial and recreational fisheries which contribute a net economic benefit of over \$5 billion to the U.S. economy;
- continuation of efforts to eradicate sea lampreys in the Great Lakes and their tributaries;
- assurance that U.S. fishermen have the opportunity to harvest an equitable share of fish in international fisheries;
- protection against the depletion of fishery resources;
- assurance of the protection of whale stocks pursued through the International Whaling Commission;
- peaceful uses of the Antarctic region and its biosphere, including protected marine protected areas;
- a means by which the United States can achieve important conservation goals through international cooperation (e.g., dolphin protection pursued through the Inter-American Tropical Tuna Commission); and
- fora for discussion of problems of mutual interest between the United States and other fishing nations.

INTERNATIONAL FISHERIES COMMISSIONS

Other Marine Conservation Organizations

Request by Commission

(dollars in thousands)

Activities	FY2002 Actual	FY 2003 Requested	FY 2004 Request	Increase/ (Decrease)
International Whaling Commission	121	110	116	6
North Pacific Anadromous Fish Commission	85	101	104	3
International Commission for the Conservation of Atlantic Tunas	103	160	165	5
Northwest Atlantic Fisheries Organization	123	151	156	5
Commission for the Conservation of Antarctic Marine Living Resources	63	72	74	2
North Atlantic Salmon Conservation Organization	23	27	27	0
International Council for the Exploration of the Sea	127	120	122	2
North Pacific Marine Science Organization	60	66	166	100
Inter-American Sea Turtle Convention Commission	100	120	120	0
Antarctic Treaty	0	0	75	75
Expenses of the U.S. Commissioners	89	100	140	40
Other Marine Conservation Orgs. Total	\$894	\$1,027	\$1,265	\$238

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INTERNATIONAL BOUNDARY COMMISSION

Program Activity Summary

Summary Statement

(dollars in thousands)

	FY2002 Actual	FY2003 Estimate	FY2004 Request	Increase or Decrease (-)
Appropriation Total	\$989	\$1,143	\$1,261	\$118

Explanation of 2004 Request

The FY 2004 request provides resources required for the U.S. Government to meet treaty commitments with Canada to maintain a clearly-defined and demarcated boundary line between the two countries. These treaty obligations generate the need for the U.S. Section to operate at least three separate boundary maintenance projects, of at least five months' duration each, headed by a permanent International Boundary Commission (IBC) employee assisted by a crew of temporary employees.

The FY 2004 budget request of \$1,261,000, an increase of \$118,000, supports the IBC in meeting minimum Treaty Requirements. Increases are requested to replace aging Global Positioning Satellite equipment (\$90,000) and wage and price increases (\$28,000).

Purpose Of Program

The United States and Canada are obligated by treaty to maintain an "effective" boundary line between the two countries. The bilateral International Boundary Commission is charged by the governments of both countries with executing treaty requirements. The treaty specifies that, to be effective, the boundary line must be well-demarcated with stable, readily-identifiable monuments and offer a 20-foot wide clear line-of-sight (i.e., "vista") from one boundary monument to the next along the entire 5,525 mile U.S.-Canada border.

Program Description

Although the boundary was surveyed, cleared, and marked years ago, a cyclical maintenance program is necessary to preserve an effective boundary line. The funds requested will enable the U.S. Section of the Commission to continue:

- continuation of reference monument maintenance, surveys and boundary line demarcation along the St. Francis River segment of the Maine-Quebec boundary, and a GPS survey along the St. John River.

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- ❑ continuation of vista re-clearing and boundary monument maintenance along the Idaho, Montana-British Columbia boundary;
- ❑ vista clearing and monument maintenance along the North Dakota, Minnesota-Manitoba boundary in the Turtle Mountains, and the Pembina Hills;
- ❑ a GPS survey from Northwestern Point of Lake of the Woods to the 49th Parallel along a section of the Minnesota-Manitoba/Ontario boundary;

Benefits

A well-marked and maintained boundary also allows federal, state and local law enforcement agencies to accomplish their duties more effectively, especially with the tightening of our borders in the aftermath of the September 11 terrorist attacks. An ambiguous boundary line would needlessly complicate and disrupt the business of government and private industry as well as the lives of the people living and working along it.

Maintaining and preserving an effective boundary line between the United States and Canada ensures the sovereignty of each nation over its territory by clearly establishing where one's rights and responsibilities end and the other's begins, thus virtually eliminating the potential for serious and costly boundary disputes.

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Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
U.S. Section	\$6,362	\$6,922	\$7,175	\$253
Special & Technical Investigations by U.S. Geological Survey	520	534	547	13
Appropriation Total	\$6,882	\$7,456	\$7,810	\$354

Explanation Of 2004 Request

The FY 2004 request of \$7,810,000 reflects an increase of \$354,000 over the FY 2003 request. The requested increase supports full funding of ongoing and planned IJC studies including wage and price increases for the operations of the IJC and the special investigations by the U.S. Geological Survey (\$177,000), trans-boundary watershed board activity (\$100,000) and work being conducted under current and potential References to the IJC from governments (\$77,000). The total FY 2004 request provides \$1,311,000 for the fourth year costs of the five-year bi-national study by the IJC, federal agencies and experts of the regulation of Lake Ontario-St. Lawrence River levels and flows. The request also provides \$2,260,000 for the U.S. share of the costs for the second year of the three –year binational study of the Upper Great Lakes examining the regulation of Lake Superior outflows and their influence on Lakes Superior, Huron, Michigan and Erie.

In FY 2004, the IJC proposes to continue the study to determine changes required in the Orders of Approval for operation of structures on the St Lawrence River (New York, Ontario and Quebec) and a similar study of the Orders of Approval that influence flows and levels on the upper Great Lakes (Ohio, Illinois, Pennsylvania, Indiana, Michigan, Wisconsin, Minnesota, New York and Ontario). The orders governing the St. Lawrence are nearly a half-century old and the orders for the Upper Lakes are nearly 25 years old. Neither takes into consideration the protection of the environment, the needs of other interests that have grown in the region over time nor the potential changes in timing and volume of water supplies. Significant variations in water levels have and will continue to create social and economic impacts throughout the Great Lakes basin. Development of updated orders for these control structures is a fiscal and environmental imperative.

Major FY2004 projects in the Lake Ontario - St. Lawrence Study will include finalization of studies of wetland habitat, recreational boating uses, municipal and industrial water uses, navigation requirements and hydropower forecasts, application of hydrologic and hydraulic regulation models to evaluate, under a public-centered, shared vision structure,

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feasible alternative regulation approaches, and continuation of other public involvement activities. Major efforts in the Upper Lakes Study include development of hydrologic and hydraulic evaluations, application of evaluation models, and continuation of environmental studies, coastal zone assessments, and the basin-wide public involvement program. Evaluation models and methods developed in the Lake Ontario - St. Lawrence study will be employed in the Upper Lakes study.

Purpose Of Program

The IJC's mission is to develop and, where appropriate, administer programs to assist the governments of the United States and Canada to address water quality and quantity issues and air pollution problems along the U.S./Canadian border through the implementation of the provisions of the Boundary Waters Treaty of 1909 and related international agreements. In addition, the United States' share (approximately 50 percent) of the Commission's Great Lakes Regional Office, created by the U.S.-Canada Great Lakes Water Quality Agreement, is funded through this account.

Program Description

The IJC performs the following activities:

- approves (licenses) projects affecting the levels and flows of boundary waters and, in some cases, transboundary rivers;
- oversees the operation of 19 boundary water control structures;
- issues reports to the U.S. and Canadian governments on referred matters regarding water quality and quantity and air pollution;
- apportions water between the U.S. and Canada in selected rivers;
- monitors progress of the U.S. and Canadian governments in achieving the purposes and objectives of the Great Lakes Water Quality Agreement; and
- monitors boundary water and air related human and ecosystem health conditions.

