

Foreign Affairs Council

Task Force Report

Secretary Powell's State Department: An Independent Assessment

March 2003

Contents

I. Leadership.....	6
II. Resources.....	8
III. Human Capital.....	10
IV. Information Technology.....	12
V. Overseas Presence.....	14
VI. Public Affairs.....	16
VII. Public Diplomacy.....	18
VIII. Consular Affairs.....	19
IX. Congressional Relations.....	21
X. U.S. Foreign Service.....	22
XI. U.S. Agency for International Development.....	24
Appendix A: FAC Recommendations to Complete the Task of Reform.....	26
Appendix B: Recent Reports on State Department Reform.....	31
Appendix C: About the Foreign Affairs Council.....	33

Foreword

On Monday, January 22, 2001, Colin L. Powell walked into the U.S. Department of State to assume his duties as the 65th Secretary of State. Standing in front of the American Foreign Service Association's Memorial Plaque honoring American diplomats killed in the line of duty over the

years, Secretary Powell told the crowd of employees who gathered to welcome him that, "I am not coming in just to be the foreign policy adviser to the President, ... I'm coming in as the leader and the manager of this Department." Addressing a Town Hall gathering of employees three days later, he added, "I view it as my solemn obligation to make sure that you have all the resources you need to serve the American people... We're going to start to do things right away ... and I think you will see the transformation start to take place. I am only interested in transformations that go down to the depth of the organization... You will start to see changes... I hope as a result of that, the new culture will emerge."

The Foreign Affairs Council -- a non-partisan umbrella group of 11 organizations concerned about U.S. diplomatic readiness -- undertook this assessment to gauge Secretary Powell's progress on meeting these key goals after two years in office. It should surprise no one that the overall assessment is extremely positive. However, this report does highlight areas in which significant work remains to be done by the President, the Congress, Secretary Powell, and rank-and-file employees in order to revitalize the State Department and, with it, U.S. diplomacy.

Signed,

Amb. Thomas Boyatt (Assessment Chair), Foreign Affairs Council

John K. Naland (Assessment Coordinator), American Foreign Service Association

Amb. L. Bruce Laingen, American Academy of Diplomacy

Terri Williams, Associates of the American Foreign Service Worldwide

Amb. Patricia Gates Lynch, Association for Diplomatic Studies and Training

Amb. Kenton W. Keith, Association of Black American Ambassadors

Virginia A. Weil, Business Council for International Understanding

Amb. Keith L. Brown, Council of American Ambassadors

Amb. Clyde Taylor, Una Chapman Cox Foundation

Amb. William C. Harrop, Nelson B. Delavan Foundation

Amb. Alan W. Lukens, Diplomatic and Consular Officers, Retired

Holly Hildebrand Thomas, Public Members Association of the Foreign Service, USA

March 2003

Executive Summary

Upon becoming Secretary of State, Colin Powell took charge of an organization weakened by years of budget cuts and hampered by antiquated operating procedures. Drawing upon recent studies and recommendations and a beginning of some reform implementation, he undertook a wide range of steps aimed at equipping the State Department

and U.S. Foreign Service to meet the foreign policy challenges of the 21st century. Viewed most broadly, those steps included:

- seeking a sustained infusion of resources for personnel, information technology, security, and facilities;
- working to change the organizational culture of the State Department and Foreign Service;
- improving State's public diplomacy, public affairs, and congressional relations efforts.

This independent assessment by the non-partisan Foreign Affairs Council details what has been accomplished in these areas during Secretary Powell's first two years in office. The accomplishments are substantial, even historic. But, while this assessment gives credit where credit is due, this is primarily a forward-looking report that outlines the unfinished business facing the President, Congress, Secretary of State, and rank-and-file employees as they work to strengthen the diplomatic component of U.S. national security. The key challenges include:

- obtaining a sustained infusion of resources to strengthen diplomatic readiness;
- filling remaining staffing gaps with talented people who have received necessary training;
- harnessing the power of the information revolution to serve America's foreign policy interests;
- upgrading overseas facilities to reduce the vulnerability of our diplomats to terrorist attacks;
- building a broader base of domestic public understanding for the work of diplomacy;
- revitalizing public diplomacy efforts to influence foreign audiences;
- better aligning consular staffing and procedures with the realities of the post-9/11/01 world;
- improving the State Department's relations with the Congress; and
- strengthening the Foreign Service to meet the needs of 21st century diplomacy.

Failure to complete work on these initiatives would have serious consequences for America's national security: a weakening of the fight against international terrorism, less effectiveness in promoting peace and stability in regions of vital interests, hampered management of diplomatic relations with other nations and international institutions, and poorer promotion and protection of other American interests overseas (including U.S. business interests).

Successful completion of these reforms, on the other hand, would constitute a revolution in diplomatic affairs that would make America a stronger, more secure nation that is better equipped to navigate the 21st century international landscape.

Sections I to XI that follow below detail the background, reforms, and unmet needs in the key diplomatic readiness categories. Appendix A summarizes all the recommendations made in this assessment. Appendix B lists the previous studies cited in this document. Appendix C describes the organizations that contributed to, and endorse, this assessment.

I. Leadership

Background. During the 1990s, the State Department's senior leadership focused on making foreign policy without successfully addressing the infrastructure and management issues upon which the successful implementation of foreign policy depends. While their efforts to secure more resources to support the foreign affairs function were frustrated by the Office of Management and Budget and a lack of presidential support, some reforms were undertaken in the year preceding Secretary Powell's arrival. Nevertheless, the January 2001 CFR-CSIS study chaired by former Foreign Service Officer and Secretary of Defense Frank Carlucci found that "the bifurcation of policymaking and budget management within the department has rendered it administratively and financially less responsive to the changing realities of international affairs." The report cited the urgent need for a "chief operating officer" who would be responsible for "the synchronization of [administrative and budget] matters with the priorities and initiatives of U.S. foreign policy."

