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AMERICAN ACADEMY OF DIPLOMACY

# DIPLOMACY IN A TIME OF SCARCITY

OCTOBER 2012

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# **Diplomacy in a Time of Scarcity**

American Academy of Diplomacy and Stimson

OCTOBER 2012

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## Foreword

The Foreign Service Officers of the Department of State and the Agency for International Development (USAID) are the foot soldiers of smart power. These men and women lead and staff our 195 Embassies, 55 Consulates, and 85 USAID Missions around the world. They are our nation's first line of defense.

America's Foreign Service is permanently deployed. Its officers report on local developments, represent American views and values, and negotiate on our behalf. They oversee development projects, conduct public diplomacy, protect American citizens, issue passports and visas, and promote US exports. They implement Washington decisions and recommend changes in foreign policy, as well as further courses of action. And they execute these and many other missions, including supporting our military colleagues in stability operations, often under dangerous and difficult circumstances, as tragically demonstrated by the recent assassinations of Ambassador Christopher Stevens and his colleagues in Benghazi, Libya.

In conducting foreign policy, diplomatic and development personnel are—in Walter Lippmann's apt metaphor—the “Shield of the Republic”. This Shield is the outer layer of our multi-layered national defense. The Shield is employed daily to absorb international shocks, provide early warning, and manage developing crises to avoid the use of the Sword which inevitably costs the United States dearly in lives and resources. As US military leaders frequently acknowledge, Shield bearers are as important as Sword wielders. The Shield must be maintained.

It should be axiomatic, therefore, that our Presidents and Congress see the wisdom of lending equal support to the key elements of military and civilian power. That has not been the reality. Following the implosion of the Soviet Union in 1991, the foreign affairs agencies—like their military and intelligence colleagues—were reduced by 30 percent in personnel and resources. In the aftermath of the terrorist attacks of September 11, 2001, our military and intelligence capabilities were rapidly reconstituted; our diplomatic and development capabilities were not in spite of the best efforts of successive Secretaries of State. This neglect came in spite of the fact that the diplomatic Shield was the first and the most consistently used tool of our nation for five decades during the Cold War.

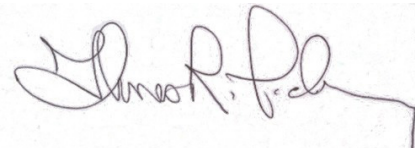
By 2008, the Department of State and USAID were seriously hobbled by a human capital crisis: a 15 percent vacancy rate in existing positions, the total lack of training positions, and an even more difficult situation in USAID. In response, The American Academy of Diplomacy, supported by Stimson and funded by the Una Chapman Cox Foundation, published “A Foreign Affairs Budget for the Future” (FAB) that analyzed the crisis and provided several recommendations. Our FAB report was well received by both the Bush and Obama administrations and Congress. In the last four years, Secretary Clinton has made important, if uneven, progress in dealing with the human resource problems. State staffing has grown approximately 17 percent and USAID staffing over 30 percent.

However, dramatic changes in the foreign and domestic environments in which the foreign affairs agencies operate are now underway. Globalization becomes ever more complicated, multiplying the missions of the foreign affairs agencies. The military has withdrawn from Iraq and the mission in Afghanistan will change in less than two years. There have been organizational and other changes in State and USAID generated by the Quadrennial Diplomacy and Development Review (QDDR). Above all, the foreign affairs budget (150 Account) faces unrelenting pressure for reduced funding as steps are taken to trim and eliminate the nation's \$1 trillion plus annual deficits and accumulating total debt.

This report measures the progress made in responding to State's and USAID's personnel crises since 2008. It analyzes personnel and resource requirements in the dramatically changed circumstances the foreign affairs agencies now confront; establishes a staffing baseline for the future; and provides a plan to realize the recommendations made for the 2014-18 budgets in a time of increased budgetary stringency. The over-arching goal is to ensure that America has the smart power capabilities to succeed in the missions assigned by the President and Secretary of State buttressed by the most efficient use of national resources. Now, more than ever, the United States needs to be fully engaged in all areas of the world—and to achieve this will require a broad, bipartisan effort. The better the Shield, the less often the Sword is required.



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# Executive Summary

## Conclusions

American diplomacy is in a worldwide transition driven by dramatic change. The tectonic plates of international power are shifting. Asia, led by China and India, gains in importance and influence, while Europe, confronted by major structural and fiscal imbalances, weakens. Regional powers such as Brazil and Turkey have emerged. The opportunities and challenges of globalization, from the Arab Spring to failed states and continuing terrorism, multiply.

Meanwhile, the United States military has withdrawn from Iraq and their presence in Afghanistan will shrink in less than two years. Congress and the public have little appetite for military intervention of the “boots on the ground” variety. In the near term, the American military will be in retrenchment mode.

The Department of State and USAID are also undergoing internal structural changes as a result of Secretary Clinton’s Quadrennial Diplomacy and Development Review (QDDR). New State bureaus and other offices are being added to integrate the development budget, to emphasize economic and energy developments, and to redirect the stabilization function.

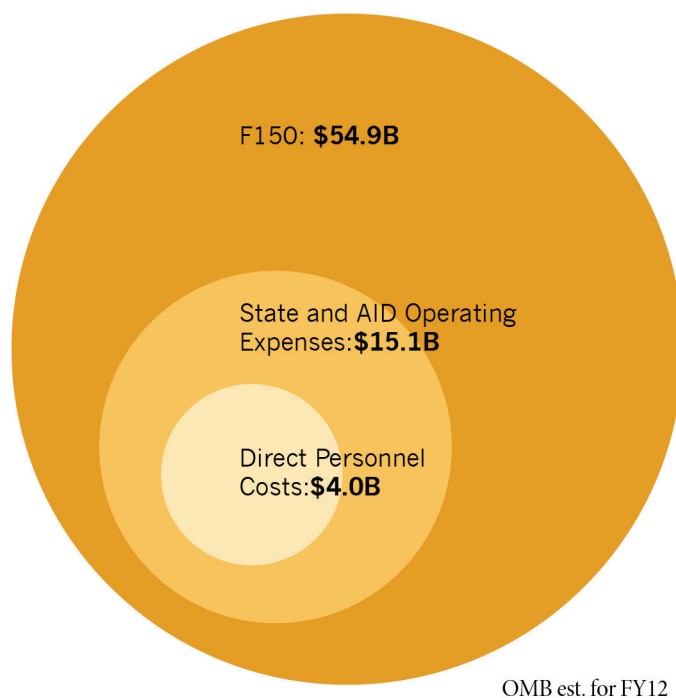
All these changes create additional missions for the inherently labor intensive work of diplomacy and the delivery of foreign assistance. This process has begun, causing a requirement for additional personnel and new skill sets.

The final major change in the transition, however, is the strong countervailing pressure of America’s fiscal problems. Our total national debt is already more than GDP at \$16 trillion and it is increasing. The last four annual budget deficits have been over \$1 trillion. There is a general consensus that this cannot continue, but no agreement on how to deal with the situation. The prudent working assumption must be that the overall federal budget will be reduced and that the International Affairs budget (150 Account) will be reduced in parallel.

In short, the foreign affairs agencies are faced with a transition characterized by increasing missions and—at least potentially—decreasing personnel. We know from experience that this is a prescription for failure. In the transition following the implosion of the Soviet Union and Yugoslavia (1989-95), the foreign affairs agencies were reduced by 30 percent while simultaneously staffing 20 new embassies and attendant new missions. State and USAID continued to operate with too few personnel for the next two decades. Staffing shortages became a personnel crisis with the terrorist attacks of September 11, 2001, and the subsequent civilian surges in Iraq and Afghanistan.

In 2008, The American Academy of Diplomacy, supported by Stimson and funded by the Cox Foundation, published “A Foreign Affairs Budget for the Future” (FAB), calling for 3,500 additional

### Share of Direct Personnel Costs



positions in the State Department/ Foreign Service and 1,200 in USAID. In the final quarter of 2008, the Academy engaged in intense consultations with both election campaign staffs, relevant Congressional committees, and the State Department Transition Team in support of these recommendations.

Over the last four years, Secretary Clinton, under the “Diplomacy 3.0” program calling for a 25 percent increase in the Foreign Service, has made important, if uneven, progress in achieving added human resources. As of early 2012, State had gained 3,500 additional positions and USAID 923. These total numbers accord well with the recommendations of FAB. However, the distribution of positions (and eventually people) does not. A comparison of the Department’s head-count in January

2008 with January 2012 shows an above attrition increase of about 1,200 Foreign Service Officers (FSO), 800 Foreign Service Specialists (FSS), and 1,500 Civil Service (GS). Of these approximately 2,300 were assigned to Washington and 1,200 to overseas posts. Some of the Washington positions represent necessary increases in long-term training. From a functional perspective, some 2,100 were serving in administrative support activities while 1,400 were conducting diplomatic missions. Clearly, additional personnel are needed to meet the core requirements set forth in this report.

For the 2013–2017 period addressed in this report, the challenge is how to achieve and maintain adequate personnel levels in a time of fiscal restraint and budget reductions. Clearly, prioritization among the items in the 150 Account is necessary. Of course, we would prefer to avoid cuts in both people and programs. But, if the choice is necessary, people are more important than programs. Reduced programs can later be refunded fairly rapidly. It takes years, if not decades, to train and develop skilled and experienced personnel. Program reductions only impact the programs involved. Personnel reductions damage foreign policy across the board as the officers who negotiate, conduct public diplomacy, promote US exports, protect American citizens, and plan and manage development projects, disappear. It is particularly ill-advised to reduce our civilian presence overseas at the very moment US military elements are redeploying back to the United States.

Fortunately, direct personnel costs for State and USAID operations are only \$4 billion in a \$55 billion budget, just over 7 percent. Even a severe personnel reduction would barely move the needle downward. Likewise, the minimal personnel increases we are recommending would barely move

the needle upward to, but still under, 8 percent, and far from competing with programs, whatever decisions the Administration and Congress make.

In spite of progress since 2008, our analysis demonstrates that the foreign affairs agencies, on which the security of the American people will depend in the tumultuous decades of the 21st century, are not yet completely staffed, trained, and deployed to meet the challenges. Our recommendations are designed to close the remaining gaps in personnel and training capacity. These recommendations are fully consistent with the needs we identified previously in the FAB Report and with State's Diplomacy 3.0.

## Recommendations

1. The Secretary of State should seek to complete the Diplomacy 3.0 staffing initiative in the FY 2014 budget. This would add 722 positions, achieving the targeted 25 percent increase in the Foreign Service compared to the 2008 baseline. These positions should be distributed across Core and Public Diplomacy in order to bring personnel in these areas closer to the 2008 FAB report's recommendations.
2. In order to alleviate shortages in mid-career officers, the Department should press Congress for legislation to temporarily lift limitations on pay and numbers of hours worked for While Actually Employed (WAE) retired officers and staff for a period of five years.
3. The Secretary of State should seek an additional (above attrition) 490 positions specifically for long-term training in the FY 2014 budget: 330 for language training to meet Congressional requirements and 160 for training to reach mid-level needs.
4. The Department should fund a study of what would be required for the Foreign Service Institute (FSI) to take on a share of senior professional education comparable to the National Defense University and the Service War Colleges.
5. USAID should recruit as needed and on a targeted basis experienced personnel including retired USAID officers to address shortages of mid-career officers.
6. USAID should seek streamlined hiring authorities to rationalize the unnecessarily convoluted methods currently employed.
7. Congress should appropriate the Department's 2013 budget request for full Bureau of Conflict and Stabilization (CSO) staffing with a flexible hiring authority and dedicated funding proposed by the Department to increase the effectiveness and agility of the CSO's new model. If there is no regular budget for 2013, CSO should pursue this goal in FY 2014.
8. The Department should task CSO to make recommendations on how to respond to civilian surge scenarios that exceed planned CSO capabilities now that the creation of a large "surge capability" is no longer planned. This study should include, inter alia, the functioning of the current 3161 authority (for temporary hires), whether additional standby authority is needed, potential changes in contracting authority or spending flexibility for a large surge, and the potential for maintaining a larger roster of skills in the civilian sector.