During FY 2004, the IJC will continue to manage water levels and flows in the Great Lakes and other boundary waters to achieve an appropriate balance among the many significant interests dependent on or affected by water levels. The unpredictable increase in both drought and flooding events in border watersheds has placed greater demands on the resource, especially in the west, and intensified the need for careful and well-analyzed control of the outflows from regulated structures during high water periods.

The IJC will continue work on references (requests for IJC studies) issued to it by the two governments over the previous fiscal years and those expected to be issued during FY 2004 and will carry out its responsibilities under the Great Lakes Water Quality Agreement. These activities include:

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- ❑ continuing development and maturing of international watershed boards in the U.S.-Canada border region for the purpose of improving cross-border communication, promoting an ecosystem approach and facilitating local and regional problem solving;
- ❑ continuing the analysis of common groundwater and climate change issues in boundary areas outside the Great Lakes Basin at the request of the governments of the U.S. and Canada;
- ❑ assessing progress in remediating clean-up of areas of concern designated under the Great Lakes Water Quality Agreement and submitting to governments of its 12th Biennial Report on progress under the Agreement.
- ❑ initiating a multi-year review of orders for regulation of the controlling structure on the Okanogan River in British Columbia and Washington and several orders on structures on the Kootenay River in British Columbia and Idaho.
- ❑ subject to the receipt of referrals from governments, continuing a program to harmonize and coordinate binational programs to prevent the introduction of aquatic alien invasive species into the Great Lakes and assessing progress by the governments in this effort, performing a follow-up to an assessment of potential transboundary effects of a proposed emergency outlet from Devil's Lake in North Dakota and the assessment of a proposed mine on the Taku River in British Columbia that may pose a risk of substantial damage to the salmon fishery in Alaska; and
- ❑ supporting the U.S. Government's program to monitor water levels and flows in several boundary and transboundary rivers and to meet apportionment requirements. This work is accomplished through an interagency agreement with the United States Geological Survey (USGS).

Benefits

The quality and quantity of boundary waters, including the Great Lakes, are maintained and monitored to ensure that millions of Americans and Canadians will not lose the economic, recreational and aesthetic benefits that they now derive from the boundary waters nor suffer from damages to the resource. The prompt and effective prevention and/or resolution of potential environmental or other disputes ensures the maintenance of the strong relationship that exists between Canada and the United States.

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BORDER ENVIRONMENT COOPERATION COMMISSION

Program Activity Summary

Summary Statement

(dollars in thousands)

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$2,040	\$2,083	\$2,133	\$50

Explanation Of 2004 Request

The \$2,133,000 request for FY 2004 is the U.S. contribution to the Border Environment Cooperation Commission (BECC), an increase of \$50,000 over FY 2003. BECC is a bi-national institution, jointly funded by the United States and Mexico. The FY 2004 contribution will enable the BECC to continue assisting border communities in coordinating, developing, and designing border environmental infrastructure projects that will be considered for financing by the North American Development Bank (NADB) or by other lending or granting institutions. Border communities have a great need not only for infrastructure but also for resources to develop that infrastructure properly. Through an effective partnership, the EPA has provided \$30,500,000 in funds to the BECC that are used to provide technical assistance to communities to develop and design water and wastewater projects. Solid waste and mandate expansion projects are funded through BECC's operating funds. Mandate expansion projects include hazardous waste, air quality, public transportation, clean and efficient energy, and improvement of municipal planning development and water management. The FY 2004 request includes a \$50,000 increase for wage and price increases.

Purpose of Program

Established and authorized under a side agreement to the North American Free Trade Agreement (NAFTA), the BECC's central objective is to assist states, local communities, private industry, and non-governmental organizations in developing effective solutions to environmental problems along the U.S.-Mexico border. The BECC provides technical and financial planning assistance and certifies environmental infrastructure projects.

Program Description

The BECC assists states, localities, and private investors that propose environmental infrastructure projects by providing technical support--such as engineering analysis, project development and design, environmental assessment and sustainable development, and public participation--to border communities seeking to develop environmental infrastructure projects. The BECC reviews, develops, and certifies environmental infrastructure projects, focusing primarily on the areas of wastewater treatment, water pollution, expanded mandate, and municipal solid waste projects. Under the BECC's public participation program, the BECC notifies the public about specific projects and receives comments from affected communities to ensure extensive public involvement and support in the policies and decisions of the Commission.

BORDER ENVIRONMENT COOPERATION COMMISSION

By the end of FY 2003, the BECC is projecting an estimated 100 environmental infrastructure projects will have been certified with an estimated investment of \$2 billion. The process of identifying potential new projects and developing these projects has matured into a comprehensive system well integrated with the NADB and involved federal agencies in both countries. In CY 2004 the BECC projects it will receive 40 applications that satisfy the BECC basic criteria as follows: (a) location within the 100 kilometer boundary zone, (b) solving an environmental or human health issue, and (c) constituting a water, wastewater, solid waste, or mandate expansion initiative. BECC's mission continues to be the improvement of quality of life for the more than 10 million residents residing within the 100 kilometer boundary zone.

Members of the BECC Board of Directors are appointed by the President of the United States and the Secretariat of Environmental and Natural Resources for Mexico. The Administrator of the Environmental Protection Agency and the U.S. Commissioner of the International Boundary and Water Commission are ex-officio members of the Board, as are their Mexican counterparts. The other six members are representatives of border states, communities, and the public at large.

Benefits

The benefits of the BECC include:

- assistance for states and localities and other public entities and private investors in:
 - coordinating environmental infrastructure projects to address serious environmental degradation problems along the 2,000 mile U.S.-Mexico border;
 - developing, implementing, and overseeing environmental infrastructure projects in the border region, including the development, design, and other technical aspects of such projects;
 - analyzing the financial feasibility and/or the environmental and sustainable development aspects of environmental infrastructure projects in the border region;
 - evaluating social and economic benefits of environmental infrastructure projects in the border region; and
 - organizing, developing, and arranging public and private financing for environmental infrastructure projects in the border region;
- certification of applications for financing to the NADB for environmental infrastructure projects in the border region;
- innovative approaches to address common environmental infrastructure needs along the international border; and
- a forum for public input into critical decision making on the development and implementation of infrastructure projects.

PART FOUR
RELATED APPROPRIATIONS

OVERVIEW

This section contains the FY 2004 appropriations in the Related Appropriations title.

SUMMARY STATEMENT

(Dollars in thousands)

Appropriations	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase/ (Decrease)
The Asia Foundation	\$9,250	\$9,444	\$9,250	(\$194)
National Endowment for Democracy	33,500	36,000	36,000	--
East-West Center	14,000	14,280	14,280	--
Eisenhower Exchange Fellowship Program	500	500	500	--
Israeli Arab Scholarship Program	375	375	375	--
TOTAL, RELATED APPROPRIATIONS	\$57,625	\$60,599	\$60,405	(\$194)

THE ASIA FOUNDATION

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THE ASIA FOUNDATION

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Operating Activity Expenses	\$1,296	\$1,322	\$ 1,296	(\$26)
Program Grants and Services	\$7,954	\$8,122	\$7,954	(\$168)
Appropriation Total	\$9,250	\$9,444	\$9,250	(\$194)

Explanation Of 2004 Request

The FY 2004 request will provide funding for The Asia Foundation at \$9,250,000. The Foundation will maintain critical programs directly supporting priority U.S. interests. The events of September 11 and the ensuing war on terrorism have underscored the importance and continuing relevance of the Asia Foundation's mission and mandate: to develop institutions of governance that can more effectively mediate among competing interests in increasingly complex and diverse societies; to support civil discourse and conflict resolution; expand economic opportunity to improve the quality of life and give more people a stake in stability; and to promote better understanding between the U.S. and countries in Asia. In the current context, the Foundation's programs in Afghanistan, Bangladesh, Indonesia, Pakistan, and the southern Philippines are particularly critical; as are its continuing programs related to China, the Korean Peninsula, and Indo-Pakistan relations.