Actions. In his first statement upon becoming Secretary of State, Colin Powell announced, "I am not coming in just to be the foreign policy adviser to the President, ... I'm coming in as the leader and the manager of this Department." True to his word, Secretary Powell assembled one of the strongest management teams in the history of the State Department (led by himself as CEO, Deputy Secretary Richard Armitage as COO, and Under Secretary for Management Grant Green). He also dedicated a significant proportion of his daily schedule to leadership and management issues (and continues to do so).

Secretary Powell early on addressed the issue of reforms. He said that he had read the previous foreign affairs studies and felt that there was no need for more reports: now was the time to act. Since then, although he did not develop a comprehensive package of reforms, he has made management improvement and reforms an overall high priority for his team. In his first meeting with the Foreign Affairs Council shortly after taking office, he said that he was committed to incremental reform, since

radical change is too disruptive and distracts too much energy for ongoing operations, which were already under the strain of deficient resources. Thus, for example, the drastic reorganization recommended by the 2001 Hart/Rudman Commission was not undertaken. But he did state that key to reforming how the Department does its work is linking management and resource planning to foreign policy planning.

By setting an example he urged others to emulate, Secretary Powell made a strong start at changing the organizational culture of the Department of State. He has sought to focus on talent management in selecting key ambassadorial nominees and assistant secretaries based on their track record of substantive performance and management abilities. He delegated authority by, for example, calling on mid-level Foreign Service Officers to brief President Bush prior to his first foreign trip to Mexico. He tightened lines of authority by reducing the number of special envoys. He worked to "take care of the troops" by improving conditions of service. He stressed the importance of leadership and management training by, for example, making the completion of such training a prerequisite for Foreign Service promotions effective in 2006.

Unfinished Business. Speaking to employees at a Town Hall meeting the week that he took office, Secretary Powell called for a transformation of the organizational culture of the State Department but noted that it would take time. While he has made significant progress, much "culture change" remains to be accomplished (see Section X below for a discussion of Foreign Service culture). Furthermore, the revised rules, rewards, and sanctions that will shape this new culture need to be institutionalized so that they survive the eventual end of Secretary Powell's tenure.

In 1999, the Overseas Presence Advisory Panel stated: "Today's ambassadors must be imaginative, entrepreneurial leaders... They are coordinators and consensus builders, they manage multiple relationships with host countries, and they enlist the support and combine the efforts of people from agencies with different agendas and chains of command. Finally, each ambassador is also -- in a way that may be unique in either the public or private sector -- the leader of an overseas community, a mayor and manager responsible for the health, safety, living and working

accommodations, and even the schooling and recreation for the children, of all personnel in the mission. The panel was struck by the high level of leadership and management skills required for properly carrying out ambassadorial duties."

Although Secretary Powell worked hard to select experienced Foreign Service Officers, along with talented non-career individuals, for key positions including chief of mission, he was constrained by long-standing defects in the ambassadorial appointment process. For example, President Bush, as did his predecessors, nominated (and the Senate confirmed) some major campaign contributors who lacked the experience and expertise to effectively advance U.S. national interests and to provide the strong leadership required; some career appointees have also fallen short.

Discussing this perennial problem, the 1998 CSIS report by a bipartisan 63-member panel found that, while "political appointees ... with a distinguished record of public service or relevant expertise number among the most effective American ambassadors ... [the] cost to the conduct of diplomacy is too high to sustain the current system of political patronage." The report cited the need to do a better job of vetting ambassadorial nominees. The January 2001 Hart/Rudman Commission report repeated this recommendation. The Foreign Affairs Council urges the Secretary of State to do more to ensure that appointees to ambassadorial positions are fully qualified, whether they come from the career service or from private life.

II. Resources

Background. Seven blue-ribbon panels between 1998 and January 2001 detailed the disastrous impacts of 1990s budget cuts that reduced funding for the administration of foreign affairs from \$5.05 billion in 1994 to \$3.98 billion in 1996 to \$3.64 billion in 2000 (expressed in constant 1996 dollars). For example, the 1998 Stimson Center report focused on State's "woefully inadequate" information technology. The 1999 OPAP report highlighted "decrepit facilities" that placed America's overseas presence "near a state of crisis". The January 2001 CFR-CSIS report detailed

"serious workforce shortfalls" that left State "short in mission, organization, and skills relative to what is needed to navigate our way sensibly through the new international universe."

Actions. Shortly after taking office, Secretary Powell told the Budget Committee of the House of Representatives that "the resources challenge for the State Department has become such a serious one, such a major impediment to the conduct of America's foreign policy, that I view my responsibility to appear before you here today as one of the most important responsibilities I have as Secretary of State... Now is the time to provide to the principal practitioners of [U.S.] foreign policy the resources they need to conduct it."

So far, Secretary Powell has been remarkably successful in securing the funds needed to begin the process of repairing the fabric of our diplomatic readiness (indeed, it was Secretary Powell who popularized the concept of "diplomatic readiness"). In November 2001, the Congress approved the FY 2002 budget providing a 16.16 percent increase for the administration of foreign affairs (e.g., diplomatic and consular operations, worldwide security upgrades, and public diplomacy exchange programs). In February 2003, Congress approved the FY 2003 budget providing another increase permitting further investments in information technology, staffing, and embassy security.

State also moved to strengthen the linkage between budget planning and policy planning by an active role of the Deputy Secretary and the creation of the new Bureau of Resource Management.

Unfinished Business. Despite this progress, on December 20, 2002, eight former National Security Advisors (including Samuel Berger, Zbigniew Brzezinski, Frank Carlucci, Brent Scowcroft, and Henry Kissinger) wrote to National Security Advisor Condoleezza Rice urging a further 30 percent increase in funding for international affairs (i.e., the Function 150 Account) to address the challenges of the war on terror by restoring funding to its inflation-adjusted level of the Reagan presidency. The focus of this sustained infusion of resources would be "secure embassies, capable telecommunications, adequate staffing, and robust public

broadcasting facilities". That recommendation is totally meritorious. (See other sections of this assessment for details on the unmet resource needs still facing the State Department.)