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

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

## Section I: The Problem of the Transition Trap

The United States faces unprecedented challenges as it responds to the impact of three wars and the recent serious economic setbacks in little more than a decade. Military force, as indispensable as it is to our influence in the world, will not be sufficient to deal with these challenges. Only “smart power”—the effective use of diplomacy and development—combined with military might when required, will advance and defend America’s interests abroad in decades to come.

Major trends in population growth and relative economic strength highlight these challenges. The populations of the US, Canada, and Europe are projected to be only 12 percent of the global population by 2050.<sup>2</sup> GDP in developing countries is growing two to three times faster than the developed world. Estimates indicate that the portion of global output coming from the US, Canada, and Europe by 2050 will be less than 30 percent of world output versus today’s 52 percent. Nearly 80 percent of the world’s economic growth over the next four decades will occur outside the US, Canada, and Europe according to these calculations.

There are new and different major players on the political scene. A global multipolar system is emerging with the rise of China, India, Brazil, and other G-20 countries.<sup>3</sup> The relative power of non-state actors—businesses, tribes, NGOs, religious organizations, terrorists, and even criminal networks—will also increase.<sup>4</sup> The political earthquake that began in the Middle East in 2010 will produce aftershocks for years to come in that region and elsewhere. The slow-motion political/financial crisis in the European Welfare State model in the Euro Zone indicates an outcome somewhere between implosion and extended stagnation. The diffusion of new technologies will put dangerous capabilities within reach of terrorists and states that do not share US values or global goals.<sup>5</sup>

The National Intelligence Council observed in its Global Trends report in 2008: “[The] rapidly changing international order at a time of growing geopolitical challenges increases the likelihood of discontinuities, shocks and surprises.”<sup>6</sup> The report further noted: “Asia’s economic powerhouses—China and India—are restoring the positions they held two centuries ago when China produced 30 percent and India 15 percent of the world’s wealth.”<sup>7</sup> The US Global Leadership Campaign also commented on these trends: “With 95 percent of the world’s consumers living outside the US, it is increasingly clear that America’s prosperity is linked to economic currents elsewhere in the world. The key question is how America should respond to [these new realities].”<sup>8</sup>

Today’s and tomorrow’s diverse diplomatic challenges all require frontline activity by skilled diplomatic professionals. They must:

- › Highlight and demonstrate American values;
- › Strengthen the growth of civil institutions and the rule of law;
- › Promote democracy;

- › Serve and protect the millions of Americans who live and travel abroad;
- › Promote trade and investment;
- › Fight illicit drugs;
- › Stop the trafficking of persons;
- › Support sustainable development to combat poverty;
- › Prevent genocide;
- › Strengthen foreign cooperation and capacity to address global security challenges such as terrorism, weapons proliferation, international crime, disease, and humanitarian disasters.

America's diplomats will still seek to influence foreign governments—bilaterally and multilaterally. But in a pluralistic world changed by information technology, they will increasingly work directly with other nations' emerging interest groups and future leaders—businesses and academia, urban centers and remote villages, and religious institutions—who shape their nations' values over the long term. In an interconnected world, youthful populations are forming their identities. Will they view the United States favorably or as an adversary? To meet these challenges, we must have an effective American diplomacy for the 21st century based on values, integration of US national security resources, alliances, and coalitions. We must build on America's unique position of strength to set an example and encourage others to join us in pursuit of great objectives.

The strategic contest for the future is not an abstraction. American diplomacy can help our country confront and overcome our enemies, support our allies, and make new friends.<sup>9</sup> The most valuable resource Americans have in their engagement on vital foreign affairs issues is the men and women in the Foreign Service, Department of State, and USAID.

The dramatic changes in the international environment just discussed are one major dimension of the transition from the "Global War on Terror" (or the "middle eastern wars") to the next stage. There are other dimensions to this shift that stand out.

1. America's armed forces have withdrawn from Iraq. The military mission in Afghanistan will change significantly in less than two years. Public, Executive Branch, and Congressional opinion is moving away from support for "boots on the ground" military interventions. Military retrenchment, at least in the short run, will require additional diplomatic and development personnel overseas as we fill in behind departing military, e.g., replacing US forces in economic and social development, transportation management, supply, security, and staffing regional outposts. In the long term, with the American military in a much lower level of deployment, the civilian components of national power—diplomacy, public diplomacy, development, reconstruction, stabilization, and related activities—will become more critical than ever.
2. New internal changes are also in train at the Department of State and USAID. At the end of 2010, Secretary Clinton published the first *Quadrennial Diplomacy and Development Review* (QDDR) designed to project a strategic management plan over the next four years; to elicit hard decisions about priorities; and to reflect those priorities in the resource allocations of

future budgets. The QDDR and its recommendations for improvement are being implemented as this report is written. New bureaus and offices are being established to merge the resource requests of State and USAID and to assist the Secretary in budget presentations to Congress; to place new emphasis on economic matters including energy; and to redesign and redirect the Stabilization function, including the Civilian Response Corps. All these initiatives flowing from the QDDR have staff and resource implications.

3. Most significantly, the outlook for the entire federal budget has changed dramatically since 2008. A new era requiring increased fiscal austerity has emerged. There is consensus that annual budget deficits of \$1.2 trillion and a total debt of \$16 trillion and increasing cannot continue. There is no consensus, however, on how to deal with these problems. But one thing is sure; there will be growing pressure for more budget cuts in all areas, including the international affairs budget (150 Account). Reductions could be sizeable, but no specifics have yet emerged.

The 2012 budget established within the 150 Account an “Overseas Contingency Operations” (OCO) budget of \$11.3 billion that recognizes the extraordinary expenses of State and USAID to deal with two wars. As a result, both State and USAID have been able to fund their global operations.

The 2013 budget request is much more problematic. The House and Senate have marked up and passed 150 Account appropriations \$7 billion and \$3 billion below the administration’s \$55 billion budget request, respectively. The consensus view is that there will be a Continuing Resolution (CR) through at least the rest of calendar 2012. Meanwhile, bills have been introduced in the House that would reduce hiring at the foreign affairs agencies to 50 percent of attrition. Will there be a “grand compromise” after the election during a lame duck session of Congress? Will there be budget action in the context of a struggle over an increase in the debt limit that will be necessary in March? Will the threatened sequester become a reality? How will any or a combination of these eventualities impact the international relations budget? The likelihood of unprecedented budget cuts is high.

The magnitude of the uncertainties overwhelms any comfort about predictions. However, the sensible working assumption must be that the 150 Account (“America’s Shield” in the words of Walter Lippman) will be reduced over the span of this report. How should such a reduction be managed?

Before answering the above question, it is very important to review how the last major transition in the international environment was handled by the foreign affairs agencies following the end of the Cold War. The short answer is that it was not “handled” at all, with damaging results for all concerned.

In the transition period following the collapse of the Soviet Union in 1991, the Foreign Service and USAID were tasked virtually overnight with major new missions. The State department was required to establish 13 new embassies in the former Soviet Union, and USAID took on the promotion of democracy and free markets in the newly emergent nations of the former USSR and in Eastern Europe. Later in the decade, the process was repeated following the collapse of Yugoslavia: seven nations where there had been one, all with the same nation-building problems on top of the ethnic strife, widespread destruction, and the subsequent need for reconstruction. With some misfires, State and USAID succeeded in these new missions as evident in the generally



peaceful transitions in Eastern Europe and the former Soviet Union and, with military support, in the stabilizations in the Balkans.

While these major new responsibilities were being absorbed, the foreign affairs agencies—like their military and intelligence colleagues—had their personnel and resources reduced by about 30 percent as the post-Communist “peace dividend” was cashed. Averting failure was a “close run thing.” We all learned the hard way about the “transition trap.” It consists of increasing missions and responsibilities coupled with resource (particularly staff) reductions. We repeat, increasing missions and staff reductions. In our view, this is a formula for failure. When the “Global War on Terror” exploded on September 11, 2001, diplomacy and development struggled mightily to obtain the minimum human and financial resources necessary to avoid failure, and again only narrowly managed to do so.

In the current transition, missions are already multiplying, as was inevitable and necessary given the challenges and opportunities in the international environment discussed in the opening paragraphs of this chapter. At the same time, the fiscal strictures the nation faces are real and compelling. How do we avoid another looming “transition trap?”

## Section II: The Right Priorities is the Solution

The solution to the transition trap of increased missions and reduced resources is mundane, but powerful and effective: establish real priorities now and follow them consistently.

During the 1990s, as the “peace dividend” decimated State and USAID budgets, an informal prioritization existed composed of the half dozen problems that absorbed the attention of the Secretaries of State. Everything else was reduced more or less equally and we hoped for the best. The approach we recommend is to establish priorities with full recognition that the functions and activities that fall to the end of the list may well be reduced or eliminated.

Our best judgment is that “business as usual,” i.e., a robust budget request with something for everybody and then the equal distribution of the gains or pain will not work in 2013 and beyond. What will be needed is a clear set of policy priorities and then a rigorous goal-by-goal process that matches personnel and programs to those priorities. This will be particularly difficult given that each foreign policy program has a strong domestic constituency that will try to protect its pet objective. The usual temptation on the part of both the Administration and Congress will be to cut personnel and protect programs. This is precisely the wrong approach. It cannot work with the 150 Account for many reasons, but principally because direct personnel expenses are only \$3.5 billion out of a total International Affairs budget request of \$53 billion. Even major reductions in personnel would barely move the needle in reducing Account 150. Programs, perforce, must bear the burden of reductions.

But which programs? We hope, but doubt, that the Administration and Congress are even now undertaking the “rigorous prioritization” of the International Affairs Budget called for above. Such an effort is beyond the resources (and the scope) of this project. However, even within the program sector there are differences to be noted. Some programs, like anti-narcotics efforts and anti-terrorism security assistance, are linked to very important, immediate national security objectives. Others, mostly economic development projects, are more long term in nature. When well-targeted, they can mitigate conditions that lead to conflict and the need for expensive interventions.

Finally, and most importantly in our judgment, there is the issue of the people portion of the 150 Account. Foreign affairs personnel perform all the activities encompassed in the 150 Account, including the management of all its programs. Further, they are the core of the nation’s ability to engage internationally, and for each and every goal it is the personnel who will do the planning, the implementation, the advocacy, and the negotiations for the participation of other nations that are essential to the effective achievement of policy and program objectives.

Our conclusion is that in the last analysis, people are more important than programs:

- › Programs are where the money is in the 150 Account; 75–80 percent of the recent standard foreign affairs budget request of \$55 billion funds programs. About \$5 billion of this is devoted to

miscellaneous programs, such as the regional development banks, international organizations, and the like. More than \$35 billion of the remaining \$50 billion is applied to US-sponsored development programs.

- › Reduced programs can later be refunded in reasonably short time-frames.
- › Reductions of trained personnel, on the other hand, cannot be quickly replaced. For example, it takes 6–8 years to develop a “street ready” Arabist or Chinese speaker and expert.
- › Program reductions only impact the programs involved.
- › Personnel reductions damage foreign policy across the board as the officers who protect American citizens; report, represent, and negotiate; conduct public diplomacy; promote US exports and other commercial interests; manage development projects; and implement wholly or in part all foreign policy decisions all over the world, disappear.
- › It is particularly self-defeating to reduce the capabilities of the civilian elements of national power at the same time that the military elements are being redeployed to the United States.
- › And finally, our people are our foreign affairs leaders of the future. A strong, agile, and knowledgeable body of diplomats will enable the US to succeed in the 21st century as earlier generations did after World War II.