The FY 2004 request for program grants and services will be used to support improved governance practices and strengthened democratic institutions, including more accessible legal systems and protection of human rights; increased citizen participation in public policy dialogues that promote democratic pluralism and tolerance; increased economic opportunity through small business development, by reducing outmoded bureaucratic requirements and corrupt practices; and the development of stronger, more effective open market economies. The Foundation has been actively building on its programs and experience with moderate Muslim religious leaders in Asia to promote dialogue and strengthen support for democratic governance. In unstable countries such as Afghanistan, Nepal, Pakistan, and Cambodia, the Foundation is working to promote free and fair elections, constitutional development, and local government reform. Projects in these and other countries also include promoting women's status and political participation, strengthening mechanisms for conflict mediation, and facilitating bilateral and regional security dialogues to broaden understanding of the dynamics of U.S. foreign policy and American society. The request for operating activity expenses reflects the current indirect cost rate negotiated between the Department of State and The Asia Foundation, which is 14% of the total of appropriated funds.

The Foundation will continue to increase its private fund-raising efforts and expects to raise at least \$3.0 million in private funds during FY 2003. Appropriated funds are critical to the Foundation's ability to leverage private foundation and corporate funding in the U.S. as well as funds from other donors such as the Asian Development Bank. The Foundation will also continue to receive in-kind contributions, notably books and software from American publishers,

THE ASIA FOUNDATION

valued at more than \$19 million in FY 2003, which are distributed through its Books for Asia program.

Purpose Of Program

As a non-governmental grant-making organization, approaching its 50th anniversary of programming in Asia during FY 2004, the Foundation's programs play a complementary role to official efforts to advance U.S. interests in the region. In the post-September 11 period, this support is essential and must be expanded, given U.S. security interests at home and abroad. The Foundation can capitalize on its longstanding presence and programs in the region to build the capacity of reformers, including moderate religious leaders, and maintain links with those who share enlightened views of democracy, rule of law, tolerance and economic opportunity, as a part of the comprehensive long-term struggle against extremism and terrorism in all forms. As a private grant-maker, the Foundation delivers concrete programs at the grass roots and policy levels to build the capacity of institutions of democratic governance, law and open market systems, and supports local groups and individuals advocating reform. The Foundation has consistently played a role in strengthening U.S.-Asian relations, and plays an important facilitative role in Asia, where problems of governance have become more complex, and Asian non-governmental actors are increasingly engaged in working to solve public policy problems. Foundation programming draws on an essential combination of strengths, including a depth of understanding and sensitivity to local and regional political and economic developments; widespread governmental and non-governmental contacts; the ability to react quickly to identify and develop timely program responses to key foreign policy issues and opportunities; and proven capacity as a program manager with grant-making flexibility.

The Asia Foundation plays an important role in helping the U.S. Government attain its goals in Asia and the Pacific, achieves results on issues that may be difficult for the U.S. Government to address directly (especially issues related to religion and ethnicity), and can operate in locations where the U.S. government no longer maintains a development assistance presence.

Program Description

The Asia Foundation is primarily a grant-making organization with 17 small offices in Asia. Through support for innovative program activities, education, public dialogue, research, human resource development, technical assistance, and institutional strengthening, the Foundation contributes to U.S. and Asian interests in the following ways:

- strengthening key democratic institutions such as legislatures and courts, professional organizations, citizen advocacy and human rights groups, promoting religious tolerance and conflict management; and building constituencies that promote legal reform and represent the public interests;
- supporting Asia-Pacific efforts to shift from centrally planned to open market economies and to liberalize trade and investment policies, and strengthening key financial institutions and policies to prevent future economic crises;

THE ASIA FOUNDATION

- promoting leadership development through professional training and study tours for staff members of grantee institutions and facilitating U.S.-Asian dialogue on political, economic, and security issues affecting U.S. interests in the region; and
- managing the Books for Asia program, which annually distributes over half a million American books, journals, and computer software throughout Asia.

Benefits

The Asia Foundation is well positioned to address immediate needs in Asia, and its programs advance priority U.S. interests. Foundation programs strengthen democracy, human rights, and mechanisms for conflict prevention and management; increase links with moderate, tolerant and progressive Muslim leaders; expand regional economic opportunities; and encourage cooperation in the region. The Foundation's long standing field presence, depth of experience, rapid response and grant making capacity provides an important, reliable resource to develop creative approaches, and manage results oriented programs in Asia. The Foundation strives to be a model for public-private partnership in addressing the challenges facing the Asia Pacific region.

THE ASIA FOUNDATION

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NATIONAL ENDOWMENT FOR DEMOCRACY

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$33,500	\$36,000	\$36,000	--

Explanation Of 2004 Request

The FY 2004 request will provide funding for the National Endowment for Democracy (NED) at \$36,000,000, which is equal to the FY 2003 funding. This level of funding will support programs in the Middle East, Africa, Asia, the Newly Independent States, Central/Eastern Europe, and Latin America, as well as multi-regional programs. These programs have the following objectives:

- helping to support countries in transition to more open democratic systems, placing special emphasis on the defense of human rights and the provision of access to independent information;
- promoting democratization in semi-authoritarian countries by monitoring the conduct of elections, expanding constitutional, legal, and political space for civil society, non-governmental organizations, and opposition political party development, establishing links between civil society and political parties, and encouraging cross-border assistance within regions;
- aiding the practice of democracy in the Muslim world by promoting good governance and economic reform, strengthening political parties, encouraging women's participation, and supporting grassroots organizations that defend human rights and promote democratic values;
- assisting the consolidation of new democracies, paying close attention to the problems of governance by increasing both accountability and broad-based participation;
- helping to heal war-torn societies, providing critically needed support to groups in civil society that defend human rights, educate about democracy, and provide training in conflict resolution;
- providing democratic activists with access to new information and communication technologies; and
- developing strong regional networks that bring together democratic leaders in Africa, Latin America, the Middle East, Asia, and the former Soviet Bloc for mutual collaboration and assistance.

NATIONAL ENDOWMENT FOR DEMOCRACY

Purpose Of Program

National Endowment for Democracy is a private, non-profit organization created in 1983 to strengthen democratic institutions around the world through non-governmental efforts. An independent, bi-partisan board of directors governs the Endowment. With its annual appropriation, NED makes hundreds of grants each year to support pro-democracy groups in Africa, Asia, Central and Eastern Europe, Latin America, the Middle East, and the countries of the former Soviet Union. The mission of the Endowment is to support peaceful and stable transitions to more open political and economic systems characterized by effective governance and legal systems, an engaged and responsible civil society, and open markets.

Program Description

The National Endowment for Democracy is primarily a grant-making organization. Programs in the areas of labor, open markets, and political party development are funded through four core institutes: the American Center for International Labor Solidarity (ACILS), the Center for International Private Enterprise (CIPE), the International Republican Institute (IRI), and the National Democratic Institute (NDI). NED also annually funds scores of programs in the areas of human rights, civic education, independent media, rule of law, strengthening non-governmental organizations, and other aspects of democratic development.