A perennial recommendation, repeated most recently by the 2001 Hart/Rudman Commission, is for Congress to revamp its appropriations subcommittee jurisdictions so that just one handles the entire Function 150 international affairs budget. Currently, it is split between the Foreign Operations subcommittee and the Commerce, Justice, State subcommittee. That arrangement puts State's operating budget at the distinct disadvantage of being considered in direct competition with the budgets of two agencies with strong domestic constituencies. The establishment of the Department of Homeland Security has resulted in some realignment of congressional committee responsibilities. State should use this opportunity to press its case to break its association with domestic departments and be associated with other national security functions. Given the reluctance of lawmakers to revise subcommittee responsibilities, it will take someone with the stature of Secretary Powell to accomplish any change.

III. Human Capital

Background. Secretary Powell inherited a State Department hollowed out by budget-driven staffing cuts. For example, from 1994 to 1997, State hired only enough people to replace 53 percent of employees lost through retirements, resignations, and deaths in the line of duty. This reduced staffing even as the Department was called upon to open new diplomatic missions in several regions. As a result, hundreds of critical overseas and domestic positions were left unfilled. Training and professional development suffered as employees were rushed from one assignment to the next. A December 2000 study by the State Department's Bureau of Human resources put the total staffing deficit at 1,158. A June 2002 GAO report found that "State is understaffed relative to its permanent positions... The impact of these staffing shortfalls is felt most at hardship posts... Many positions at hardship posts, including some of strategic importance to the United States, remain vacant for extended periods of

time or are filled with staff whose experience or skills fall short of the requirements for the position." Citing a March 2002 State Department updated analysis, the GAO report put the total staffing deficit at 1,340.

Actions. To rebuild State's human resource base, Secretary Powell launched his Diplomatic Readiness Initiative (DRI). The brainchild of then Foreign Service Director General Marc Grossman, DRI is a three-year push to hire 1,158 employees over and above those hired to fill gaps created by attrition. DRI got underway in the fall of 2001 when Congress allocated funds to hire the first batch of 360 additional employees. State boosted its recruiting budget, dramatically sped up its hiring process for Foreign Service Officers (from an average of 27 months to less than a year), and dedicated substantial new resources to minority recruitment. The first-year results were impressive as State hired 467 Foreign Service Officers in FY 2002 (compared to 229 in FY 2001), 680 Foreign Service Specialists (298 in FY 2001), and 633 Civil Service employees (473 in FY 2001). Minority success in the Foreign Service written exam and oral assessment almost doubled -- a welcomed result of Secretary Powell's effort to make the Foreign Service more representative of the diversity of America. In February 2003, Congress appropriated funds for the second year of DRI hiring (399 positions). State now has a full hiring "pipeline" to meet its 2003 personnel goals.

Unfinished Business. With funding for the final year of the Diplomatic Readiness Initiative requested in the President's FY 2004 budget, Congress should now make the final payment towards refilling the State Department's hollow staffing structure. Unless the final 399 DRI positions are funded, the Secretary cannot attain his goal of "getting the right people in the right place with the right skills". A key pending task is the creation of a personnel "float" of staff in addition to the number of positions to be filled. This will give State the "bench strength" with which to meet new foreign policy challenges and enable State to give employees the language, professional, leadership, and management training that they need to do the work of diplomacy. Without this personnel float, State will continue to face the self-defeating choice between rushing ill-trained personnel to fill gaps or leaving positions vacant while employees receive necessary training.

Under Secretary Powell's leadership, State is now implementing mandatory leadership and management training. In addition, State should emulate the military by sending more employees to long-term (including university) professional training. State would also be well served by taking a more systematic approach to filling vacant positions by temporarily rehiring experienced Foreign Service retirees. Another unmet need is that of restoring pay parity between domestic federal employees (receiving locality pay) and overseas Foreign Service members (who do not currently receive locality pay). Finally, even given the full implementation of DRI, State will still need to continue its workforce planning efforts and seek additional staffing should it be required to fight the war on terrorism or address other emerging foreign challenges. (See Section VIII for a discussion of Consular staffing.)

IV. Information Technology

Background. Numerous blue-ribbon panels between 1998 and 2001 highlighted the woeful inadequacy of the State Department's information technology. The 1998 Stimson report found that "there is perhaps no clearer indication of the need for reform ... than the absence, in the age of the Internet and cyberspace, of the latest information technologies in many of America's key embassies." The 1998 CSIS report said "practically every American diplomat, in Washington or abroad, is experiencing information isolation" resulting in inefficiency, the denial of information, and conceptual stagnation. The 1999 OPAP report observed that "we were dismayed to find that our embassies are equipped with antiquated, grossly inefficient, and incompatible information technology systems incapable of even the simplest electronic communications across department lines that are now commonplace in private-sector organizations." The 2000 RAND report said that "U.S. embassies and the State Department, although information is the bread-and-butter of their work, operate with outdated, needlessly complex, and dysfunctional information management and communications systems." The 2001 CFR-CSIS report found that "92 percent of overseas posts are equipped with

obsolete classified networks, some of which have no classified connectivity with the rest of the U.S. government."

Actions. Upon taking office, Secretary Powell (who had served on the Board of Directors of America Online after his military retirement) made one of his top priorities the harnessing of "the power of the information technology revolution to serve America's foreign policy interests."

Toward that end, he pushed for implementation of three priority projects:

- **OpenNet Plus:** The initiative seeks to provide all State Department employees with access to the Internet's World Wide Web as well as to the Department's own secure Intranet. As of January 31, 2003, OpenNet Plus had been installed at 246 of 320 sites worldwide (domestic and overseas), representing 34,700 of the 43,000 desktops due for connectivity.
- **Classified Connectivity Program (CCP):** This initiative will allow approximately 4200 authorized State Department users to communicate classified information with each other and to access a classified information database maintained by the intelligence community. In addition, through its linkage with the Defense Department's SIPRNET, CCP will enable embassies and State's bureaus in Washington to transmit classified reporting directly to other foreign affairs agencies. As of January 31, 2003, CCP installations had been completed at 161 of 221 eligible posts.
- **State Messaging and Archive Retrieval Toolset (SMART):** This initiative will replace State's aging telegram and e-mail systems with a modern system allowing web-based transmission, receipt, and retrieval of messages. As of January 31, 2003, the Department had developed its prototype of the system but was directed by the Office of Management and Budget to scale back its plans to fully deploy it by the end of 2004. The revised deadline is 2005.