While maintaining the principle that people are of prime importance, the Academy is not “anti-program.” We would much prefer that the Administration’s 2013 budget proposal be adopted in full by Congress. However, passage of a timely 2013 budget is unlikely. Congress has passed a Continuing Resolution (CR) and extended it to March 2013. However, we believe the evidence is clear that significant reductions in the 150 Account will occur via the sequester, a sequester substitute, a “grand bargain,” or some other mechanism—probably within the next six months.

Consequently, we recommend that a serious prioritization initiative, as described above, take place urgently within State and USAID. Less productive programs should be trimmed, not eliminated. These would be real reductions from the base and not the reductions of automatic increases that are anathema to budget hawks. Under this scenario, such reductions would be possible while slightly increasing personnel to meet the expanding needs, maintaining the array of existing development activities, and keeping other programs intact where necessary at a reduced annual level. Personnel increases would be applied to existing staffing gaps and the training contingent.

Training is important for two reasons. First, two-thirds of serving Foreign Service Officers (FSOs) have less than 10-years’ experience, making it impossible for professional development to occur purely via mentoring. Second, globalization and the new challenges require US diplomats to master an increasing number of complex issues in addition to regional and linguistic capabilities. Simply put, our diplomatic and development personnel must be sufficiently trained to insure that the US can continue to lead.

## Section III: The Armageddon Scenario

On the other hand the situation changes dramatically if large personnel reductions are mandated by legislation or result from major annual reductions in the 150 Account. In this “Armageddon” scenario, significant adjustments beyond the scope of this report would be required. We would like, however, to make four contingency suggestions in considering such a case.

1. Should major personnel cuts be necessary, the Department of State and USAID should conduct a thorough “right-sizing” exercise drawing on the experience of private sector experts where personnel reductions are part of the quotidian culture. The Defense department maintains a private sector advisory group for such purposes. This would be useful for State and USAID as well. Private sector advisory assistance will be critical.
2. In such a circumstance, the Department should revisit “universality,”—that the United States has on-site Ambassadorial representation in virtually every country with which we have diplomatic relations. The fixed costs of embassies are high. Real savings in financial resources and personnel would result from withdrawing Ambassadorial representation at 10–20-percent of our posts and accrediting Ambassadors to more than one post, perhaps supported by a resident special purpose officer or simply relying on visits by senior diplomatic personnel.
3. In countries with multiple consulates, consulates could be similarly removed or downsized, leaving a much smaller or even a one-person post.
4. The “teeth-to-tail” ratio should be subject to a thorough analysis, including the personnel levels of all non-State-AID government agencies (military, law enforcement, et al) and their personnel at US Embassies. Of the 2,000 additional Foreign Service Officers generated by Secretary Clinton’s “Diplomacy 3.0” program as of January 2012, about 800 (40 percent) are specialists engaged mainly in the administrative support of personnel dedicated to achieving foreign policy goals. Over 1,000 of the 1,500 General Service persons added since 2008 are also dedicated to administrative support tasks. Hard questions should be asked about security levels, the overseas building program, and all areas of administrative support activity. As noted above, it is also likely that USG personnel in Iraq and eventually Afghanistan will be reduced over time. This would happen in two ways. First, Foreign Service personnel—specifically Foreign Service Specialists—perform security, communication, office management, and similar functions in support of all persons at post under the ICASS centralized administrative support program. As global numbers decline (i.e., the CIA has publically announced a 50 percent reduction in people in Iraq), administrative support numbers should decline in parallel. Second, the number of personnel in positions other than administrative support (e.g., political and economic officers) at the mega-Embassies (Iraq), who are career and not temporary hires, will likely also be reduced over time. Any positions freed up in this process should be re-programmed.

Finally, it should be clearly understood that reductions in foreign affairs personnel to the point where overseas posts would have to be closed involves real costs. There could be no more visible metaphor for “America in Decline” than the closing of some of our embassies.

While we are convinced that reductions in Account 150 are coming, we cannot be clear on their extent nor on which parts of the foreign affairs budget will be targeted. What we can be clear about is the adequacy of current staffing and resource levels compared to existing missions and additional missions that are very likely in the short to mid-term. Subsequent sections of the report deal with these matters.

## **Section IV: Staffing Over the Last Five Years**

Our diplomatic capacity has seen significant gains in the last four years and over the last decade. But these gains should not be overstated. They represent efforts to address long-standing deficiencies and shortages, and have not readied our diplomatic capacity for the challenges we already faced, let alone set us to proactively engage the changing challenges of tomorrow's world. To understand what today's fiscal crisis means for implementing US foreign policy, we must review where the changes of the last five years have gotten us.

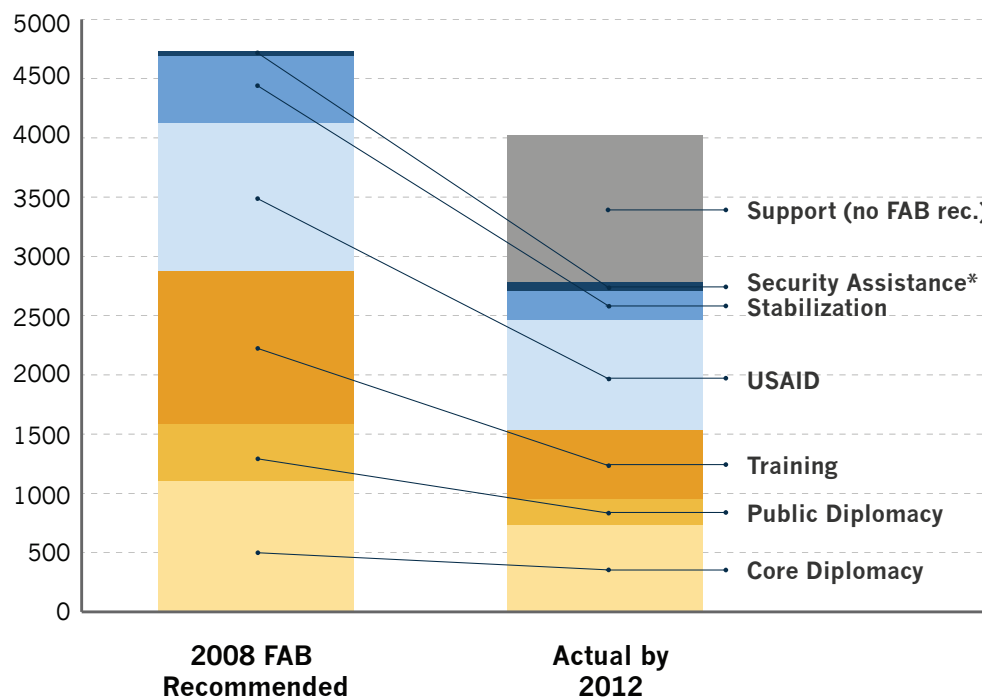
The following sections put the growth of the last few years in context, demonstrating that the gains fell short of the goals. Furthermore, the following sections clarify that these gains were not as straightforward as the high-level numbers suggest, as some of the increase necessarily went to supporting functions, which are integral to empowering the actual conduct of foreign policy, but do not themselves achieve foreign policy objectives.

### **The Context of the Last Five Years**

In 2008, The American Academy of Diplomacy and Stimson released a report, "A Foreign Affairs Budget for the Future: Fixing the Crisis in Diplomatic Readiness," (FAB) that called for a significant expansion of our diplomatic capacity. It found that not only were "existing staffing levels [] inadequate to meet ongoing requirements..." but "new programmatic and substantive requirements in each of the areas will require additional staff..." To meet these needs, the FAB report called for adding an additional 4,735 people to the State Department and USAID over six years, a 46 percent increase over the baseline it identified and a 17 percent increase over total staffing levels at the time of the report, as the report recommendations did not include support personnel. The FAB report recognized that people alone could not fix the gaps our foreign policy institutions faced, and also called for new and improved training, skills, programs, and authorities to bolster this increase in personnel. But, foremost, the report provided an analysis of how the State Department and USAID were under resourced for people.

In line with the report's recommendations, the State Department and USAID both launched major initiatives to expand the number of people in both agencies. The Bush administration had requested an increase of 1,152 new positions for FY 2009, including USAID's Development Leadership Initiative, which had the goal to double the number of USAID Foreign Service Officers by FY 2012. The following year, the newly inaugurated Obama administration called for additional hiring under the Human Resources Initiative, which became part of its broader efforts known as Diplomacy 3.0. The initiative had a goal of increasing the State Department Foreign Service by 25 percent and the civil service by 14 percent. In total, these goals required adding at least 5,700 positions to the State Department and USAID. These official goals accorded well with the 2008 FAB report's recommendations, though slightly smaller in scope as the 2008 FAB did not consider what additional administrative and support functions would be required.

### Recommended vs Actual Growth in Foreign Policy Personnel



These goals found a sympathetic audience in Congress, which appropriated funds to achieve significant annual increases in positions. As the FY 2010 House State and Foreign Operations Appropriations report said: “The Committee recommendation continues the build-up of civilian diplomatic personnel [already] begun...The Committee concurs with the view of the Secretary of State that investments in well-trained diplomatic and development personnel will yield great dividends over time.”<sup>10</sup> By 2012, the State Department had added nearly 3,500 positions and USAID 923.

Though real gains have been made, those numbers alone demonstrate that neither the agencies’ nor the 2008 FAB report’s goals have been met. And the numbers do not tell the whole story as those increases—though necessary—do not fully address the problems that prompted the expansion in the first place.

### Key Perspectives

The expansion of the past five years needs greater context as descriptions in increases and percentages hide an important fact: the State department and USAID are not large agencies. The State department has 27,000 direct hire employees and USAID less than 8,000.<sup>11</sup> In comparison, the Defense department has 2.2 million direct-hire employees, 100 times the personnel of the State department; the Department of Homeland Security has 240,000 employees, 10 times the State department; and the Federal Bureau of Investigation alone has 36,000 employees, larger than State and USAID combined. Though the State department, and especially the Secretary of State, occupy a central place in the daily news made by the US government, the actual institutions State and USAID are

smaller than many would expect, putting great importance on each employee. Because of this scale, increases—even of a quarter of existing personnel—are still relatively small; 5,000 people in some senses is large, but in context is not.

As the number of people employed by State and USAID implies, personnel are not the primary costs of US international affairs funding. Direct personnel costs—including locally engaged staff—in the State department are only \$3.5 billion, or only a fifth of State Operations costs. Non-program funded US staff costs at USAID are less than \$500 million, or just under two-fifths of operating costs. But those proportions are just in comparison to operating costs. Polling shows that most Americans dramatically overestimate US spending on international affairs, frequently assuming up to 10 percent of

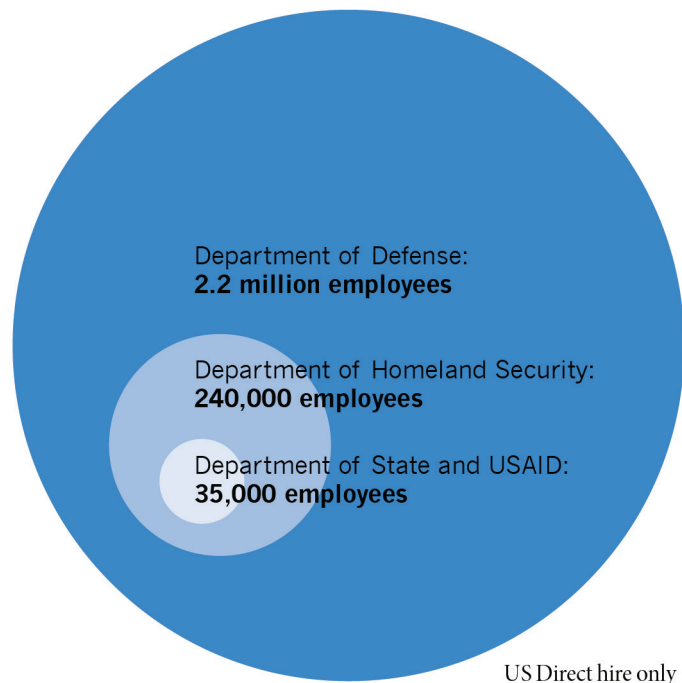
US government spending goes to foreign aid.<sup>12</sup> This assumption is wrong by at least a factor of ten, as all of international affairs funding is \$60 billion, or less than 2 percent of all US government spending. Most international affairs funding supports program operations, funding that buys things or covers the costs of doing business. The personnel costs are less than 7 percent of total international affairs funding, emphasizing that personnel are not the primary costs of international affairs funding.