Benefits

The National Endowment for Democracy's programs advance long-term U.S. interests and address immediate needs in strengthening democracy, human rights, and the rule of law. NED's support for free market reforms encourages regional trading opportunities and helps foster economic growth. Promoting democracy through NED contributes to U.S. national security since democracies typically do not sponsor terrorism, proliferate weapons of mass destruction, create destabilizing flows of refugees, or go to war with one another. Terrorism feeds off tyranny by finding recruits among the politically repressed and sanctuary from states that use terror against their own people. NED's program can begin to sever this link and advance the values of democracy, individual rights, and cultural pluralism in the world is to help countries build effective political institutions.

EAST-WEST CENTER

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$14,000	\$14,280	\$14,280	\$--

Explanation of 2004 Request

The FY 2004 request of \$14,280,000 funds the Center for Cultural and Technical Interchange Between East and West (the East-West Center).

Funding supports research and education programs designed to:

- ❑ build an Asia-Pacific community in which the United States is a natural, valued and leading partner;
- ❑ advance collaborative research on issues of contemporary significance;
- ❑ construct a peaceful, prosperous, and just Asia-Pacific community; and
- ❑ prepare Americans for an era in which the Asia-Pacific region is increasingly important to the United States.

Purpose of Program

Congress established the East-West Center in Hawaii in 1960 as a national education and research organization to promote U.S.-Asia-Pacific relations and understanding through cooperative study, training, and research. The Center's program is directed toward a region with more than 50 percent of the world's population.

Program Description

The EWC is a public, non-profit institution chartered by the State of Hawaii with an 18-member international board of governors. Some 1,200 scholars, government and business leaders, educators, journalists, and other professionals from throughout the region work through the EWC annually. By bringing such individuals together for collaborative projects, the EWC projects U.S. values, ideas, and interests into the region. The EWC is positioning itself as a public-private partnership activity. Programs include:

- ❑ Research – The Research Program covers four broad areas of study: politics, governance and security; economics; environmental change, vulnerability and governance; and population and health. Collaborative research at the Center contributes to: (1) the strengthening of regional, sub-regional and national institutions of governance; (2) the

EAST-WEST CENTER

promotion of mutually beneficial growth that is equitable and sustainable; and (3) the management and resolution of critical regional problems as well as significant issues of common concern at the national level.

- Education, Training and Seminars – The EWC offers a wide range of educational opportunities for students and professionals specializing in Asia and the Pacific. These include support for undergraduate and graduate study, visiting fellowships, and special programs for Pacific Islanders and East Timorese, among others. The Asian Studies Development Program (ASDP) has developed relationships with approximately 375 colleges and universities in 48 states in reaching American college students to expand their knowledge about Asia and the Pacific. Through its Seminar Program, the Center seeks to become a major venue for productive policy and results-oriented seminars on issues relating to Asia-Pacific community building. Seminars for political, corporate and academic leaders in several areas of thematic emphasis are offered throughout the year.

Benefits

The EWC advances long-term U.S. interests and addresses multilateral needs in Asia and the Pacific, including fostering mutual understanding, strengthening democracy and human rights and encouraging global growth and security. Presidents, prime ministers, ambassadors, scholars, business executives, and journalists use the EWC as a forum to advance international cooperation. The EWC is one of the most active U.S. organizations engaged in the Pacific Islands region, bringing heads of government annually to the U.S. Among its resources is a network of approximately 50,000 alumni around the world.

The East-West Center has an established methodology for cooperative, group-oriented public diplomacy programs that is quite distinctive from the more typical exchanges that are focused on individual exchanges. The group activities also generate highly motivated alumni. The Center uses its 35 alumni chapters for programming and enhancing its mission. In 2002, 300 former participants attended the Center's biannual international alumni conference in Malaysia and covered a broad list of issues including terrorism, education, religion, economic and financial development, and U.S. relations with the region. The previous meeting in 2000 in Honolulu brought back almost 900 participants, about 700 from outside Hawaii.

Private agencies, individuals, corporations, and foreign governments provide additional support. In FY 2002 the Center raised \$14.4 million in additional support and expects to generate \$17.1 million in FY 2003 and \$18 million in FY 2004.

EISENHOWER EXCHANGE FELLOWSHIP PROGRAM

Program Activities Summary

Summary Statement

(dollars in thousands)

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$500	\$500	\$500	--

Explanation of 2004 Request

The FY 2004 request seeks appropriation authority to spend \$500,000 in estimated interest earnings of the Eisenhower Exchange Fellowship Program Trust Fund. The funding will be applied to:

- ❑ providing learning and networking opportunities for mid-career international and U.S. leaders in preparation for increasingly senior positions in government, business and the NGO sectors;
- ❑ advancing peace through international understanding.

Purpose of Program

The Eisenhower Exchange Fellowship Program (EEF) promotes international understanding and economic productivity through the exchange of information, ideas, and perspectives among emerging leaders throughout the world.

Program Description

The Eisenhower Exchange Fellowship Program (EEF) was created in 1953 to honor President Eisenhower. The Eisenhower Exchange Fellowship Program Act of 1990 (P.L. 101-454) authorized a permanent endowment for the program and established a trust fund for this purpose.

The 1992 Department of State and Related Agencies Appropriations Act provided \$5 million to establish a permanent endowment for the Program, and appropriated the interest and earnings in the Fund to Eisenhower Exchanges Fellowships, Inc. The 1995 Department of State and Related Agencies Appropriations Act made an additional payment of \$2.5 million to the endowment.

The program brings outstanding professionals who are rising leaders in their countries to the United States and sends American counterparts abroad with a custom-designed program for each participant. EEF consists of these major components:

- ❑ **The Multi-Nation Program (MNP)** – Provides two-month U.S. fellowships for an Eisenhower Fellow from each of 24 to 27 countries;
- ❑ **The Single Nation or Single Area Program (SNP)** – Provides two-month U.S. fellowships for 15 to 22 Fellows representing a range of professions from a single country or area;

EISENHOWER EXCHANGE FELLOWSHIP PROGRAM

- **The USA Program** (USA) – Sends 10 to 15 Americans abroad, for one to three months, to countries where their fields can be enriched by persons, organizations, and institutions encountered there; and
- **The Eisenhower Fellowships Network (EFN)** - Links alumni Fellows worldwide, enabling Fellows to collaborate on projects, extend and strengthen relationships, and develop international links. Currently numbering 1,200 active alumni in 100 countries.

Benefits

EEF exchanges strengthen democratic development, open markets and global understanding by creating opportunities for emerging U.S. and foreign leaders to experience each other's societies and cultures directly and to work together on an ongoing basis in the interests of international peace and productivity.

ISRAELI ARAB SCHOLARSHIP PROGRAM

Program Activities Summary

Summary Statement

(dollars in thousands)

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Appropriation Total	\$ 375	\$375	\$375	--

Explanation of 2004 Request

The FY 2004 request seeks appropriation authority to spend \$375,000 in estimated interest earnings of the Israeli Arab Scholarship Fund. The funding will be applied to:

- ❑ increasing educational opportunities for Israeli Arab students to study and conduct research in the United States; and
- ❑ advancing peace through international understanding.

Purpose of Program

The Israeli Arab Scholarship Program (IASP) fosters mutual understanding between Arab citizens of Israel and the United States through international exchange and training activities.

Program Description

The Israeli Arab Scholarship Program funds scholarships for Israeli Arabs to attend institutions of higher education in the United States. This program is authorized by Section 214 of the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993 (P.L. 102-138). A permanent endowment of \$4,978,500 was established in 1992 with funds made available under Section 556(b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1990 (as amended by Section 551 of the Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1991).

Benefits

The income generated by this endowment provides scholarships for Israeli Arab students to study in the United States. IASP exchanges strengthen international peace and create opportunities for understanding each other's societies and cultures directly.