To help chart the future of information technology at State, in 2002 the Department established its E-Diplomacy Office. That office is pursuing

initiatives enhancing classified and unclassified interagency connection and the development of a Department strategy for knowledge sharing.

Unfinished Business. State needs to stay the course to complete the implementation of the key information technology initiatives described above. The President should request, and the Congress approve, funding to implement the SMART program by the original deadline of 2004. Thereafter, State must provide employees with the necessary training and encouragement to assure that this expensive new hardware and software has the intended positive impact on productivity and effectiveness.

V. Overseas Presence

Background. On August 7, 1998, al Qaeda terrorists destroyed the U.S. Embassies in Nairobi, Kenya and Dar Es Salaam, Tanzania, killing 224, including 36 State Department employees and family members plus 17 employees of other federal agencies. Accountability Review Boards investigating those attacks found that 88 percent of U.S. Embassies worldwide did not meet established security standards. Blaming a "failure by several administrations and congresses over the past decade to invest adequate efforts and resources to reduce the vulnerability of U.S. diplomatic missions around the world to terrorist attacks", the Boards called for a worldwide security upgrade program of \$1.4 billion per year for 10 years. Subsequent reports endorsed that recommendation and added new concerns about non-security related physical deficiencies at many overseas missions. Acting on those reports, Congress appropriated \$1.41 billion in FY1999, \$0.57 billion in FY 2000, and \$1.14 billion in FY2001 for security upgrades.

Actions. In his first two budgets, Secretary Powell secured \$1.30 billion in FY 2002 and \$1.31 billion in FY 2003 for embassy security. The President's FY 2004 budget request seeks \$1.51 billion. Beyond budgets, Secretary Powell recruited a distinguished retired general from the U.S. Army Corps of Engineers to revitalize the State Department office responsible for managing overseas facilities. Important initiatives by this

office of Overseas Buildings Operations (OBO) have been to issue the Department's first long-range overseas building plan and to work to cut construction costs and reduce construction time. In so doing, OBO has increased confidence on Capitol Hill that monies appropriated for embassy construction will be well spent.

Unfinished Business. Given that State is only halfway through its 10-year rebuilding plan for embassy security, it is imperative that the President request, and Congress appropriate, funds over the next five years to complete long-overdue worldwide security upgrades.

In recent years, several reports have called for the "right-sizing" of federal staffing overseas. While some observers have taken "right-sizing" to mean "downsizing", the true objective of "right-sizing" should be to achieve rational staffing that reflects well-coordinated priorities of the federal government under the engagement of the Chief of Mission. At State, the urgent need is to increase some overseas staffing to fill those positions left vacant by budget-driven staffing cuts during the 1990s. (See Section III for a discussion of human capital.) Moreover, in light of the new post-9/11/01 national security agenda, the top "right-sizing" imperative faced by the President and Congress may be to selectively increase overseas staffing where needed to advance vital national interests.

In this regard, some observers are concerned that OBO is so fixated on building low-cost, cookie-cutter embassies that it is designing facilities that may be overcrowded on the day they open. This is especially true at posts on the frontlines of the war on terror where staffing increases in consular affairs, law enforcement, military liaison, public diplomacy, and other areas may be needed in the future. Therefore, OBO should adjust its "small footprint" paradigm to allow for increasing space needs at posts with frontline responsibilities in the war on terrorism.

Of course, increased staffing overseas means more employees and their family members serving in harm's way. Here, assassinations in 2002 of Foreign Service members at a Pakistan church and a Jordan residence highlight the need for State to expand the concept of embassy security to encompass such "soft targets". Finally, another post-9/11/01 imperative is

to improve coordination both in Washington and overseas to get maximum "bang for the buck" from the multi-agency team working at post under Chief of Mission authority.

VI. Public Affairs

Background. State Department officials have long lamented the lack of a domestic constituency for diplomacy and diplomats. In the early 1990s, one member of Congress encapsulated the problem saying, "No constituent has ever stood up at a town hall meeting and complained to me that we don't spend enough on diplomacy." The most serious effort in recent years to build a domestic constituency for funding foreign affairs came when Secretary Albright and her senior aides traveled the nation extensively making speeches and giving press interviews highlighting the funding needs of diplomacy. However, those efforts faded as it became clear that the Clinton White House and the Congress were determined to cut, not increase, State Department funding (funding did rise during Secretary Albright's final year in office, but only because of the realization after the East Africa embassy bombings that the administration and Congress had underfunded embassy security during the 1990s). The 1998 Stimson Center report recommended a number of actions designed to enhance the relationship of U.S. diplomacy and private business; a leading proposal being the creation of a State/Congress/business community forum that would enhance communication of State's responsiveness to the business community's needs.

Actions. Standing in front of the AFSA Memorial Plaque honoring American diplomats killed in the line of duty, President Bush addressed employees on February 15, 2001, saying, "It's sometimes said that State is the one federal department that has no domestic constituency. Well, whoever said that is wrong. Let me assure that between me and Secretary Powell, you do have a constituency." During his first two years in office, Secretary Powell has successfully relied on that two-person constituency to boost State's budgets. But State has done relatively little to build the base of broad public understanding and support that will be needed once

again after the Bush/Powell era inevitably ends. One notable exception is the Hometown Diplomats Program that sends Foreign Service members back to their high schools and colleges to enhance public understanding of foreign policy and put a face on the Foreign Service.

Unfinished Business. These efforts are only a start on what is needed. For example, State has yet to respond to the standing invitation by the Foreign Affairs Council that State coordinate more closely with the "force multiplier" FAC member organizations to take advantage of the hundreds of speakers that those organizations dispatch each year to address audiences around the nation. Nor has it picked up on the long-dormant proposal (so-called "Ohio Project") developed by the University of Maryland's Program on International Policy Attitudes to inform the American public concerning the need for their engagement in foreign policy issues.