Today's fiscal crisis threatens to not only end the expansion but erode the gains made in the past few years; all before the needed improvements in how the US conducts its foreign policy have been realized or new missions have been absorbed. The following sections examine individually the areas the 2008 report identified as needing increases, and examine how they have fared in the last few years.

## Core Diplomacy

Although the international environment is changing rapidly, the State department still has a “core” mission of diplomacy. Following the 2008 report, this core diplomacy mission includes the conduct of diplomatic relations, multilateral diplomacy, and policy formulation.<sup>13</sup> Conduct of diplomatic relations itself captures government-to-government diplomacy, overt collection, analysis and reporting of information from foreign sources, and transnational issue diplomacy. The 2008 report, in line with the recommendations of the Advisory Committee on Transformational Diplomacy, also noted these tasks needed to be augmented with the capabilities to proactively and preventively shape conditions around the world, engage non-traditional actors and integrate all US government global affairs. In total, these tasks represent the core mission of diplomacy.

## Scale of National Security Agencies



US Direct hire only



But despite being the core mission, it has not been resourced in the last few years as the 2008 FAB report and the State department's own initiatives called for.

This report will look at diplomatic personnel in two ways: by the functions they support, or by the category of position. These two perspectives are interrelated as the functions that need doing require qualified people to do them. But looking at each perspective separately can highlight issues and disconnects for how well staffed the State department is to perform its missions.

The State department uses “program activities” to capture the different kinds of functions. There are 13 separate activities.<sup>14</sup> The largest activity by staff is “Conduct of Diplomatic Relations,” not surprisingly. But there are a number of other program activities, including Domestic Administrative Support, Information Resource Management, and Overseas Program Support. The 2008 FAB report used three of these activities to define “core” activities: conduct of diplomatic relations, policy formulation, and multilateral diplomacy. It recognized that Public Diplomacy is also a core function but dealt with Public Diplomacy separately for analytic reasons.

There are also different categories of employees. The three basic divisions for the State department are Foreign Service Officers, Foreign Service Specialists, and Civil Service. Foreign Service Officers have five “cones,” or career tracks. Specialists bring technical expertise to the Foreign Service and fall in eight major categories. The Civil Service is almost completely based in the United States and provides specific expertise in ten major categories. Although each person and each position are unique, these categories allow us to make broad generalizations about whether they are responsible for “core” tasks, other tasks, or supporting tasks. Only by toggling between these two perspectives can we understand why the increases of the past five years are not enough to achieve US foreign policy goals.

As defined by the 2008 FAB report, positions in “core” diplomacy program activities grew by only 727 since 2008—more than 370 fewer than the 2008 FAB report recommended. If the increase is viewed through type of employee, it is even more dismaying.<sup>15</sup> The State department has created only 365 additional political or economic officer positions. However, this number is slightly misleading because there is also a category named International Relations Officer, Generalist—IROG, for short. IROG positions are undesignated positions, which can be filled by a Foreign Service Officer of any cone. These positions make up 34 percent of generalist positions in the State department. Where political and economic positions are generally considered staff conducting the core mission of diplomacy, IROG positions may or may not. For example, though only 365 new political/economic positions were created, there are 509 more political and economic officers employed in 2012 than there were in 2008. The difference is some of these political and economic officers occupy IROG positions. Since 2008, the State department has added 724 of these IROG positions in addition to the specified political and economic positions. If these IROG positions are added to the political and economic positions, core positions have increased by 1,089—better than the increase displayed by program activity, and approximating the 2008 FAB report's recommendations. Some of this difference is explained by the number of Foreign Service Officers in training, which will be further examined in the section on training.

More importantly, some of the difference between the number of core positions and the limited growth in core Foreign Service Officers stems from the growth of civil service supporting core

## State Department Categories and Specialties

Foreign Service Officers	Foreign Service Specialists	Civil Service
Political*	Administration	Foreign Affairs*
Economic*	Construction Engng	Personnel Management
Public Diplomacy†	Facility Management	Management Analysis
Management	Information Technology	General Acctng and Admin.
Consular	Medical and Health	Budget Administration
	Office Management	Legal Counsel
	Security	Passport Visa Services
	International Info. and English Lang. Programs†	Public Affairs
		Contract Procurement
		Information Technology Management

\* The categories are generally considered to represent core diplomacy.

† This report seeks to clarify between traditional diplomacy and public diplomacy. It does not imply that public diplomacy is not a core mission of the State Department, or a core part of US foreign policy.

diplomacy. Half of the civil servants added in the last few years were added in the Foreign Affairs specialty—almost 500 new positions, representing a 36 percent increase in that specialty. As part of that growth, the Office of the Secretary has grown by 166 personnel in coordinating and directing policy formulation and the conduct of diplomatic relations.

Counterbalancing the growth of the domestic civil service, the increases within the Regional Bureaus that have the primary mission of conducting US foreign policy were mostly overseas, in line with the 2008 FAB report’s endorsement of a “field-first” approach to staffing. For all but one of the six regional bureaus, their growth was 94 percent overseas rather than here in the United States.

However, even this positive sign must be considered with caution, as significant amounts of their growth came not in the core diplomacy mission, but in overseas program support, which provides the administrative support for posts overseas. Ninety percent of the growth in the Bureau of East Asian and Pacific Affairs, 76 percent of Bureau of Western Hemisphere Affairs, and 50 percent of the Bureau of European and Eurasian Affairs all occurred in overseas program support. The Bureaus of South and Central Asian Affairs and Near Eastern Affairs saw 36 and 31 percent, respectively, of their growth come in overseas program support. This growth will be covered in a later section on support staff.

Another success story is the increase in personnel conducting multilateral diplomacy. The 2008 FAB report called for an increase of at least 100 personnel in multilateral diplomacy as a necessary new foreign policy initiative. The last few years saw an actual increase in multilateral diplomacy personnel of 190, with 57 of those in the Bureau of International Organization Affairs and 132 in the Bureau of Near Eastern Affairs.

In the last few years, there has been real growth in positions for core diplomacy. But growth in “core” diplomacy—either in program activity or in personnel category—did not meet either the

2008 FAB report's recommendation or the goals of the State department's own Human Resources Initiative. And those goals were designed to remedy long-standing deficiencies. Having not even reached those goals, the State Diplomacy still lacks the personnel to conduct core diplomacy as we know it now, before even considering the needs of an increasingly complex and demanding international environment.

**Recommendation:** The Secretary of State should complete the Diplomacy 3.0 staffing initiative. This would add 722 positions, achieving the targeted 25 percent increase in the Foreign Service compared to the 2008 baseline.

### Conduct of Consular Relations

One of the most important tasks of the Department of State is conduct of consular relations. Consular relations describes 1) serving US citizens and their interests abroad, and 2) the securing of US borders through the adjudication of passports and visas. Most Americans who interact with the State department will likely do so through a consular officer.

In the 2008 FAB report, the Academy recommended shifting some consular positions from fee funding to appropriated funding to check the tendency to segregate this task away from the rest of State department business. Fee-funded positions are not funded through Congressional appropriations but instead are authorized by legislation granting the Department the right to use fees collected for certain services, primarily passport and visa fees, to provide staffing. This approach has the obvious benefit of freeing funding from the requirement of annual approval by Congress and all the vagaries of the political process. However, as the 2008 FAB report noted, it also reflects a "reshaping of the Department's view of consular work" from "a function of general government" to "specialized services to a specific subset of users." It also makes the long-term development of the Foreign Service dependent on fee collections rather than direct appropriations. Most Foreign Service Officers will do at least their initial tour as a consular officer in positions supported by fee collections. Yet it is these same officers who will transfer to direct-funded positions later in their career.

Nevertheless, the trends generated by tight budgets in the 1990s have continued. Though 268 consular officers have been added since FY 2008, fewer and fewer positions are direct-funded. In its FY 2013 request, 17 fewer positions were requested for direct funding in the FY2013 Congressional Budget Justification to reflect the transfer of these positions to fee-funded positions.

As budgets again tighten as they did in the 1990s, the Academy acknowledges the difficulty of moving away from fee-funded positions for these important tasks but advises caution in ensuring US goals are not undermined by the trend toward fee-funded positions.

## Vacant Foreign Service Positions

In 2008 15 percent of Foreign Service positions overseas were vacant—a crisis situation that drove the Academy’s FAB report of that year. Our position was and is that the achievement of foreign policy goals is an overseas, not a Washington, phenomenon. It is in their own countries that foreign governments make decisions about international political, economic, and financial matters; that is where the targets of public diplomacy reside; and where economic development programs are conceived and executed. Accordingly, we urged the Department in FAB to first devote above attrition increases in personnel to these vacancies.

The Department did so. By March 2012 overseas vacancies had been reduced to 12 percent (domestic Foreign Service vacancies were reduced from 25.7 percent to a still quite large 17.9 percent) with perhaps a further reduction to 10.5 percent possible as recent Diplomacy 3.0 hires complete training and arrive at post. That is modest, yet significant progress overseas although the overall gap remains large. However, there are two important nuances that must be understood.

First, full staffing is like full employment. It occurs when the absolute numbers of vacancies reach about 5 percent. Just as virtual “full employment” is registered when the unemployment rate reaches 5 percent, virtual “full staffing” is reached when position vacancies are at 5 percent. The reason for this reality is the same in both cases. Employment and staff vacancy numbers result from a “snapshot” taken at a specific point in time. At that moment about 5 percent of the national work force and Foreign Service personnel are “in motion,” that is they are between jobs or assignments because of travel, training, personal circumstances, and the like. Factoring in the “person-in-motion” factor, between 2008 and 2012, the Department filled on a permanent basis about half of the vacant overseas Foreign Service positions—greater progress than the headline numbers indicate.

Second, in the last four years the Department has obtained approval for over 2,000 new positions for Foreign Service Officers and Foreign Service Specialists. Since the base was increasing it was necessary to hire, process, train, and deploy significantly more personnel to achieve this reduction in vacancies than would have been the case without new positions.

## Mid-Career Shortages

As noted, over the last four years the Department has created over 2,000 new positions—many of them at mid-career and above levels. Over the same time period the comparable intake of personnel has all been at the entry level. The resulting mid-career personnel shortage requires analysis.

Foreign Service Officers are divided into classes of seniority, and then placed into three levels: entry level, mid-level, and senior level. As the Government Accountability Office (GAO) reported in June 2012, gaps persist at the mid-career level.<sup>16</sup> These gaps are heavily weighted at the most junior mid-career level (FS3s), for which every cone is short officers and make up 83 percent of the gaps. These gaps are also heavily dependent on cone. In the Management and Public Diplomacy cones, gaps exist at all three mid-levels. Yet in the Economic cone, there is such a surplus at the FS1 and 2 level, it enjoys a surplus in total at the mid-career level. Consular and Political cones also have surpluses at the FS1 and 2 level, but not enough to offset the deficits at the FS3 level. In total, the mid-career level of Foreign Service Officers suffers from a deficit of 12.5 percent of positions, as of June 2012.