ISRAELI ARAB SCHOLARSHIP PROGRAM

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PART FIVE
FOREIGN ASSISTANCE

OVERVIEW

This section contains the FY 2004 State Department Appropriations authorized in the State Department Authorization bill, but appropriated in the Foreign Operations bill.

SUMMARY STATEMENT

(Dollars in thousands)

Appropriations	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase/ (Decrease)
Migration & Refugee Assistance	\$805,000 /a	\$705,000	\$760,197	\$55,197
Emergency Refugee/Migration Assistance	15,000	15,000	40,000	25,000
TOTAL, FOREIGN ASSISTANCE	\$820,000	\$720,000	\$800,197	80,197

/a FY 2002 Estimate includes \$100.0 million in Emergency Response Funds

MIGRATION AND REFUGEE ASSISTANCE

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MIGRATION AND REFUGEE ASSISTANCE

Program Activities Summary

Summary Statement

(dollars in thousands)

Activities	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request	Increase or Decrease (-)
Overseas Assistance	\$619,000	\$499,000	\$555,947	\$56,947
Africa	187,500	187,500	209,070	21,570
East Asia ^{/a}	15,625	15,500	14,260	(1,240)
Europe ^{/a}	81,520	77,000	58,100	(18,900)
Near East ^{/c}	102,900	102,500	102,320	(180)
South Asia ^{/a, b, c}	146,600	30,300	79,040	48,740
Western Hemisphere ^{/c}	13,723	14,500	21,000	6,500
Multiregional Activities ^{/a, c}	56,000	56,000	55,657	(343)
Migration	15,132	15,700	16,500	800
Refugee Admissions ^{/a, c}	110,000	130,000	135,750	5,750
Refugees to Israel	60,000	60,000	50,000	(10,000)
Administrative Expenses ^{/c}	16,000	16,000	18,500	2,500
Appropriation Total	\$805,000	\$705,000	\$760,197	\$55,197

^{/a} In addition to the \$805 million appropriated in FY 2002, \$6.9 million appropriated in FY 2001 was carried forward into FY 2002 as follows: Overseas Assistance East Asia (\$771,000), Overseas Assistance Europe (\$256,000), Overseas Assistance South Asia (\$2.7 million), Multiregional Activities (\$390,000), and Refugee Admissions (\$2.8 million). As these funds were appropriated in FY 2001, they are not included in the above chart.

^{/b} Of the \$146.6 million appropriated for South Asia in FY 2002, \$100 million was from the Emergency Response Fund (P.L. 107-38).

^{/c} Of the \$805 million appropriated in FY 2002, \$58 million was carried forward into FY 2003 as follows: Overseas Assistance in the Near East (\$500,000), South Asia, including funds from the Emergency Response Fund (\$3.7 million), Western Hemisphere (\$920,000), Multiregional (\$1.3 million), Refugee Admissions (\$51 million), and Administrative Expenses (\$595,000). \$20 million of the Admissions carryforward was subsequently reprogrammed in FY 2003 to Overseas Assistance in South Asia to address urgent needs for Afghans.

Explanation of 2004 Request

Humanitarian Response is one of the seven U.S. national interests outlined within the United States International Affairs Strategic Plan (IASP). The Migration and Refugee Assistance (MRA) and the Emergency Refugee and Migration Assistance Fund (ERMA) appropriations are two of the primary funding mechanisms for demonstrating our compassion internationally. These funds are provided to multilateral organizations such as the UN High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross (ICRC), the International Organization for Migration (IOM), the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the World Food Program (WFP) where they would support the following specific goals:

- **Protection, Assistance, and Durable Solutions** – Promote equal access to effective protection and first asylum to refugees and conflict victims, provide humanitarian assistance across geographic regions and according to internationally accepted standards, and support

MIGRATION AND REFUGEE ASSISTANCE

voluntary repatriation, including sustainable initial reintegration of refugees in countries of origin.

- **Resettlement** – Provide permanent resettlement in the U.S. to those overseas refugees who need it consistent with U.S. capacity, ensure that adequate security, health, and antifraud measures are fully implemented in processing these cases, and support adequate reception arrangements for these refugees so that they can begin the process of becoming self-sufficient, fully integrated members of U.S. society.
- **International Migration** – Develop policies and programs for orderly international migration based on protection of human rights and respect for national sovereignty. This goal includes continued funding for a program that facilitates the integration of humanitarian migrants to Israel.

Important specific priorities in FY 2004 include: continuing our support for the large-scale return and reintegration of Afghan refugees and internally displaced persons (IDPs) as well as similar programs for Angola and Sri Lanka; bolstering efforts to enhance the protection of refugees, including programs that guard against the exploitation of beneficiaries of humanitarian assistance; and pressing other donors to provide their fair share of assistance to international humanitarian organizations. The FY 2004 request also includes \$18,500,000 for administrative expenses.

Overseas Assistance

The FY 2004 request for Overseas Assistance is \$555,947,000, an increase of \$56,947,000 from the FY 2003 estimate. This increase primarily reflects support for the return and reintegration of long-standing refugee populations and other displaced people in countries such as Afghanistan, Angola, and Sri Lanka. This assistance will also continue the provision of life-saving protection and assistance to millions of refugees and conflict victims in places like Tanzania, Thailand, and Colombia.

Requirements by region include:

- **Africa - \$209,070,000.** The FY 2004 request reflects not only the welcome opportunities for refugee solutions that have come from a number of peace agreements in places such as Angola, but also the regrettable outbreak of conflict in places such as Côte d'Ivoire. The request addresses the growing assistance and protection needs of refugees fleeing from continued instability in countries like Sudan and Liberia and conflict victims trapped in difficult circumstances such as those in southern Somalia, Sudan, and the Democratic Republic of Congo. USG support for UNHCR and ICRC would help ensure that basic life support needs of vulnerable refugees and conflict victims in Africa are met and that those who can return home are reintegrated into their home communities with dignity in ways that promote peace. The request includes funding for the World Food Program to help address unexpected, critical pipeline breaks in the refugee food supply. Funding is also included for NGOs who work with UNHCR to fill gaps in basic relief programs.

MIGRATION AND REFUGEE ASSISTANCE

- **East Asia - \$ 14,260,000.** The FY 2004 request includes support for UNHCR and ICRC programs throughout the region as well as for NGO assistance to Burmese refugees in Thailand.
- **Europe - \$58,100,000.** The FY 2004 request is a decrease of \$18,900,000 from FY 2003, owing primarily to successes in returns of refugees and displaced persons in the Balkans. The highest priority in the Balkans will be minority returns of internally displaced persons (IDPs) from the Federal Republic of Yugoslavia to Kosovo, which will be supported through UNHCR and NGOs. In the New Independent States (NIS) of the former Soviet Union, no resolution of the frozen conflicts in Nagorno-Karabakh, South Ossetia, Abkhazia, and Chechnya is expected in FY 2004, and increased MRA support is necessary for 1.3 million IDPs created by these conflicts. MRA funds will also be used to support ICRC's emergency programs in the region.
- **Near East - \$102,320,000.** The U.S. aims to continue its support for UNRWA's assistance programs benefiting approximately 3.9 million Palestinian refugees in the region. These funds will go toward meeting the costs of delivering education, health, and social services programs in an increasingly difficult environment and for implementing critical security monitoring. MRA will also support UNHCR and ICRC programs in the Near East as well as fund NGO projects to assist Iraqi refugees in Lebanon and Iran.
- **South Asia - \$79,040,000.** These funds are primarily aimed at continuing U.S. support for the unprecedented large-scale return and reintegration programs for Afghan refugees. MRA funds will facilitate the return of one million refugees to Afghanistan in FY 2004. We will support UNHCR and NGO programs in the areas of health, shelter, education, and livelihood to bolster the sustainability of returns. Also, MRA will continue to support care and maintenance programs for Afghan refugees who remain in first asylum in neighboring countries. Elsewhere in the region, the need for assistance to Tibetan refugees is likely to increase; if peace prevails in Sri Lanka, MRA funds will also be used to support repatriation and reintegration activities for refugees returning from India as well as IDPs.
- **Western Hemisphere – \$21,000,000.** For the past several years, most of the needs of the more than two million IDPs inside Colombia and thousands of refugees outside Colombia have been addressed through a combination of MRA and special appropriations for the USG's Colombia operations. In FY 2004, the Department will increase the proportion of MRA funds devoted to these assistance needs. This request includes support to the regional programs of UNHCR and ICRC. It also includes funds to meet the Department's commitment to support the needs of migrants at the Guantanamo Bay Naval Base who have been found to be in need of protection and await resettlement in third countries.
- **Multiregional Activities - \$55,657,000.** The request will fund a new Protection Initiative that is aimed particularly at addressing the problem of exploitation in humanitarian assistance programs. Funding for refugee registration through UNHCR is also included as well as funding for UNHCR's headquarters budget to support the Operational Reserve, an important