State has been unduly shy about telling its story to the American people. Unlike the Pentagon, CIA, and other agencies, State has made little effort to facilitate media reports crediting the key role that its men and women are playing in the war on terror. State has often allowed published attacks on its performance to go un rebutted (for example, in the area of visa adjudications). This has left unchallenged the old stereotype of ineffective "striped-pants diplomats" (a phrase that even White House spokesman Ari Fleischer let slip in one briefing).

State should task a senior official in the Bureau of Public Affairs with working to tell the Department's story to the American people and responding to published attacks. State should expand efforts to promote itself, and particularly the Foreign Service, as a frontline organization doing vital tasks while serving in harm's way. Here, much more could be done to take advantage of Secretary Powell's unparalleled personal popularity in order to tell "our story" to Americans utilizing a broad array of media. State should expand its engagement with business and NGOs in order to build a broader understanding of the importance of all that State does. State should coordinate with the "force multiplier" FAC member organizations to take advantage of their very active public advocacy efforts.

VII. Public Diplomacy

Background. On October 1, 1999, the United States Information Agency ended its nearly half-century of existence and was merged into the much larger Department of State. In mandating this reorganization, Congress and the Clinton Administration said it would make public diplomacy an integral part of the foreign policy formulation process. In January 2001, however, a CFR-CSIS report found that State "remains far more focused on facilitating official communications between governments and gathering, analyzing, and protecting information, rather than on engaging foreign societies and explaining to them America's positions and viewpoints." The report added that this "failure to make [public diplomacy] a top priority impedes the State Department's ability to shape and channel developments abroad."

Actions. These criticisms were borne out in the wake of the September 11, 2001 terror attacks after which both the Bush Administration and Congress became seized with the need to better communicate with "the Arab street" and other foreign publics. In October 2001, Madison Avenue advertising executive Charlotte Beers became the Under Secretary of State for Public Diplomacy and Public Affairs with a mandate to revitalize public diplomacy. However, she resigned her position in March 2003 after having received mixed reviews for her performance.

A July 2002 CFR report by a 33-member independent task force found that public diplomacy remained on the margins of foreign policy making and that public diplomacy efforts within the State Department were poorly organized and seriously under funded. The end result, as retired Ambassador Craig Johnstone has put it, is that "We in the State Department are out of touch."

Unfinished Business. The State Department should continue the urgent work of revitalizing its public diplomacy efforts. For example, State should give the Under Secretary of State for Public Diplomacy significant additional operational authority (e.g., control over public diplomacy budgets, a chain of command to U.S. ambassadors who direct the work of embassy public affairs officers). Congress should double funding for the

State Department's educational and cultural exchange programs (down 33 percent in real terms between 1993 and 2001). State should require increased public diplomacy training for Foreign Service officers who are not public diplomacy specialists.

VIII. Consular Affairs

Background. In view of the tragedy of 9/11/01, it is sadly ironic that the Bureau of Consular Affairs was one of the few State Department offices that successfully re-engineered its operations during the 1990s, particularly in regard to visa adjudication. Responding to budget cuts sought by the Office of Management and Budget and adopted by Congress, Consular Affairs spent the mid-1990s finding ways to do more with less. In 1999, the Overseas Presence Advisory Panel (whose 25 distinguished members included former members of Congress, retired generals, and General Electric CEO Jack Welch) lauded Consular Affairs for streamlining their visa adjudication procedures to "ease the burden on U.S. consulates ... and to compensate for lack of staff." A 1998 GAO audit done at the request of the then Senate Appropriations Committee Chairman suggested ways to further speed up visa processing. In its written response, Consular Affairs made the prescient observation that the GAO's "proposing a 'timeliness processing standard' without highlighting the importance of quality adjudication of visas undermines border security goals."

Actions. Unfortunately, after visa-holding terrorists murdered over 3,000 Americans on 9/11/01, the senior leadership of the Bureau of Consular Affairs was slow to adjust its mindset from "do more with less" to "defend the homeland". This failure led a number of lawmakers in mid-2002 to push to strip the visa adjudication function from State and transfer it to the new Department of Homeland Security. The White House and Secretary Powell managed to convince the Congress that the visa function was best left in the hands of State. In November 2002, Secretary Powell selected a new Assistant Secretary for Consular Affairs who pledged to "respond vigorously and creatively to the challenge of strengthening America's

national security." During this period, Congress, via several pieces of legislation, did mandate changes in visa policies, including requiring the intelligence and law enforcement agencies to expand information sharing with State. This has doubled the number of suspected terrorists listed in the visa lookout database.

Unfinished Business. While acknowledging recent reforms, a December 2002 report by the State Department's Inspector General concluded, "A fundamental readjustment by Department leadership regarding visa issuance and denial has not taken place." The IG highlighted the need for additional resources to permit the needed readjustment: "Worldwide consular staffing ... is inadequate to meet the increased demand. Established positions are unfilled for long periods ... Many consular sections have inadequate workspace ... Visa adjudicators should be able to interview applicants in their native language ... but they are often sent to post without language training."

The gravity of this disconnect between mission and resources cannot be overemphasized. The frontline of America's homeland security runs through the waiting rooms of U.S. consulates. Clearly, until the Congress appropriates funds for additional personnel and facility upgrades, the consular function will be unable to fully fulfill its duties in protecting American's borders from foreign terrorists. While the President's FY 2004 budget request does seek a substantial boost in consular funding, even more resources will be needed in light of Congress having mandated added duties such as requiring personal interviews of a larger proportion of visa applicants and capturing biometric identifiers from all visa applicants. Here, it is up to Congress and the administration to decide on an appropriate balance between visa security and other priorities such as facilitating international commerce and tourism. Once they decide on that balance, they must give consulates and the Bureau of Consular Affairs the staffing and other tools needed to do their jobs (which, of course, include vital non-visa tasks such as assisting U.S. citizens in distress).

Finally, State must work hard in the coming months to forge sound working relationships with the new Department of Homeland Security.