### Mid-Career Officer Deficits by Cone

	Econ	Pol	Mngmnt	Consular	Pub Dipl	Total
Total mid-career Positions	862	1199	746	890	976	4673
FS1&2 surplus/deficit	144	44	-130	58	-218	-102
FS3 deficit	-113	-180	-4	-185	-2	-484
Diff	31	-136	-134	-127	-220	-586
Deficit as percent of positions	3.6%	-11.3%	-18.0%	-14.3%	-22.5%	-12.5%

Source: State Department

The mid-level gap is a serious but temporary problem. Promotions from increased hiring will reduce it over time with trained and experienced officers. However, while it persists it poses serious problems. Mid-level officers require a broad gamut of skills ranging from reporting, through influencing foreign governments and organizations, to wide-ranging expertise in operating within the complex US government interagency bureaucracy. They also need to draw on this background to supervise and mentor more junior officers. The full mix of skills rarely exists outside substantial service experience. Proposals for mid-level entry programs fail to understand the full need and would require extensive training, none of which exists. Fortunately, there is a solution available without major restructuring of the Foreign Service or a crash program at the mid-level.

Retired Foreign Service Officers and Specialists offer a strong pool of expertise that could be deployed to meet critical staffing needs both in Washington and overseas. These Foreign Service veterans have spent years in successful careers building skills—particularly foreign language capability—and experience directly relevant to the diplomatic mission.

The State department does employ large numbers for retired Foreign Service employees on a WhileActually Employed (WAE) basis. These WAEs, however, are limited in the amount of time they can work. This limits their effectiveness and usefulness to the Department. Limits on WAEs also lead the Department to use much more expensive contract procedures to meet critical needs.

WAEs, by law, are limited to working 1,040 hours in a 12-month period (half a normal work year). WAEs are also limited in the amount they can earn in a calendar year: their WAE salary plus their annuity cannot exceed their final annual salary. The Department is thus prohibited from taking full advantage of the availability of retirees who would be more than willing to work full-time by, for example, deploying a WAE to fill an extended overseas staffing gap.

WAEs are cost effective because they receive only salary, no benefits like retirement or health insurance. They do not earn annual leave or sick leave. They are only paid when they work. Contractors generally do earn these benefits in addition to the substantial administrative fees paid to a contracting agency that add to total costs. Further, WAEs as direct-hire US government employees can supervise other employees, something contractors cannot do by law.

There are limited mechanisms for rehiring retired Foreign Service personnel, for example, under a special exemption for work related to the “war on terrorism.” These mechanisms are not commonly available and therefore cannot solve the broader, but temporary problem of the mid-level gap.

The limitations on WAEs exist to prevent so called “double dipping,” the practice of federal employees enjoying both their retirement pension and a total compensation higher than they had when fully employed. However, until the problem of the mid-level is resolved, the cost to the government of not using these former officers is excessive in lack of experience to pursue national policy goals, use of more expensive contractor mechanisms, and inability to properly mentor new officers. The logical solution to us is a limited relaxation of the restrictions that would allow State rapidly to bring back experienced and qualified officers.

**Recommendation:** That the Department press for legislation to lift limitations on pay and numbers of hours worked for WAE former officers and staff for a temporary period of five years.

## Public Diplomacy

Public Diplomacy has also clearly fallen short of its goals. The 2008 FAB report recommended an increase of 487 personnel to conduct Public Diplomacy, a 37 percent increase; 395 of them in place by FY 2012. But since then, there have been only 224 new positions for Public Diplomacy by program activity, just a 17 percent increase.<sup>17</sup> By Public Diplomacy FSO positions, there have been only 148 new positions since FY 2008. The gains are slightly better when looking at actual Public Diplomacy FSOs with an increase of 297 employees, an increase of 26 percent, but most of those are serving in positions other than public diplomacy. By any measure, the personnel necessary to conduct Public Diplomacy have not been put in place.

A similar story exists for the other public diplomacy recommendations from the 2008 FAB report. It recommended expanding academic exchange programs, because it cited “the greater mutual understanding and respect among the participants and the people they meet” as “an enormous bargain when one considers the positive results in terms of good will, cooperation and, in some instances, institutional ties that have developed.” The report recommended doubling these academic exchanges—a 118 percent increase. By FY 2012, these exchanges had received only a 16 percent increase. The report recommended a 50 percent increase in professional exchanges as “the most successful US government initiative in bringing future government and private sector leaders to the United States.” By FY 2012, these exchanges had received only a 27 percent increase.

The creation of American Cultural Centers is indicative of both the Public Diplomacy and the broader issues discussed in this report. The 2008 FAB report said, “The combination of spiraling budget reductions of the 1990s and the stepped-up security precautions in a post 9/11 environment served to eliminate or significantly reduce the operation of American Centers....The consequence has been lost opportunities in engaging host-nation audiences....” The Academy thought the time might be right to reintroduce these tools, calling for the establishment of 40 centers. Yet four years later, little has happened to achieve these centers, meaning the State department is short yet another foreign policy tool.

### Recommended vs Actual Increases in Public Diplomacy Resources

<i>thousands of dollars</i>	Academic Exchanges	Professional Exchanges	Total Public Diplomacy Resources
FY 2008 Request	\$281,082	\$152,888	\$949,038
FAB Recommended Level	\$611,902	\$231,652	\$1,559,438
FY 2012 Estimate	\$324,582	\$193,964	\$1,222,690
Rec. Percent Increase	117.7%	51.5%	64.3%
Actual Percent Increase	15.5%	26.9%	28.8%

Source: 2008 FAB Report and FY13 Congressional Budget Justifications

In total, where the 2008 FAB report recommended a 64 percent increase in Public Diplomacy funding, the State department has received only a 29 percent increase through FY 2012.

Yet the need for public diplomacy is as strong as ever, if not stronger. The United States remains the preeminent state in today's world, giving it the opportunity to lead, but as Americans turn to face the country's fiscal crisis, observers throughout the world fear the United States will relinquish that leadership. Simultaneously, global perceptions of the United States—especially in the Middle East—continue to be wary of the United States' dominance, questioning whether that leadership always has a positive effect. In trying to balance these conflicting fears, the United States must manage its real and perceived role in the world. This balance is even more important as the Arab Spring and its aftermath continues to play out throughout the Middle East, with reverberations throughout the world. Public Diplomacy is the key tool to manage these perceptions, yet it remains under resourced despite the gains of the last few years. Now is not the time to stop building these tools and skills—resident in the State department's public diplomacy personnel.

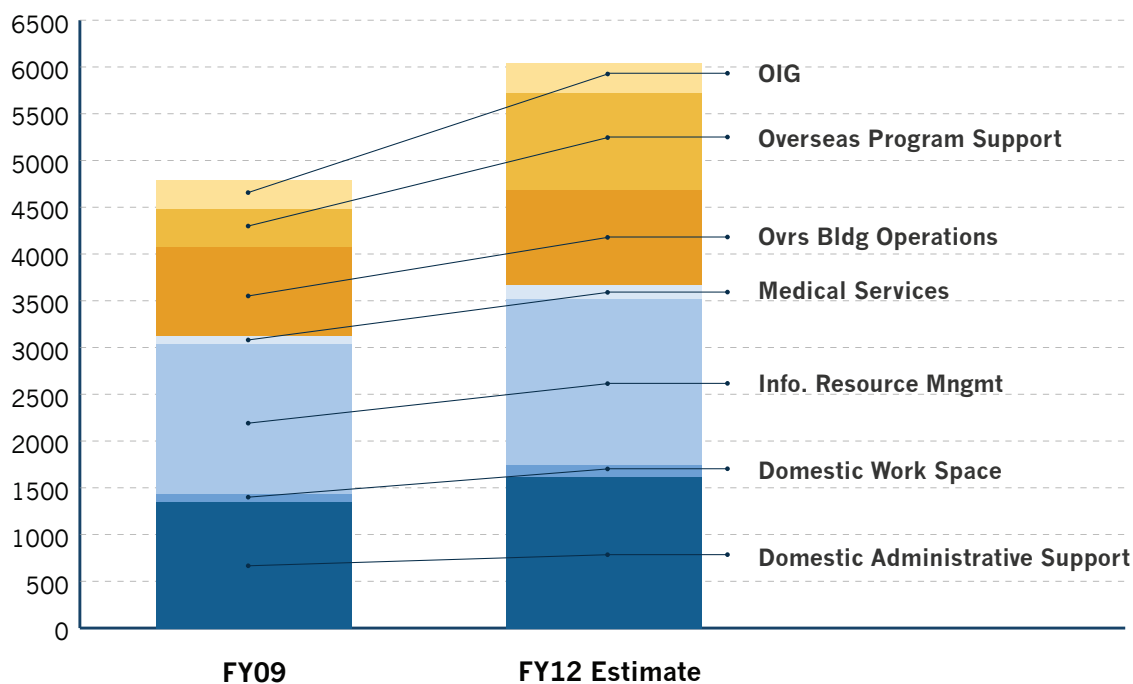
**Recommendation:** As discussed following the Core Diplomacy section, the Secretary of State should complete the Diplomacy 3.0 staffing initiative, adding an additional 722 positions, which should be distributed across core and public diplomacy to bring these areas closer to the 2008 FAB report's recommendations.

## Support and Security

The administrative functions of State provide a large part of the explanation of how the State department can have enjoyed such growth in the last few years, and still be under resourced in the areas that directly conduct US foreign policy. Of the more than 3,000 positions created in the last few years, 37 percent went to support functions.

Half of the support increases went to "Overseas Program Support" positions, the people who provide administrative support for our embassies and posts overseas; the "personnel and financial management services, building maintenance staff, shipping and customs clearance, and motor pool

### Department of State Support Personnel



services.” There are now three times as many overseas support positions as there were at the end of 2008. Another quarter of the support increases went to similar functions here in the United States, with over 300 new positions in the last few years. Unlike the dramatic change in overseas positions, these 300 positions represent a little more than a 20 percent increase of the number of positions that existed a few years ago. The rest of the support growth came in information technology (IT), medical services, and overseas building operations. IT positions and overseas building operations grew the least proportionally, growing by only ten and six percent respectively. Medical services grew by almost 90 percent, but from a base of only 78 positions.

The same story holds true if we look at skill category and not just program activity. More than a thousand of the new positions created are specific specialties. Almost 500 new Foreign Service Specialists positions were created—not including security specialists. These roughly correspond to the overseas support activities above. Another 566 positions were added in civil service specialties, not counting Foreign Affairs Specialists. Here too, these positions correspond to the growth in domestic support activities. One exception to this growth of supporting staff has been Foreign Service Officers in the Management cone, which had only 67 positions added, a growth of only 11 percent.

Some of this growth may be explained not by State department personnel growth but the growing use of International Cooperative Administrative Support Services (ICASS). ICASS is the program created to reduce costs for US government personnel abroad by sharing administrative functions. Through the mid-2000s, there was not a clear understanding of how many non-State US government personnel served in posts overseas, even as the government response to 9/11 drove more US government agencies to station personnel abroad.<sup>18</sup> In 2012, the GAO estimated that



more than 8,000 personnel stationed in embassies and consular posts overseas do not work for the Department of State.<sup>19</sup> Most of the personnel providing the shared administrative support are State department personnel no matter what ratio of State to non-State personnel they support, and some of the growth may be both the increased number of non-State personnel and the increased reliance on ICASS.

Diplomatic security is a distinct supporting specialty within the State department, and it has followed a different path than other supporting specialties. It is responsible for providing a “safe and secure environment for the successful conduct of US foreign policy.” Prompted by the 1998 attacks on US embassies in Kenya and Tanzania, Diplomatic Security saw significant growth.<sup>20</sup> That era bled directly into the wars in Afghanistan and Iraq, where our foreign policy personnel found themselves in different environments and facing different challenges than traditional diplomatic missions. From 1998 to 2004, the number of security specialists almost doubled, though it then remained fairly flat for a few years. Since 2008, security specialists have grown again, although this time at roughly the same pace as other specialists. Diplomatic Security added 358 new specialist positions, an almost 18 percent increase.<sup>21</sup> Some of these positions, however, are now funded out of fees collected under the Border Security Program, which serves to keep passports and visas more secure to guard against unauthorized entry into the United States. Diplomatic security has fewer positions funded by appropriations rather than fees in 2012 than it did in 2009. Nevertheless, the increased emphasis on security continues to impact the conduct of diplomacy; today there are more diplomatic security specialists than political and economic officers.