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mechanism for UNHCR’s emergency response capacity. The FY 2004 request continues policy initiatives for women and children’s programming and refugee health. It also includes support for the headquarters budgets of UNHCR and ICRC, reflecting the critical role these organizations play in providing protection and humanitarian assistance to refugees and conflict victims.

- **Migration - \$16,500,000.** A key goal of the FY-04 request for Migration is to continue our support to programs aimed at preventing trafficking of persons and assisting trafficking victims, primarily through the International Organization for Migration (IOM). MRA funds in this line will also meet the requirements of our assessed contribution to IOM. Through the FY 2004 request, we will also continue our support for important regional migration dialogues in Latin America, Central Asia and Africa.

Refugee Admissions

The FY 2004 request for Refugee Admissions is \$135,750,000. This is a \$5,750,000 increase over the FY 2003 level, reflecting the new security requirements and consequent increased costs of admitting refugees into the U.S. The FY 2004 admissions numbers and regional ceilings will be set by a Presidential Determination after the Congressional consultations process later this fiscal year. The following chart reflects the number of refugees admitted by region in FY 2002 as well as the regional ceilings for FY 2003:

Refugee Admissions

Region	FY 2002 Actual	FY 2003 Ceiling
Africa	2,505	20,000
East Asia	3,512	4,000
Former Yugoslavia	5,480	2,500
NIS/Baltics	9,990	14,000
Latin America/Caribbean	1,929	2,500
Near East/South Asia	3,697	7,000
Unallocated		20,000
Total	27,113	70,000

In 2002, the Administration conducted a Program Assessment Review Tool (PART) examination of the Refugee Admissions to the U.S. program. The program scored well for planning and management and the PART found that program managers at the Department of State collaborate closely with grantees and state government to ensure effective use of funds. Because of overly broad goals in FY-2003 and previously, management has devoted significant attention to including more focused and quantifiable goals in the draft FY 2004 performance plan.

MIGRATION AND REFUGEE ASSISTANCE

Refugees to Israel

The FY 2004 request of \$50,000,000 will continue our support for the migrant programs of the United Israel Appeal (UIA), albeit at a reduced level because of the continuing decline in the number of Jewish humanitarian migrants traveling to Israel requiring the program's assistance.

In 2002, the Administration conducted a Program Assessment Review Tool (PART) examination of the Refugees to Israel program. The review determined that the program purpose is clear, but there is a decreasing need for the program. The program consists of a grant to the United Israel Appeal, which is negotiated yearly. The program continues to work with the grantee in developing annual performance goals reflective of the program performance. Progress in strategic planning and development of goals has been accomplished in the recent past and efforts will be ongoing for further improvement in the future.

Administrative Expenses

The FY 2004 request of \$18,500,000 for administrative expenses provides the Bureau with the resources essential to manage effectively and responsibly critical humanitarian programs funded through the MRA and ERMA appropriations. It reflects an increase of \$2,500,000 over FY 2002, although it remains only about 2% of the total FY 2004 MRA request, the same percentage it was in FY 2002. The increase is necessary primarily because in FY 2004 MRA will fund refugee coordinator positions and operating expenses in Kabul and Colombia as well as PRM's offices in the Balkans, which have previously been funded out of ERMA or a special Colombia appropriation. It also reflects mandatory increases in staff salaries and benefits. An administrative budget of \$18,500,000 attempts to regularize previously special funding mechanisms used for these purposes.

The Bureau manages resources of almost \$800,000,000 and an array of significant humanitarian policy issues. It plays an equally important humanitarian diplomacy role. PRM staff also addresses program design and implementation, monitors and evaluates operational activities, and supports other parts of the State Department in integrating refugee and humanitarian issues into broader foreign policy concerns. Costs related to the small staff dedicated to international population activities are included in the Department of State's Diplomatic and Consular Programs account.

Purpose Of Program

UNHCR estimates that there are just under 19.8 million persons under its mandate worldwide, including refugees, certain IDP populations, and refugees who have returned to their home countries. An additional 3.9 million Palestinian refugees are registered with UNRWA. ICRC also remains concerned about conflict victims such as civilians caught in conflict zones and prisoners of war. The United States contributes toward the needs of refugees and conflict victims both through international and non-governmental organizations for programs of overseas assistance and by accepting refugees of special humanitarian concern for resettlement in the

MIGRATION AND REFUGEE ASSISTANCE

United States. Central to these efforts is a recognition that refugee problems are matters of international concern, requiring multilateral solutions.

Accordingly, the focus of U.S. humanitarian foreign policy is:

- providing life-sustaining protection and relief for persons who have fled from persecution and conflict;
- obtaining effective and timely responses from the international community to assist refugees and displaced persons;
- seeking solutions to the origins of refugee problems; and
- supporting voluntary repatriation, local integration, and resettlement.

Program Description

Overseas assistance is carried out through voluntary contributions to:

- The United Nations High Commissioner for Refugees (UNHCR);
- The International Committee of the Red Cross (ICRC);
- The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA);
- The International Organization for Migration (IOM);
- The World Food Program (WFP);
- Other international organizations (e.g., UNICEF, WHO); and
- Non-governmental organizations.

Refugee admissions are supported through funding to:

- Private voluntary agencies that conduct refugee processing and cultural orientation overseas, as well as agencies that provide initial reception and placement services in the United States; and
- IOM, which provides transportation, refugee processing, medical screening services, and cultural orientation for refugees coming to the United States.

The Refugees to Israel program is implemented through a grant to the United Israel Appeal.

Benefits

Migration and Refugee Assistance funds continue to:

- maintain U.S. global leadership in humanitarian affairs and international refugee and migration policy;
- help preserve first asylum in countries that might otherwise close borders to refugees;

MIGRATION AND REFUGEE ASSISTANCE

- provide for the protection of and direct humanitarian assistance to refugees, conflict victims, and some internally displaced persons according to established standards;
- support refugee repatriation and reintegration when political conditions allow;
- develop multilateral support and burden-sharing for refugee needs; and
- bring refugees who are of special humanitarian concern to the United States for resettlement.

MIGRATION AND REFUGEE ASSISTANCE

Page not used.

EMERGENCY REFUGEE AND MIGRATION ASSISTANCE

Program Activities Summary

Summary Statement

(dollars in thousands)

	FY 2003 Opening Balance	FY 2003 Request	FY 2004 Request
ERMA Fund	\$42,128 ^{/a}	\$15,000	\$40,000

/a The Fund also includes \$4,245,000 in funds previously drawn down, including \$3,145,000 in the Urgent Response Capacity (URC) program.