IX. Congressional Relations

Background. The 1998 Stimson Center report (chaired by former Secretary of Defense Frank Carlucci and signed by Colin Powell, Condoleezza Rice, George Shultz, Cyrus Vance, and Warren Christopher, among others) observed, "There has been much complaint from the Hill that the State Department is unresponsive to its inquiries, and that it is bureaucratic and secretive even with the most routine matters." The 2001 CFR-CSIS report (also chaired by Secretary Carlucci) found "State Department personnel still regard reaching out to Congress as more of a risk than an opportunity, and they often project an air of elitist confidentiality in dealing with Capitol Hill."

Actions. Secretary Powell has made improving State-Hill relations a major priority. During the FY 2001 and FY 2002 budget cycles, he personally testified before every budget and appropriations subcommittee responsible for foreign affairs. He has been doing the same in the FY 2003 budget cycle even in the face of multiple foreign crises demanding his attention. He appointed as his Assistant Secretary for legislative affairs a retired military officer with extensive experience with Congress. He directed his regional and functional bureau Assistant Secretaries to reach out to Congress. He secured approval to open a State Department liaison office on the House side and has lobbied (so far unsuccessfully) to convince the Senate to make a similar space available on their side.

Unfinished Business. However, despite some improvements in State-Hill relations since Secretary Powell took office, the 2002 Cox Foundation report (based on 25 one-on-one interviews with key Hill staffers in August 2002) found that many congressional staffers continued to feel "immense frustration that it is so difficult institutionally to access all the expertise of the State Department." Many members and staffers in Congress continue to bemoan the poor quality of the State Department's interaction with them. They complain of the lack of pre-decisional briefings, of Department representatives who come to hearings ill-prepared to answer obvious questions, of information being provided only "at the point of a gun", and of slow response times to congressional requests. Secretary Powell, after reading the Cox Foundation report, distributed it to all

assistant secretaries with the admonition to work harder on congressional relations.

State clearly has much more work to do to improve its relations with Congress. To help do so it should be more proactive and forthcoming in reaching out to Congress. Having successfully "unfettered" those at the assistant secretary-level to actively engage the Hill, State should authorize knowledgeable officers well below the assistant secretary-level to brief staffers. State should emulate the uniformed military by routinely including instructional modules on congressional relations in professional training given to officers. State should bring more congressional staff to FSI to learn about the functions of the State Department. State should remind chiefs of mission that the visits of congressional delegations are unparalleled opportunities to promote the State Department's policy and resource agenda. State should continue to seek to recruit the best officers to work in the Bureau of Legislative Affairs and then better capitalize on the congressional expertise gained by those officers and the Department's Pearson Fellows after their tours are over.

State should also create a forum that would link it with the Congress and the U.S. business community to enhance the advocacy of U.S. commercial interests abroad. While the Business Council for International Understanding, an FAC member, is engaged with State in business briefings and training for economic and senior officers on their business facilitation duties, this new forum would steadily build Congressional awareness of the vital role of embassies in promoting American commercial and economic interests.

X. U.S. Foreign Service

Background. Despite the proliferation in recent decades of the number of players involved in U.S. foreign policy, the Department of State properly remains at the core of foreign policy formulation and implementation. Within State, it is the career Foreign Service that, since 1924, has had the statutory mandate to serve the President and Secretary of State as the dedicated corps of professionals who use their expertise in the affairs,

cultures and languages of other countries to represent U.S. interests in diplomatic assignments throughout the world as ordered.

The 1990s were lean years for the career Foreign Service. Secretaries Baker and Albright did not rely much on the Service for policy advice. Deep staffing cuts under Secretaries Christopher and Albright forced drastic reductions in professional and language training which, in turn, undermined traditional Foreign Service competencies (as discussed in a January 2002 GAO report on shortfalls in foreign language proficiency). Other cuts left the Service without the facilities, information technology, and other tools needed to do its job. The men and women of the Foreign Service shouldered increasing workloads caused by reduced staffing levels, rising hardships, and worsening terrorism in many regions while State cut the benefits of such service.

More fundamentally, as an organization, the Foreign Service struggled during the 1990s to adapt to dramatic changes in its operating environment. It increasingly lacked the mix of abilities, outlooks, and organization to carry out its mission. The 1998 CSIS report called for "a plan of action to reform the culture of diplomacy." The 2001 CFR-CSIS report said "the Department of State is impaired by a professional culture that emphasizes confidentiality over public diplomacy and public affairs." A 2001 statement by AFSA (the Foreign Service's professional association and union) said that, "modernizing American diplomacy ... must begin with the organizational culture of the Foreign Service." The October 2002 Cox Foundation report found that congressional staffers had "an enduring perception of the Foreign Service as 'arrogant'."

Actions. As detailed elsewhere in this assessment, Secretary Powell has moved decisively to re-staff the Foreign Service, to increase training, to give diplomats the physical tools they need to do their jobs, and to get Foreign Service members to view leadership as a core responsibility. Secretary Powell has personally taken on the widely perceived Foreign Service elitism and arrogance (at least vis-à-vis the State Department's Civil Service workforce) via his repetition of the message that "We're all part of one quality family, working together as a family. No component more important than any other component." However, a consequence of

correctly stressing that the Foreign Service is not superior to any other category of employees has been to blur any focus on uniqueness of the Foreign Service -- including its unique problems and weaknesses.

Unfinished Business. State management, with the input and buy-in of Foreign Service members, should push ahead on revitalizing the Foreign Service. For example, in addition to Secretary Powell's actions cited above, State should articulate a set of Foreign Service values and indoctrinate Service members in them. Promotions and assignments should be seen as the results of employees demonstrating the established norms of risk taking, talent management, and team playing. State should more effectively implement the requirement of the worldwide availability of Service members. State should improve compensation and conditions of service at dangerous and other hardship posts by implementing the January 2003 proposals of the Under Secretary for Management's Hardship Working Group. State should improve Foreign Service morale by honoring the unique sacrifices required of Foreign Service members and their families.