This growth of both security and support positions, though large, is not out of line with the traditional ratio of supporting staff to core and public diplomacy positions. In fact, the ratio by program activity of core and public diplomacy positions to support positions stayed constant at 0.95:1 from 2009 to 2012. This steady ratio suggests the growth in support personnel is due to legitimate and enduring support needs.

A slightly different picture emerges from looking at personnel growth by skill category. From this perspective, support staff, including all Foreign Service Specialists and all civil service other than foreign affairs personnel, only grew by seven percent, though with roughly the same absolute increase as the program activity positions. In contrast, core and public diplomacy staff—political, economic, public diplomacy, and unspecified Foreign Service positions, as well as foreign affairs civil servants—grew by 29 percent. Some of this difference likely reflects the lag between funding a position and actually filling a position because of lengthy initial training required, which will be discussed later in the training section. However if the ratio between supporting and direct positions does hold, this lag might actually imply a need for greater numbers of supporting personnel in the future.

In any case, increased support staff explains a great deal of the personnel increases in the State department of the last few years.

## Training

The 2008 FAB report identified training as absolutely crucial for ensuring that the expanded number of personnel were capable of executing US foreign policy as it needed to be. Partly because of the small size of the State department's workforce and the never ending tasks that workforce faces, long-term training and professional education has been regularly neglected, even though it is exactly this long-term staff development that provides the strategic perspective and understanding of other US government national security institutions, like the Defense department, specifically identified by the 2008 FAB report and the Quadrennial Diplomacy and Development Review. This issue was of such pressing importance that the Cox Foundation supported a separate effort by the American Academy of Diplomacy and Stimson to undertake a separate study (released in 2011) to examine only the issue of training: "Forging a 21st Century Diplomatic Service for the United States through Professional Education and Training."<sup>22</sup>

Fortunately, the State department has been able to capitalize on the growth of the last few years to improve its ability to provide training for the workforce. Unfortunately, this capability is still woefully inadequate. In the 2011 report on training, the Academy recommended maintaining a 15 percent training "float" of positions set aside for personnel in training without leaving operational positions unfilled. If there are not dedicated training positions, when personnel leave for long-term training their operational position must be left vacant, as the funding for that person is attached to the position. If instead there are funded training positions, individuals can be assigned to a training position, and a new individual can fill the operational position.

The 2008 FAB report identified 306 training positions, which represents only two percent of the direct-funded US positions at the time. It would be an even smaller percentage of total State personnel, because direct-funded US positions do not include positions funded through fee collections, though these personnel also receive training, as do locally-engaged staff. Those 306 positions represent what the State department calls the Special Complement for training. The Special Complement includes rotations to non-governmental organizations, Congress, state and local governments, faculty advisors, one (now two) sabbatical possibilities, and non-reimbursed details to other government agencies.<sup>23</sup> These opportunities represent much of the training advised in the 2011 report, as well as the Quadrennial Diplomacy and Development Review. The Special Complement also includes initial-entry training for Foreign Service Officers and civil service. This initial-entry training constituted more than half of the Special Complement positions, and still does.

The State department also defines a "training complement," which includes both initial-entry and mid-career long-term training. Where initial-entry training is captured in the positions assigned to the Special Complement, long-term training is captured in positions assigned to the Foreign Service Institute (FSI). FSI is the State department's "training arm." It provides both classroom courses, as well as distance learning courses. Long-term training includes FSI training, particularly in language training, and external training, such as attendance at the National War College, and other government and academic schooling. The 2011 training report put the number of personnel in external training at roughly 125 a year.

### Training Positions

	2008	2012
State “training complement”	506	1004
Entry-level training	162	561
Mid-career, Long-term training	344	443
Special Complement Training*	84	170
Full “Float”	590	1174

\* Special Complement training includes details to other government agencies, rotations to Congress or state or local government, sabbaticals, and faculty advisors.

In 2008, this training complement consisted of 506 positions, which would be only 3 percent of direct-funded US positions. The training complement, however, does not include the details and rotations included in the Special Complement.

Yet all of these training opportunities should be captured when calculating the float, as each of them is necessary to ensure foreign policy personnel trained and ready to execute US foreign policy. Initial entry training for Foreign Service

Officers consists of the general orientation course to the Foreign Service and the State department, as well as assignment specific training, like language training. Many also receive training in consular work. Foreign Service Specialists and civil servants also receive pre-assignment training. Security Specialists can undergo fairly lengthy training before starting their first assignment. Mid-career long-term training provides skills critical to later assignments, including new language requirements as well as other training. In 2009, the GAO found that “31 percent of Foreign Service Officers in overseas language-designated positions did not meet both the foreign languages speaking and reading proficiency requirements for their positions.” The State department has improved this by FY 2011 to 28 percent not meeting requirements, but clearly much work remains to be done.

Finally, the Special Complement positions for details and rotations provide the interagency skill and experience necessary for foreign policy professionals to know how to engage and coordinate with professionals from other national security agencies, as called for in the Quadrennial Diplomacy and Development Review.

Compiling all three aspects of training positions, there were still only 590 positions in 2008 under a broader definition of float, less than four percent of direct-funded US positions. In 2012, these positions have increased to 1,174, doubling the number of positions set aside for training, yet because of the broader increase in personnel, these positions still make up less than 6 percent of direct-funded positions. And this growth is half the growth called for in the 2008 FAB report, which recommended an increase of 1,287 positions.

How these positions increased matters as well. The rotations and details positions also doubled, increasing from 84 in 2008 to 170 in 2012. The “training complement,” comprising both initial-entry and mid-career long-term training, now stands at 1,004, also a near doubling of the 506 positions in 2008. But the bulk of this growth went to initial-entry training, with 399 more positions dedicated to this training. This growth was necessary as the expanded hiring of the last few years introduced many new people into the Foreign Service and State department. But it is also temporarily inflated. As the hiring initiatives run their course, fewer personnel will require initial-entry training. It is partly for this reason that the number of Foreign Service Officers, especially political and economic

officers, has already increased but is not yet reflected in program activity counts. The new hires are still working their way into the system, one of the consequences of a personnel system that for the most part requires advancement up a rigid hierarchy of positions, especially when most new Foreign Service Officers spend at least their first tours conducting consular affairs. This initial-entry training has served to dampen the growth in mid-career, long-term training positions, which remained roughly flat.

Furthermore, the staff at FSI increased as well to handle the increased burden of training additional personnel. This growth contributed an extra 281 personnel to the State department, but does not directly advance a training float. It is almost certainly necessary to provide the trainers, but nevertheless does not directly grow the ability to actually execute foreign policy.

Despite the growth of the past few years, a true float would require still more positions than currently exists. Looking only at long-term language training, one of the most critical of Foreign Service skills, the State department estimates that an additional 330 positions would be required to train sufficient numbers of officers to support the current goal of having 90 percent of language designated positions filled with language qualified officers by 2016.

Yet these language-training positions do not address one of the most cited reasons for a float: long-term professional development. The US military prioritizes these training opportunities, building such periods into every officer's career development and requiring completing such training to qualify for advancement. The July 2012 JCS Joint Education White paper explicitly recognized that professional education is essential to "develop leaders by conveying a broad body of knowledge and developing the habits of mind essential" at senior levels. In contrast, the State department and Foreign Service cultures continue to emphasize operational assignments, discouraging officers from pursuing long-term professional development, which is in turn reflected in the relatively small increase in positions dedicated to such training. Since so few positions were added, this training likely still requires the full 161 positions identified by the 2011 training report to provide such training to officers before they join the Senior Foreign Service.

Finally, the State department currently provides this long-term professional development training by sending officers to US military schools, like the National and Service War Colleges. While these institutions do provide long-term professional development, they are military institutions not fully focused on the purpose of developing Foreign Service Officers to serve as the leaders and coordinators of US foreign policy. If the State department is to assume this role more completely over the long-term, it must develop its own capability to provide long-term professional development by expanding the Foreign Service Institute's role. This expansion will require greater resources for FSI, just as processing the increase initial-hires has required greater resources.

Every review of US foreign policy and especially the personnel who execute it has emphasized the importance of training, including the administration's own Quadrennial Diplomacy and Development Review. And growth has been achieved. But much of that growth has gone to processing the increased hires of the past few years, and the State department still does not have the positions dedicated to training necessary for it to lead foreign policy efforts for the United States.

**Recommendations:**

1. We recommend creation of an additional 490 positions specifically for long-term training (330 for language plus 160 more for training to reach mid-level goals previously recommended)
2. State should fund a study of what would be required for FSI to take on a share of interagency senior education comparable to the load born by National War College and Service War Colleges.

**USAID**

As with the other areas examined in this report, USAID grew significantly in the past few years, yet still did not meet the recommendations of the 2008 FAB report. The report recommended increasing USAID personnel by 1,250. By 2012, USAID permanent, direct-hire personnel had increased by 923, 74 percent of the goal. As part of its Development Leadership Initiative (DLI), USAID had a goal of doubling its Foreign Service Officers, an increase of 1,100—just more than the 2008 FAB report recommended; the report also recommended an increase of 200 civil servants, making its Foreign Service goal 1,050. Nevertheless, though USAID has seen significant growth, it has not met the requirements identified by the 2008 FAB report or USAID itself, and the cost-effectiveness of these officers in creating stable, democratic, and prosperous countries has been proven.

Like the State department, USAID employs both Foreign Service and civil service. However, USAID does not employ Foreign Service Specialists, relying for the most part on State for overseas support personnel. USAID also uses other interagency assignments practices. Some of these are employees of other federal agencies working under agreement for USAID. These personnel are colloquially called PASAs because of the Participating Agency Service Agreement that they are employed under. A significantly larger number are employees under personal services contracts funded by appropriations for programs. Both of these types of employment have grown along with the direct hires by USAID.

USAID's goal was to shift from reliance on these program-funded positions to career Foreign Service, and launched DLI in those terms. It has done well, adding several hundred new Foreign Service Officers every year. But this growth has created its own problems. Like State, USAID now has a disproportionately junior staff. That puts significant demands on initial training. Because it is a long-term program, the DLI cohorts are first being rotated through short assignments to familiarize them with USAID and its work, which better prepares the new hires for their careers but delays when those hires become fully integrated into USAID staff. For instance, overseas US direct-hires have only increased by 184, as the bulk of the new hires have not yet gone overseas to their final positions. The number of junior officers has also exacerbated the shortage of mid-career officers, as they are who traditionally mentored and developed the junior staff. But staffing has been so emaciated in the past ten years that there is a scarcity of mid-career officers. USAID has the ability to hire mid-career officers but no funding.