Explanation of FY 2004 Request

A \$40,000,000 replenishment of the United States Emergency Refugee and Migration Assistance (ERMA) Fund is essential to preserving the President's ability to respond quickly to the many unforeseen and urgent refugee and migration needs that occur worldwide each year.

Purpose of Program

The ERMA Fund is a no-year appropriation that is drawn upon to meet such refugee and migration needs whenever the President determines that it is important to the national interest to do so.

Program Description

Pursuant to the Migration and Refugee Assistance Act of 1962, as amended, the President authorizes drawdowns from the ERMA Fund when unexpected refugee and migration needs require immediate financial support for programs sustaining life or providing other vital services. In FY 2002, and through January 15, 2003, a total of \$62.6 million was drawn down from the ERMA Fund. Included in this figure is \$25 million for the Afghan crisis that, while approved in FY 2001, was not drawn down until the beginning of FY 2002. In addition, \$4.755 million of the \$5 million drawdown for the Urgent Response Capacity (URC) program that was authorized in FY 2001 was used in FY 2002 and FY 2003 for unexpected refugee emergencies in Angola, Kenya, and Somalia, and for a contribution to UNHCR's Operational Reserve. As of January 15, 2003, \$31.128 million remains available in the fund. Drawdowns in FY 2002 and thus far in FY 2003 were for the following needs:

AFRICA

- Presidential Determination 2003-09: \$1,500,000**
On January 7, 2003, to address unexpected urgent refugee and migration needs arising from the crisis in Côte d'Ivoire.
- Presidential Determination 2003-09: \$3,400,000**
On January 7, 2003, to address unexpected urgent refugee and migration needs arising from the crisis in Liberia.

EMERGENCY REFUGEE AND MIGRATION ASSISTANCE

- ❑ **Presidential Determination 2003-09: \$700,000**
On January 7, 2003, to address unexpected urgent refugee and migration needs arising from the return of refugees to Sierra Leone.
- ❑ **Presidential Determination 2003-09: \$5,400,000**
On January 7, 2003, to address unexpected urgent refugee and migration needs arising from the return of refugees to Angola.
- ❑ **Presidential Determination 2002-29: \$4,500,000**
On August 30, 2002, for contributions to the Office of the United Nations High Commissioner for Refugees and to the International Committee of the Red Cross to address unexpected urgent refugee and migration needs arising from the crisis in Liberia.
- ❑ **Presidential Determination 2002-29: \$2,100,000**
On August 30, 2002, for a contribution to the Office of the United Nations High Commissioner for Refugees to address unexpected urgent refugee and migration needs arising from the return of refugees to Sierra Leone.
- ❑ **Presidential Determination 2001-22 – Urgent Response Capacity (URC) Fund within ERMA: \$1.855 million**
In August 2002, URC funds were used to respond to new refugee flows in Kenya (\$820,000) and new repatriation opportunities to Somalia (\$475,000) and to Angola (560,000).

NEAR EAST

- ❑ **Presidential Determination 2002-13: \$20,000,000**
On April 12, 2002, for a contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to meet unexpected urgent refugee needs due to the crisis in the West Bank and Gaza.
- ❑ **Presidential Determination 2001-22 – Urgent Response Capacity (URC) Fund within ERMA: \$2.9 million**
In December 2002, URC funds were used for a contribution to UNHCR's Operational Reserve to meet emergency preparedness requirements.

SOUTH ASIA

- ❑ **Presidential Determination 2001-30: \$25,000,000**
On September 28, 2001, to meet urgent and unexpected refugee and migration needs of a new exodus of refugees from Afghanistan. (Note that while the Presidential Determination was signed in FY 2001, funds were not drawn down until FY 2002.)

Benefits

The ERMA Fund provides the President with the flexibility to respond on a timely basis to emergency refugee and migration crises around the world.

APPENDIX
Department of State
Fee Collection
(Dollars in Thousands)

Revenue Source	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
Machine Readable Visas Processing Fees			
Carryforward Allocations	\$ 21,928	\$ 32,811	\$ -
Prior Year Collections Unallocated	\$ 148,050	\$ 65,740	\$ 44,947
Current Year Collections Projected (Net)	\$ 338,780	\$ 582,000	\$ 782,000
Total Collections Available	\$ 508,758	\$ 680,550	\$ 826,947
Carryforward Allocations Planned	\$ 2,806	\$ 18,783	\$ -
Current Year Allocation Plan	\$ 440,212	\$ 616,821	\$ 736,013
Total Allocations	\$ 443,018	\$ 635,604	\$ 736,013
Carryforward Allocations Returned	\$ 19,122	\$ 14,028	\$ -
Unallocated Collections	\$ 46,618	\$ 30,919	\$ 90,934
Ending Unallocated Collections	\$ 65,740	\$ 44,947	\$ 90,934
Expedited Passport Fees			
Carryforward Allocations	\$ -	\$ 16,361	\$ -
Prior Year Collections Unallocated	\$ 14,413	\$ 14,473	\$ 30,834
Current Year Collections Projected (Net)	\$ 63,060	\$ 99,500	\$ 114,000
Total Collections Available	\$ 77,473	\$ 130,334	\$ 144,834
Current Year Allocation Plan	\$ 63,000	\$ 99,500	\$ 114,000
Total Allocations	\$ 63,000	\$ 99,500	\$ 114,000
Carryforward Allocations Returned	\$ -	\$ 16,361	\$ -
Unallocated Collections	\$ 14,473	\$ 14,473	\$ 30,834
Ending Unallocated Collections	\$ 14,473	\$ 30,834	\$ 30,834
Commercial Service Fees			
Prior Year Collections Unallocated	\$ -	\$ 2	\$ 2
Current Year Collections Projected (Net)	\$ 8	\$ 12	\$ 12
Total Collections Available	\$ 8	\$ 14	\$ 14
Current Year Allocation Plan	\$ 6	\$ 12	\$ 12
Total Allocations	\$ 6	\$ 12	\$ 12
Unallocated Collections	\$ 2	\$ 2	\$ 2
Ending Unallocated Collections	\$ 2	\$ 2	\$ 2
Visa Fingerprint Fees			
Carryforward Allocations	\$ 560	\$ 92	\$ -
Prior Year Collections Unallocated	\$ 1,180	\$ 2,371	\$ 2,813
Current Year Collections Projected (Net)	\$ 981	\$ 1,200	\$ 1,200
Total Collections Available	\$ 2,721	\$ 3,663	\$ 4,013
Current Year Allocation Plan	\$ 350	\$ 850	\$ 850
Total Allocations	\$ 350	\$ 850	\$ 850
Carryforward Allocations Returned	\$ 560	\$ 92	\$ -
Unallocated Collections	\$ 1,811	\$ 2,721	\$ 3,163
Ending Unallocated Collections	\$ 2,371	\$ 2,813	\$ 3,163
Affidavit of Support Fees			
Prior Year Collections Unallocated	\$ 1,914	\$ 9,042	\$ 7,542
Current Year Collections Projected (Net)	\$ 7,128	\$ 6,500	\$ 6,500
Total Collections Available	\$ 9,042	\$ 15,542	\$ 14,042
Current Year Allocation Plan	\$ -	\$ 8,000	\$ 8,000
Total Allocations	\$ -	\$ 8,000	\$ 8,000
Unallocated Collections	\$ 9,042	\$ 7,542	\$ 6,042
Ending Unallocated Collections	\$ 9,042	\$ 7,542	\$ 6,042

APPENDIX
Department of State
Fee Collection
(Dollars in Thousands)