XI. U.S. Agency for International Development

Background. The U.S. Agency for International Development, like other international aid agencies such as the IMF and World Bank, has been the target in recent years of outside criticisms about the effectiveness of its operations. Budget and staffing cuts starting in 1993 were followed by a half-decade during which some in Congress sought to abolish the agency. Although that effort was abandoned in 1999, Congress did direct USAID to report to the Secretary of State and gave State considerable say over USAID budget requests. USAID direct-hire staffing continued to be cut until stabilizing in 2001 at a level almost 40 percent below 1992.

Actions. During its first two years in office, the Bush administration did not give a clear sign as to its long-term vision of USAID's mission, staffing, and budget. Furthermore, the administration has yet to detail the

role that USAID and its development professionals will play in the most important U.S. development initiative in a generation: the Millennium

Challenge Account (MCA). On the positive side, the President's FY 2004 budget request seeks, for the first time, to bring USAID under the umbrella of Secretary Powell's Diplomatic Readiness Initiative by requesting funds to hire 50 additional USAID Foreign Service Officers to fill overseas staffing gaps.

Unfinished Business. A January 2003 General Accounting Office study expressed concern that USAID had not: (1) established a comprehensive workforce plan to address its human capital management challenges, (2) developed reliable performance measures to accurately measure the impact of its programs, or (3) instituted a reliable financial management and information technology system that allows managers to make sound, cost-effective decisions based upon timely and reliable information. These are valid concerns, particularly the need to develop a comprehensive workforce plan. To determine what staffing and budget resources are needed for USAID to do its job, USAID should conduct a workforce planning review similar to the one that documented State's staffing needs and justified the launching of State's Diplomatic Readiness Initiative. That review should determine whether or not USAID has a large enough direct hire professional cadre to accomplish its mission.

The administration should seek additional operating funds to enable USAID to handle its present duties, as well as potential emerging tasks with the MCA and rebuilding Iraq. The administration should make provision for detailing experienced USAID development professionals to both the Washington Headquarters and any field offices of the Millennium Challenge Corporation. Secretary Powell, as Chair of the Board of the MCC, should work to ensure that USAID personnel and expertise are put to good use in this important endeavor.

Appendix A: FAC Recommendations to Complete the Task of Reform

I. Leadership:

1. State should continue to push the transformation of its organizational culture.
2. State should emplace rules and structures to institutionalize that new culture.
3. The Secretary of State should do more to ensure that appointees to ambassadorial positions are fully qualified, whether they come from the career service or from private life.

II. Resources:

1. The President should request, and Congress appropriate, funds to raise the budget for international affairs (Function 150 Account) by 30 percent within four years.
2. Congress should revamp its appropriations subcommittee jurisdictions so that just one subcommittee handles the international affairs budget.

III. Human Capital:

1. Congress should fund the remainder of Secretary Powell's Diplomatic Readiness Initiative.
2. State should follow through on its plan to create a personnel float to provide "bench strength" and permit expanded training.
3. State should expand long-term (including university) training to better equip its rising managers and experts.
4. State should better utilize Foreign Service retirees to temporarily fill vacant positions.
5. The President and Congress should act to restore pay parity between domestic federal employees (receiving locality pay) and overseas Foreign Service members.

6. State should continue its workforce planning efforts and seek additional staffing if required to fight the war on terrorism or address other emerging foreign challenges.

IV. Information Technology:

1. State should complete implementation of OpenNet Plus to provide employees with access to the World Wide Web and the Department's own secure Intranet.
2. State should complete implementation of the Classified Connectivity Program to allow its authorized employees to communicate classified information with each other.
3. OMB should request, and Congress fund, implementation by 2004 of the State Messaging and Archive Retrieval Toolset to replace State's obsolete telegram system.
4. State should provide employees with training and encouragement to assure that the new hardware and software has the intended positive impact on productivity and effectiveness.

V. Overseas Presence:

1. The President should request, and Congress appropriate, funds over the next five years to complete long-overdue worldwide security upgrades.
2. The President and Congress should rethink the "right-sizing" paradigm in the light of post-9/11/01 national security needs and increase overseas staffing where needed to advance vital national interests.
3. State's Office of Overseas Buildings Operations should attempt to better anticipate increasing space needs at overseas missions with frontline responsibilities in the war on terrorism.
4. State should expand its concept of embassy security to better encompass the evolving needs for improved security at "soft targets" frequented by U.S. diplomats.
5. Agencies in Washington and overseas should improve coordination to get maximum "bang for the buck" out of the multi-agency team working at post under Chief of Mission leadership.

VI. Public Affairs:

1. State should task a senior official in the Bureau of Public Affairs with working to tell the Department's story to the American people and responding to published attacks.
2. State should expand efforts to promote itself, and particularly the Foreign Service, as a frontline organization performing vital tasks while serving in harm's way, a central component of the war on terrorism.
3. State should expand its engagement with business and NGOs in order to build a broader understanding of the importance of all that State does.
4. State should coordinate with the "force multiplier" FAC member organizations to take advantage of their active public advocacy efforts.

VII. Public Diplomacy:

1. State should give the Under Secretary for Public Diplomacy additional operational authority.
2. The President should request, and Congress fund, a doubling of the State Department's educational and cultural exchange programs.
3. State should require increased public diplomacy training for Foreign Service officers who are not public diplomacy specialists.

VIII. Consular Affairs:

1. The Congress should appropriate funds for additional personnel, language training, and facility upgrades to enable visa adjudication officers to better protect America's borders.
2. State must forge sound working relationships with the Department of Homeland Security.

IX. Congressional Relations:

1. State should be more proactive and forthcoming in reaching out to Congress.
2. State should authorize officers well below the assistant secretary-level to brief staffers.
3. State should routinely include instruction on congressional relations in

professional training given to officers.

4. State should remind chiefs of mission that the visits of congressional delegations are unparalleled opportunities to promote the State Department's policy and resource agenda.
5. State should bring more congressional staff to FSI to learn about the functions of the State Department.
6. State should seek to recruit the best officers to work in the Bureau of Legislative Affairs.
7. State should better capitalize on the congressional expertise gained by Pearson Fellows and legislative specialists in the Bureau of Legislative Affairs after their tours are over.
8. The Senate should provide State with space on its side of Capitol Hill in which to open a liaison office.
9. State should create a forum that would link State with the Congress and the U.S. business community to enhance the advocacy of U.S. commercial interests abroad.