The transition from program-funded staff to career Foreign Service staff has also complicated USAID hiring authorities. The State department too suffers from complex hiring authorities, but

**Summary of USAID Hiring Authorities and Restrictions, FY 2001–FY 2012**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Personal Services Contractors	limit 25*	limit 25*	limit 20**	limit 25, only US					limit 25	limit 40	limit 40	limit 40
Per Bureau/Office	limit 10	limit 10	limit 7	limit 10					limit 10	limit 10	limit 10	limit 15
Food for Peace Restriction	Yes	Yes	Yes	Yes					Yes	Yes	Yes	Yes
Afghanistan Limit										limit 15	limit 15	
Funds for Hiring FSLs					\$37.5m	\$75m	\$75m	\$81m	\$81m	\$93m	\$93m	\$93m
Junior Officer Placement Authority						\$10m	\$10m	\$15m	\$15m	\$15.5m	\$15.5m	
Hiring Limit				85	175	175	175	175	175	175	175	175
US Hiring Limit					75							
Hiring Limited to Replacing Contractors					Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Foreign Service Limited Extensions									+ 4 yrs	+ 4 yrs	+ 4 yrs	+ 4 yrs
Disaster Surge Capacity				Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Includes Man-Made				Yes								Yes
Senior Foreign Service Limited Appointments (in addition to statutory 5% limit)										limit 10 in Iraq & AfPak	limit 10 in Iraq & AfPak	In Iraq & AfPak
Development Leadership Initiative (mid-level hires)									limit 30	limit 30	limit 65	
Locally Employed Staff										\$1m	\$1m	
GHCS “Technical Advisors”									\$13.5m	\$13.5m	\$13.5m	
Development w Assist. TAs									\$3.5m	\$3.5m	\$3.5m	

**Note:** “Junior Officer Placement Authority” was named “Management Reform Pilot” in FY 2007 and FY 2008. Funding was provided through continuing resolutions in FY 2007 and FY 2011, with no relevant changes in FY07 and two minor changes in FY11.

\*Restricted to the Office of Health and Nutrition, the Office of Procurement, the Bureau for Africa, the Bureau for Latin America and the Caribbean, and the Bureau for Asia and the Near East

\*\*Restricted to Office of Procurement, the Bureau for Africa, and the Bureau for Asia and the Near East

because the bulk of its staff is traditional Foreign Service and civil service, it is not as exposed to this difficulty. USAID, on the other hand, is because of its small staff and greater reliance on program-funded positions.

Coming on top of the last decade's scramble to get prepared, the transition from this dependence to the new DLI hires has left USAID operating under multiple hiring authorities and restrictions, highlighted in Chart X. The progression highlights USAID's steady effort to rely not on personal services contracts but on career staff. Nevertheless, the transition has left USAID operating under a complex range of hiring authorities.

This dynamic highlights that just increasing entry level staff does not solve all of the problems in executing foreign policy. Several years will be necessary to incorporate the new hires gained under DLI. Real effectiveness needs a sustained hiring program that is annual and covers mid-year and entry level Foreign Service and civil service officers.

More importantly and parallel to the other categories examined in this report, USAID's success of the last few years still has not met the original goals, and even that success remains tenuous. The circumstances of the growth up to now and today's international environment mean the growth of the last few years has not yet institutionalized a development capacity necessary to achieve US foreign policy goals.

**Recommendations:** USAID should recruit as needed, and on a targeted basis, experienced personnel including retired USAID officers to address shortages of mid-career officers.

Additionally, USAID should be granted streamlined hiring authorities that rationalizes the unnecessarily convoluted approach USAID operates under today.

## Conflict and Stabilization Operations

When the FAB report of 2008 was written, the concept of deploying specialized civilians to crisis and stabilization situations was still largely theoretical. After four more years of experience, we remain convinced of the overall need for such a capacity, though its structure has evolved away from that described in 2008 towards greater conflict prevention than response.

The United States has been slow to meet the need for civilian crisis response. In June 2004, the State department established the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) with the mandate to lead, coordinate, and institutionalize US government civilian capacity to prevent or prepare for post-conflict situations. The Secretary of State, under the leadership of the Coordinator, established the Civilian Response Corps (CRC), eventually including members from eight federal departments/agencies. However, funding for more than a skeletal staff only began in FY 2009—shortly after the FAB 2008 report—when the Administration proposed a Civilian Stabilization Initiative (CSI) and requested \$248 million to finance its first year, intended to institutionalize the following concepts:

- › An Active Response Corps (CRC-A) of 250 people, including representatives of agencies such as USAID and USDA to be available for immediate deployment to pre- or post-conflict situations;

- › A Standby Response Corps (CRC-S) of up to 2,000 people working in full-time federal jobs but trained and available to deploy on relatively short notice; and
- › A civilian reserve of up to 2,000 people employed outside the federal government but trained and available to participate in surge activities.

But S/CRS never received the resources, support, or legislation to fulfill this concept. At its peak in January 2012, the full time S/CRS staff had reached 200, the Active Response Corps reached 133, and the Standby Response Corps reached 1,100 (the Civilian Reserve Corps was never funded).

Still S/CRS was able to respond to some needs, working on conflict assessment, atrocities prevention, forward-deployed diplomacy, and technical support in areas like security and justice sector reform, demobilization and reintegration of armed groups, agriculture, and mediation. In 2010, S/CRS made 292 deployments to 28 posts overseas, including strategic planners to nine countries. In countries such as Kyrgyzstan and South Sudan, its officers provided conflict monitoring and relationship building well outside the wire. S/CRS conducted its conflict analysis, known as the ICAF (Interagency Conflict Assessment Framework) in more than 20 countries, and managed the flexible funding pool transferred from DoD known as Section 1207. But the civilian surges in Iraq and especially Afghanistan showed the State department still did not have the necessary resources to respond effectively. “I feel the surge lapping about my ankles” was the frustrated analysis of a military commander in Kandahar, Afghanistan looking for the civilian skills he needed for his complex mission.

The debate over whether diplomacy needs distinct conflict prevention and stabilization elements continues. Controversies over whether civilian deployments similar to Iraq and Afghanistan will be needed again have overshadowed the more important question of what capabilities are required for the long term. In fact, both past and current crises have validated the need for a specific, deployable staff capability under diplomatic leadership and comprising an integrated interagency, or “whole of government,” team. For example, crises in Bosnia and Kosovo required diplomats, USAID personnel, and others, but the personnel generally had to learn stabilization skills and interagency cooperation on the job because the capacity had not been built beforehand. An expanding literature on stabilization shows that many situations—from early planning, to setting up police forces, to establishing rule of law, and working with a broad gamut of international organizations and NGOs—share themes and lessons, although each situation will differ in specifics. The need to integrate US government teams comprising multiple agencies and skills is a recurring phenomenon. It is clear that we will handle these future situations better if we start with trained personnel rather than a pick up team that has to learn through trial and error.

In late 2011, the newly launched Bureau of Conflict and Stabilization Operations incorporated S/CRS in order to provide standing capacities that better address needs as the Department has experienced them. The original S/CRS concept envisioned response on a large scale post-conflict but in practice, its greatest value has been to help prevent or mitigate crises. The experiences of the last several years have illustrated the relevance of the fledgling organization (see Table 1 for a list of current engagements / personnel deployed). Traditional diplomacy can often see a crisis coming but cannot bring to bear the necessary resources to prevent it. CSO can help provide these resources, including a strategic planning capability. Unlike major military staffs, embassies do not



## Current Deployments by Agency and Country as of August 3, 2012

Format: CRC-Active/CRC-Standby, Other

	DOS					USAID	USDA	DHS	DOC	DOJ	HHS	DOT	DOE	Total
	CSO	DS	GCJ	INL	Other DOS									
Afghanistan	3/0, 3			1/0		4/1				1/0				9/1, 3
South Sudan	1/0					1/0								2/0
DRC	0/0, 1			1/0										1/0, 1
El Salvador	0/0, 1													0/0, 1
Ghana						1/0								1/0
Honduras	0/2, 1									1/0				0/3, 1
Haiti						1/0								1/0
Iraq						1/0								1 / 0
Kenya	1/1, 1					2/0								3/1, 1
Libya						1/0			1/0					2/0
Pakistan						2/0								2/0
Syria	0/4, 1													0/4, 1
Tunisia	1/0													1/0
Uganda	2/0													2/0
Yemen						2/0								2/0
Domestic Deployments	1/0	4/0				3/0		1/0		2/0	1/0			12/0
<b>Total</b>	<b>9/7, 8</b>	<b>4/0</b>	<b>0/0</b>	<b>2/0</b>	<b>0/0, 0</b>	<b>18/1</b>	<b>0/0</b>	<b>1/0</b>	<b>1/0</b>	<b>3/1</b>	<b>1/0</b>	<b>0/0</b>	<b>0/0</b>	<b>39/9, 8</b>

include trained planners and frequently small staffs are fully stretched with day-to-day operations. Pre-crisis situations may require rapid changes in plans that exceed the embassy's ability to respond. With its resources, CSO can support the post, as it did by dispatching trained planners when the embassy in Nairobi, Kenya became aware of the need for a broad approach to forestall or cope with electoral violence. A similar operation in Burma (also known as Myanmar) has allowed the mission to integrate with Washington an interagency plan for responding to political change in that country and implementing the Administration's evolving policy.

In 2008, the FAB projected that S/CRS would need to grow to a 500-person staff with larger numbers in the active and civilian reserve. However, since most crises occur in countries that already have a robust US embassy presence, the real need is often for small deployments of very

specific skills. Teams that include both trained planners and highly experienced professionals in specific disciplines from USAID to Justice have been invaluable, as have those with professionals from think tanks and NGOs. But the area and language skills that are most needed tend to be tied up in the regional bureaus. Thus, it has proved unrealistic to try to bring the full range of potential skills into the full-time staff of CSO and the CRC-A. The CSO Bureau has therefore moved in the direction of slimming down the projected need for full-time personnel while refining the Standby Response Corps (CRC-S), creating a just-in-time cadre of civilian experts rather than a much more costly just-in-case capability.

CSO's reasons for shifting mechanisms of civilian response go beyond budget and necessity. It is not clear that more US bodies would have effectively responded to the needs of a country like Afghanistan. Part of CSO's reconceptualization of civilian response is driven by current thinking that civilian capacity should rely more heavily on nationals of the country involved and on third-country technical expertise from countries with a language/cultural affinity. The sustainability of this sort of state-building requires fewer external advisers and more careful, politically informed selection/recruitment of nationals of the country into key positions. In addition, partnering with international organizations like the UN or the AU helps ensure coordinated effort, tap a better pool of capacity, and leverage scarce resources to each organization's competitive advantages. The current approach is guided by budgetary realities but also by the drive for a civilian response model that is agile, sustainable, contextually-tailored, and leveraged with partners.

At the same time, the development of the CSO Bureau has pointed out the need for considerably expanded training. Planning skills are in high demand but are very limited in the Department of State. Also, it is not sufficient to simply collect individuals from different agencies and deploy them. Producing an integrated team that understands how to work together and fit with the mission team requires training as well, which CSO is providing through a retooled training program.

While the original concept of a civilian reserve corps has value, we have concluded that it is unrealistic in the near term. Legislation would be needed, similar to that for the military reserve that would require employers to release employees when mobilized and take them back when released from duty. Without such legislation the reserve component concept is not possible. Further, funding is necessary to organize, train, and rehearse mobilization of a reserve corps. In the current atmosphere of budget deficits and withdrawing or downsizing after Iraq and Afghanistan, neither legislation nor adequate funding for a civilian reserve corps is likely in the next few years. It would be far better to refine the concept without this piece than to continue a plan with a major part that will not get off the drawing board.

CSO's staffing model reflects the shift described above, moving from supporting a large just-in-case staffing model to a fewer, full-time staff composed of seasoned leaders, planners, and stabilization officers. The FY 2013 request proposes reducing the interagency CRC-A by approximately 50 percent, with further reductions likely. The current full-time staff includes 14 Foreign Service, 88 Civil Service, and 64 contractors, which will be supplemented by just-in-time experts depending on the nature of the engagement. CSO has increased its Foreign Service senior and mid-level cadre from one senior Foreign Service Officer (ambassador) to five senior managers and two Senior GS (DASs) as part of a concerted effort to recruit FSOs familiar with the Embassy landscape and

conflict environment. CSO's goal is to establish a core of full-time professionals, supplemented first with the interagency and then with experts brought from outside to provide a flexible, integrated team that can offer strategic insight as well as a fast and effective operational capability. It must focus on building up local institutions and partnering with other actors whenever possible. Its FY 2013 target is: 19 FSO, 96 GS, and 53 contractors; a slight increase in FSO and CS and a decrease in contractors. Consistent with this migration from just-in-case to just-in-time, CSO has also eliminated large stockpiles of responder equipment being held "just in case" they were needed and closing the facility storing the equipment, providing an annual savings of \$4 million.