Revenue Source	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
Diversity Lottery Fees			
Carryforward Allocations	\$ 500	\$ 104	\$ -
Prior Year Collections Unallocated	\$ 1,984	\$ 1,858	\$ 3,062
Current Year Collections Projected (Net)	\$ 4,074	\$ 5,500	\$ 5,500
Total Collections Available	\$ 6,558	\$ 7,462	\$ 8,562
Carryforward Allocations Planned	\$ 500	\$ -	\$ -
Current Year Allocation Plan	\$ 4,200	\$ 4,400	\$ 4,400
Total Allocations	\$ 4,700	\$ 4,400	\$ 4,400
Carryforward Allocations Returned	\$ -	\$ 104	\$ -
Unallocated Collections	\$ 1,858	\$ 2,958	\$ 4,162
Ending Unallocated Collections	\$ 1,858	\$ 3,062	\$ 4,162
Defense Trade Control Fees			
Prior Year Collections Unallocated	\$ 12	\$ 1,495	\$ 1,495
Current Year Collections Projected (Net)	\$ 4,585	\$ 4,000	\$ 4,000
Total Collections Available	\$ 4,597	\$ 5,495	\$ 5,495
Current Year Allocation Plan	\$ 3,102	\$ 4,000	\$ 4,000
Total Allocations	\$ 3,102	\$ 4,000	\$ 4,000
Unallocated Collections	\$ 1,495	\$ 1,495	\$ 1,495
Ending Unallocated Collections	\$ 1,495	\$ 1,495	\$ 1,495
Sec. 810 USI & EE Act Fees *			
Carryforward Allocations	\$ -	\$ 294	\$ -
Prior Year Collections Unallocated	\$ 3,526	\$ 3,526	\$ 3,820
Current Year Collections Projected (Net)	\$ 8,000	\$ 8,000	\$ 8,000
Total Collections Available	\$ 11,526	\$ 11,820	\$ 11,820
Current Year Allocation Plan	\$ 8,000	\$ 8,000	\$ 8,000
Total Allocations	\$ 8,000	\$ 8,000	\$ 8,000
Carryforward Allocations Returned	\$ -	\$ 294	\$ -
Unallocated Collections	\$ 3,526	\$ 3,526	\$ 3,820
Ending Unallocated Collections	\$ 3,526	\$ 3,820	\$ 3,820

* Includes USI and EE fees collected under both DCP and ECE appropriations

APPENDIX

Explanation of Language Changes

This section explains those changes in the text of appropriations language other than changes in dollar amounts or fiscal year designations.

Since FY 2003 legislative language is not approved as this publication goes to press, we are presenting only new 2004 language requested. As always, the Department will seek to eliminate all earmarks from appropriations legislation.

APPENDIX

DIPLOMATIC AND CONSULAR PROGRAMS

For necessary expenses of the Department of State and the Foreign Service not otherwise provided for, including employment, without regard to civil service and classification laws, of persons on a temporary basis (not to exceed \$700,000 of this appropriation), as authorized by section 801 of the United States Information and Educational Exchange Act of 1948, as amended; representation to certain international organizations in which the United States participates pursuant to treaties ratified pursuant to the advice and consent of the Senate or specific Acts of Congress; arms control, nonproliferation and disarmament activities as authorized; acquisition by exchange or purchase of passenger motor vehicles as authorized by law; and for expenses of general administration, \$3,516,843,000: Provided, That, of the amount made available under this heading, not to exceed \$4,000,000 may be transferred to, and merged with, funds in the ‘‘Emergencies in the Diplomatic and Consular Service’’ appropriations account, to be available only for emergency evacuations and terrorism rewards.

In addition, not to exceed \$1,371,000 shall be derived from fees collected from other executive agencies for lease or use of facilities located at the International Center in accordance with section 4 of the International Center Act, as amended; in addition, as authorized by section 5 of such Act, \$490,000, to be derived from the reserve authorized by that section, to be used for the purposes set out in that section; in addition, as authorized by section 810 of the United States Information and Educational Exchange Act, not to exceed \$6,000,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from English teaching, library, motion pictures, and publication programs and from fees from educational advising and counseling and exchange visitor programs; and, in addition, not to exceed \$15,000, which shall be derived from reimbursements, surcharges, and fees for use of Blair House facilities.

In addition, for the costs of worldwide security upgrades, \$646,701,000, to remain available until expended.

1. [Provided further, That notwithstanding section 140(a)(5), and the second sentence of section 140(a)(3), of the Foreign Relations Authorizations Act, Fiscal Years 1994 and 1995, fees may be collected during fiscal years 2003 and 2004, under the authority of section 140(a)(1) of that Act: Provided further, That all fees collected under the preceding proviso shall be deposited in fiscal years 2003 and 2004 as an offsetting collection to appropriations made under this heading to recover costs as set forth under section 140(a)(2) of that Act and shall remain available until expended]

The first deletion eliminates two provisos which are no longer needed. P.L. 107-173, Sec. 103, of the Enhanced Border Security and Visa Entry Reform Act of 2002, permanently authorized collection and spending of Machine Readable Visa fees. Also, section 140 (a) (5) and the second sentence of 140 (a) (3) were previously deleted. See section 231 of the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001 (P.L. 107-228).

APPENDIX

2. [Provided further, That, of the amount made available under this heading in fiscal year 2003, \$20,000,000 shall be available to implement the 1999 Pacific Salmon Treaty agreement.]

The second deletion eliminates funding for the Pacific Salmon Treaty. FY 2003 was the fourth and final year of the treaty-based obligation for the U.S. under the Pacific Salmon Treaty Act of 1985. These funds will no longer be required.

EMBASSY SECURITY, CONSTRUCTION, AND MAINTENANCE

For necessary expenses for carrying out the Foreign Service Buildings Act of 1926, as amended (22 U.S.C. 292–[300] 303), preserving, maintaining, repairing, and planning for buildings that are owned or directly leased by the Department of State, renovating, in addition to funds otherwise available, the Harry S Truman Building, and carrying out the Diplomatic Security Construction Program as authorized, \$653,000,000, to remain available until expended as authorized, of which not to exceed \$25,000 may be used for domestic and overseas representation as authorized: *Provided*, That none of the funds appropriated in this paragraph shall be available for acquisition of furniture, furnishings, or generators for other departments and agencies.

In addition, for the costs of worldwide security upgrades, acquisition, and construction as authorized, \$861,400,000, to remain available until expended.

1. The correction is made to the legislative citation 22 U.S.C. 292-303.

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

For expenses, not otherwise provided for, necessary to meet annual obligations of membership in international multilateral organizations, pursuant to treaties ratified pursuant to the advice and consent of the Senate, conventions or specific Acts of Congress, \$1,010,463,000. *Provided*, That any payment of arrearages under this title shall be directed toward special activities that are mutually agreed upon by the United States and the respective international organization: *Provided further*, That none of the funds appropriated in this paragraph shall be available for a United States contribution to an international organization for the United States share of interest costs made known to the United States Government by such organization for loans incurred on or after October 1, 1984, through external borrowings.

1. [of which up to \$1,000,000 may be available for a United States government interagency task force to examine, coordinate and oversee U.S. participation in the United Nations headquarters renovation project]

The first deletion removes a request for funds within the CIO account for a U.S. interagency task force to examine, coordinate, and oversee U.S. participation in the UN headquarters renovation project. If funding is needed for this purpose in FY 2004, an alternative funding source will be utilized.

APPENDIX

2. [Provided further, That funds appropriated under this paragraph may be obligated and expended to pay the full United States assessment to the civil budget of the North Atlantic Treaty Organization.]

The second deletion eliminates the proviso regarding the payment of the civil budget of NATO, Section 113(a)(2) of the Foreign Relations Authorization Act, Fiscal Year 2003 (P.L.107-228), makes permanent this authority.