X. U.S. Foreign Service:

1. State should articulate a set of Foreign Service values and indoctrinate members in them.
2. State should improve Foreign Service morale by honoring the unique sacrifices required of Service members and their families.
3. State should better enforce the requirement of the worldwide availability of Service members.
4. State should improve compensation and conditions of service at dangerous and other hardship posts.

XI. USAID:

1. USAID should conduct a comprehensive workforce planning review to determine if it has sufficient direct hire staff to accomplish its mission.
2. The Administration should seek additional operating funds to enable USAID to handle its present duties, as well as potential emerging tasks.
3. The Administration should make provision for detailing experienced USAID development professionals to the headquarters and any field offices of the Millennium Challenge Corporation.

Appendix B: Recent Reports on State Department Reform

-- U.S. General Accounting Office, *Tourist Visa Processing Backlogs Persist at U.S. Consulates*, March 1998.

-- The Henry L. Stimson Center, *Equipped for the Future: Managing U.S. Foreign Affairs in the 21st Century*, October 1998.

-- The Center for Strategic and International Studies, *Reinventing Diplomacy in the Information Age*, October 1998.

-- U.S. Department of State, *Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar es Salaam*, January 1999.

-- McKinsey & Company (commissioned by the Department of State), *The War for Talent: Maintaining a Strong Talent Pool*, March 1999.

-- U.S. Department of State, *America's Overseas Presence in the 21st Century: The Report of the Overseas Presence Advisory Panel*, November 1999.

-- The RAND Corporation, *Taking Charge: A Bipartisan Report to the President-elect on Foreign Policy and National Security*, November 2000.

-- U.S. Department of State, *Diplomatic Readiness: The Human Resources Strategy*, December 2000.

-- Council on Foreign Relations and the Center for Strategic and International Studies, *Independent Task Force Report: State Department Reform*, January 2001.

-- U.S. Commission on National Security/21st Century (a.k.a. Hart/Rudman Commission), *Roadmap for National Security: Imperative for Change*, January 2001.

- American Foreign Service Association, *New AFSA, New Foreign Service* (a statement by Foreign Service members and distinguished retirees elected to lead AFSA's Governing Board between July 2001 and July 2003), January 2001.
- U.S. General Accounting Office, *Foreign Languages: Human Capital Approach Needed to Correct Staffing and Proficiency Shortfalls*, January 2002.
- Secretary of State Colin L. Powell, *Statement on FY 2003 International Affairs Budget to Senate Subcommittee on Commerce, Justice, State, and the Judiciary*, March 12, 2002.
- U.S. General Accounting Office, *Staffing Shortfalls and Ineffective Assignment System Compromise Diplomatic Readiness at Hardship Posts*, June 2002.
- Council on Foreign Relations, *Public Diplomacy: A Strategy for Reform*, July 2002.
- U.S. Department of State, *Diplomatic Readiness: The Human Resources Strategy* (2nd edition), August 2002.
- U.S. Department of State, *FY2003 Performance Plan*, September 2002.
- Una Chapman Cox Foundation, *Congressional Staff Attitudes toward the Department of State and Foreign Service Officers*, October 2002.
- U.S. Department of State's Office of Inspector General, *Review of Nonimmigrant Visa Issuance Policy and Procedures*, December 2002.
- U.S. General Accounting Office, *Major Management Challenges and Program Risks: U.S. Agency for International Development*, January 2003.
- U.S. General Accounting Office, *Major Management Challenges and Program Risks: Department of State*, January 2003.

Appendix C: About the Foreign Affairs Council

The Foreign Affairs Council is a non-partisan umbrella group of 11 organizations concerned about U.S. diplomatic readiness. Its mailing address is 2101 E Street NW, Washington DC 20037. FAC member organizations are:

- Ambassador Thomas D. Boyatt, FAC Founder and President.
- American Academy of Diplomacy: a private, non-profit, non-partisan, elected society of men and women who have held positions of major responsibility in the formulation and implementation of American diplomacy. www.academyofdiplomacy.org
- American Foreign Service Association: the professional association and union of the career Foreign Service. Founded in 1924, AFSA has 12,000 members. www.afsa.org
- Associates of the American Foreign Service Worldwide: a non-profit organization that has been an independent advocate for Foreign Service spouses, employees and retirees since 1960. www.aafsw.org
- Association for Diplomatic Studies and Training: a private, non-profit organization founded in 1986 that advances understanding of American diplomacy and supports training of foreign affairs personnel at the Foreign Service Institute. www.adst.org
- Association of Black American Ambassadors: an organization of current and former African American ambassadors, career and non-career, working to enhance public understanding of foreign affairs, to strengthen the Foreign Service through improved diversity, and to document African American achievements in diplomacy.
- Business Council for International Understanding: founded in 1959 to support U.S. business interests internationally by convening member company executives with senior diplomatic and cabinet-level officials and foreign heads of state. www.bciu.org

-- Council of American Ambassadors: composed of former and incumbent non-career ambassadors, the Council aims to support the role of the ambassador and the embassy Country Team in carrying out U.S. foreign policy. www.his.com/~council/

-- Una Chapman Cox Foundation: dedicated to a strong, professional Foreign Service, its activities seek to enhance State's recruitment, professionalism, retention and constituency.

-- Nelson B. Delavan Foundation: a family foundation that supports initiatives to improve the Foreign Service of the United States and the effectiveness of American diplomacy.

-- Diplomatic and Consular Officers, Retired: sponsors educational, cultural, and advocacy programs for retired, former, and active duty Foreign Service Officers, their spouses, and others who have served in positions related to the conduct of foreign affairs. www.dacorbakon.org

-- Public Members Association of the Foreign Service, USA: a non-partisan, non-profit organization composed of members who have served as Public Members on Foreign Service promotion boards or inspection teams, or as Public Members on delegations or commissions.