USG crisis response capability continues to grow and evolve. The CSO operating model captures some of the lessons learned in recent years, but to develop further needs more funding is necessary to allow CSO the agility to respond quickly to emerging crises.

### **Recommendations:**

1. In order for CSO to achieve its target employment in FY 2013, it should receive its full FY 2013 budget request and the flexible hiring authority that the Department has proposed to Congress. A lack of flexibility to hire and deploy the CRC is hampering the effectiveness of CSO's new model. Access to dedicated program money would also enable CSO to operate with essential agility in conflict. State bureaucracy is not well-suited to respond to these complex situations, so this flexibility is warranted. If there is no regular budget for FY 2013, CSO should pursue this goal for FY 2014.
2. The evolution of CSO is logical. However, in evolving toward a more targeted and flexible mechanism for crisis prevention in keeping with current budget realities, the Department has given up the creation of a larger "surge capability". While another Iraq or Afghanistan war is not a prospect at the moment, there is no guarantee that it will never happen again. And should a large need occur, the Department is now no better placed to respond than it was previously. It is worth evaluating what kind of response such a situation would require. Accordingly, we recommend that CSO be charged to examine and make recommendations on what needs to be done in response to all kinds of civilian surge scenarios. This study should include, inter alia,
  - › examination of problems in the functioning of the current 3161 authority, whether additional legislation for standby authority is needed;
  - › whether the Department could feasibly maintain a larger current roster of skills in the civilian sector on which to draw in a crisis; and
  - › whether any changes in contracting authority or spending flexibility would be needed for a large civilian surge.

## Countering the Perception of a Surge

The preceding sections have examined in-depth how the growth of the last few years, though real, has not achieved the goals originally set for it—either by the 2008 FAB report or officially—before even considering how the changing international environment will demand even more from our foreign policy personnel as described in the opening sections of this report. Some, however, will counter that the world is becoming less complex, and will demand less of the State department, USAID, and our foreign policy personnel. These observers point to the drawdown of US involvement in Iraq and Afghanistan, and, though they may stop short of calling it a peace dividend, they will argue the growth of the last few years was only to respond to the particularly intense period of US involvement in Iraq and Afghanistan, and also contend that as this surge abates, so too can the resources devoted to our foreign policy personnel. This argument is supported superficially by the broad impression of the end of the “civilian surge” in Afghanistan that was to accompany the military surge at the end of 2009. But this argument mistakenly connects the growth of the last few years to the US surge in Iraq and Afghanistan. In reality, the growth—and its failings—described in this report was not attributed to surge resources, but to remedy long-standing deficiencies. Even if the international environment is not as complex as we believe, State and USAID needed these resources simply to do the job they already have.

To demonstrate this reality, we need to examine two points: the intent of the growth and how much temporary resources were used to provide the surge.

The 2008 FAB report drew the following conclusions: “existing staffing levels are inadequate to meet *ongoing* requirements” and “new programmatic and substantive requirements...will require additional staff.” The conclusions explicitly emphasized ongoing and new requirements beyond just the demands of Iraq and Afghanistan at the time. This perspective is emphasized by Congressional intent. In the Senate report on FY 2009 State appropriations, the committee stated: “the Department of State’s top priority must be to meet the personnel requirements of its traditional diplomacy functions.”<sup>24</sup>

In the growth of the last few years, the State department sought to do exactly that. The Quadrennial Diplomacy and Development Review laid out the number of civilians supporting operations in Iraq and Afghanistan, and included Pakistan as well. The number of State personnel had already doubled by 2010 from 2006, with almost 1,400 State Americans serving in the three countries.<sup>25</sup> But the bulk of these serving were temporary employees, not permanent direct-hires. Permanent direct-hires have increased as well in the regional bureaus responsible for these countries, from 263 in FY 2009 to 479 in FY 2011.<sup>26</sup> In FY 2010, security officers were for the first time displayed by post with 113 stationed in Iraq, Afghanistan, or Pakistan. That means, however, that permanent hires never made up more than half of those assigned to the three countries at the height of the surges.

The State department used several authorities to generate temporary employees to staff the surges in these countries. One tool was personnel appointed temporarily, called 3161s for the section of US code that allows appointment of personnel to a temporary organization such as those stood up to manage operations in Iraq and Afghanistan.<sup>27</sup> These employees are civil servants only during their appointment. Another was Limited Non-Career Appointments to the Foreign Service, called

### State Department, US National Staff in Iraq, Afghanistan, and Pakistan

	2007	2008	2009	2010	2011	2012
Total State Americans	826	952	1240	1385	1583	1574
Regional Bureaus	245	337	263	592	470	391
Worldwide Security Protection	*	*	*	113	200	143
Percent permanent	29.7%	35.4%	21.2%	50.9%	42.3%	33.9%
Percent temporary	70.3%	64.6%	78.8%	49.1%	57.7%	66.1%

**Source:** Quadrennial Diplomacy and Development Review 2010 and Congressional Budget Justifications,

\*Worldwide Security Protection was not displayed by post until 2010, understating the permanent employees from 2007-2009.

LNAs, which allows appointments to the Foreign Service temporarily. Frequently, these were State and other US government civil servants giving temporary Foreign Service appointments to allow them to serve in war zones.<sup>28</sup> The State department also relied on WAEs, primarily consisting of Foreign Service retirees who are brought back on to active rolls for short-term assignments. Both WAEs and LNAs are Foreign Service Officers when they are on duty, but are not permanent staff. Although the State department has surged personnel to Iraq, Afghanistan, and Pakistan in response to real needs there, much of that surge was created outside of the permanent staffing that underlies the conduct of US foreign policy. The misperception that the surge staff is permanent has been exacerbated by frequent media references to the goal of 16,000 personnel in Embassy Baghdad. Those reports emphasized that this number primarily consisted of contractors but still left a fundamental misperception of the scale of the permanent State efforts in Iraq.<sup>29</sup> Though demands in these countries may decrease, that does not correspondingly free up personnel to fill the needs identified in this report.

Posts in Iraq, Afghanistan, and Pakistan have grown dramatically, but the permanent increases at these posts did not drive the growth of the last few years. The needs identified before and reiterated in this report are long-term and enduring needs. There is no peace dividend that will resolve the deficiencies our foreign policy personnel still face.

## **Section V: Conclusion**

Significant effort was made to respond to State's and USAID's personnel crises since 2008. But those efforts did not solve the crises, even as the world continued to change, and with it the circumstances the foreign affairs agencies confront. That dilemma is now heightened by the fiscal crisis the nation faces. Further steps are needed, and this report's recommendations lay out the initial steps. America needs the smart power capabilities to succeed in the missions assigned by the President and Secretary of State buttressed by the most efficient use of national resources. Now, more than ever, the United States needs to be fully engaged in all areas of the world—and to achieve this will require a broad, bipartisan effort. The better the Shield, the less often the Sword is required.



# Endnotes

- 1 Walter Lippmann, *Foreign Policy: Shield of the Republic*, Little Brown, 1943.
- 2 The following paragraph is drawn from Jack A. Goldstone, “The New Population Bomb,” *Foreign Affairs*, December 2009.
- 3 “Global Trends 2025: A Transformed World,” National Intelligence Council, November 2008, p. iv.
- 4 Ibid.
- 5 Ibid, p. ix.
- 6 Ibid. p. 3.
- 7 Ibid. p. 7.
- 8 “America’s Global Leadership: A Strategic Investment for US Jobs,” US Global Leadership Campaign, July 12, 2011, Introductory Letter.
- 9 This paragraph is drawn from George Argyros, Marc Grossman, and Felix Rohaytan, Co-Chairs, “Embassy of the Future,” Center for Strategic and International Studies, 2007.
- 10 Report 111-187, STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS APPROPRIATIONS BILL, 2010, House of Representatives, p. 6.
- 11 These figures are for US nationality employees only, and understate the total size of the State and USAID workforce. The Department of State employs 40,000 locally-employed staff as well as its US national hires. USAID employs an additional 2,000. These figures also do not include contracted employees; most US government agencies rely on contracted employees that are not counted in employee totals. OIG Report No. ISP-I-09-44, Review of Locally Employed Staff Compensation Issues, April 2009.
- 12 World Public Opinion.org, “American Public Opinion on Foreign Aid,” November 30, 2010.
- 13 The 2008 report also included the conduct of consular relations, which will be dealt with separately in this report. See Box on “Conduct of Consular Relations” on page 26
- 14 FY 2013 Congressional Budget Justification, pages 39-43.
- 15 Figures for the two perspectives do not exactly correspond, as job category positions are captured by HR at the end of the referenced year, while program activities are tied to fiscal years, which end in September. Because of the natural process of hiring and attrition, these snapshots are just representative of staffing levels. Increases in this report are captured for program activities from subtracting FY 2009 actuals from FY 2012 estimates found in the Congressional Budget Justifications, and March 2012 position category numbers from end of FY 2008 numbers. The two perspectives yield overall increases of 3,330 and 3,484 respectively.
- 16 “Foreign Service Midlevel Staffing Gaps Persist Despite Significant Increases in Hiring,” GAO-12721, Government Accountability Office, June 2012.



- 17 Public Diplomacy positions had a dip in FY 2009 of 195 positions from FY 2008 only to then grow by 378 positions the next year. To mitigate this perturbation, Public Diplomacy positions are compared to FY 2008, which should overstate gains compared to other comparisons in this report.
- 18 Government Accountability Office, “Rightsizing Approaches Slowly Taking Hold but More Action Needed to Coordinate and Carry Out Efforts,” GAO-06-737, Jun 30, 2006.
- 19 Government Accountability Office, “State Department and Other Agencies Should Further Explore Opportunities to Save Administrative Costs Overseas,” GAO-12-317, January 2012.
- 20 For a fuller description of Diplomatic Security growth in the first part of the decade, see Government Accountability Office, “Department of State: Diplomatic Security’s Recent Growth Warrants Strategic Review,” GAO-10-156 (Washington, D.C.: Nov. 12, 2009).
- 21 GAO provides a by type breakdown of diplomatic security staff for FY 2011, that highlights the different ways to capture State Department personnel. GAO described a total of 3,000 diplomatic security personnel, which implies roughly 270 positions are fee-funded, primarily in the regional bureaus, when compared with program activity accounts described in Congressional Budget Justifications. The number of specialists detailed matches the figure from which the growth of 358 positions is calculated, though these figures do not include civil service positions. Government Accountability Office, “Expanded Missions and Inadequate Facilities Pose Critical Challenges to Training Efforts,” GAO-11-460, June 2011, p. 6.
- 22 The American Academy of Diplomacy and the Stimson Center, “Forging a 21st Century Diplomatic Service for the United States through Professional Education and Training,” February 2011.
- 23 The special complement also includes those personnel serving a Presidential Management Fellowship, which does provide career development, but also serves as a hiring route for civil servants.
- 24 “Department of State, Foreign Operations, and related Programs Appropriations Bill, 2009,” Senate Report 110-425, p. 10, <http://www.gpo.gov/fdsys/pkg/CRPT-110srpt425/pdf/CRPT-110srpt425.pdf>.
- 25 Chart on page 161, “Quadrennial Diplomacy and Development Review,” 2010.
- 26 Actuals from the annual State Congressional Budget Justifications. The two relevant regional bureaus are Near Eastern Affairs and South and Central Asian Affairs.
- 27 5 USC 3161.
- 28 This authority stems from 22 USC 3949.
- 29 Mary Beth Sheridan and Dan Zak, “State Department readies Iraq operation, its biggest since Marshall Plan,” Washington Post, October 7, 2011, and Tim Arango, “Iraq Steps Back Onto the Regional Stage,” New York Times, April 11, 2011.

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