

PREPARED STATEMENT FOR THE RECORD

Ambassador Ruth A. Davis
Director General of the Foreign Service and
Director of Human Resources
United States Department of State

for the

House Government Reform Subcommittee
on National Security,
Emerging Threats, and
International Relations

April 7, 2003

Good afternoon, Mr. Chairman. I am pleased to participate in this hearing on “The President’s Management Agenda: Rightsizing the U.S. Presence Abroad.”

Explaining the inherent rationale for the USG’s overseas presence – an objective of successive Administrations since the 1960s – is no easy task. Past efforts to develop an interagency staffing methodology have not succeeded. Nevertheless, the size of the USG’s total overseas presence has been of concern to the Department of State, successive Administrations, and the Congress for decades.

The Department of State welcomed the decision to include rightsizing as one of the initiatives in the President’s Management Agenda. We are working closely with the Office of Management and Budget (OMB) as it leads the interagency effort to move the initiative forward. The General Accounting Office (GAO) has kept us informed of the status of its rightsizing work, including the rightsizing framework it has developed. We are committed to working with OMB in the development and implementation of a successful rightsizing initiative.

The GAO has proposed a definition of rightsizing with which the Department agrees:

Rightsizing [is] aligning the number and location of staff assigned overseas with foreign policy priorities and security and other constraints. Rightsizing may result in the addition or reduction of staff, or a change in the mix of staff at a given embassy or consulate. (GAO-02-780 *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiatives*, p. 1, July 2002)

However, the Department does not agree with the idea that rightsizing necessarily equals downsizing or that the current number of overseas staff is greater than the minimum number necessary. This is especially true for the State Department.

The Overseas Presence Advisory Panel (OPAP), which looked at overseas staffing after the 1998 bombings of the US embassies in Nairobi and Dar es Salaam, concluded in its November 1999 report:

In this new era when goods and services, criminals and terrorists, and health and environmental threats all cross national borders with relative ease, a universal, on-the-ground overseas presence is more critical than ever to the nation’s well-being. Only by maintaining a robust global presence can America protect its interests and promote its values in the coming decades.

We are in the second year of our Diplomatic Readiness Initiative (DRI), which is one of the Secretary’s top priorities. We thank the Congress for its support. The increased hiring under the DRI addresses fundamental staffing needs in order to reverse the trend of the 1990s when we hired under attrition, resulting in a serious staffing gap. This initiative seeks to strengthen our diplomatic corps with almost 1200 new hires beyond those required to replace attrition.

We need these new positions to fill unmet needs overseas and to provide for enough personnel to respond to crises and go to training without leaving staffing gaps. Without adequate staffing, we will not be able to carry out the foreign policy priorities of the President.

To determine specific allocation of those new resources by bureau and post, we assessed their human resource requests during our planning and budgeting process. We made decisions about where we need new positions based on recommendations from our budget and human resource offices and based on the priorities identified in our planning process which I will discuss later.

Finally, we will allocate new positions based on our decisions about policy initiatives. These can change, as you well know, and we have a dynamic system to respond to those changes.

The DRI is therefore part of the State Department's efforts to have the right staff overseas to meet the United State's foreign policy mission overseas.

Administration Rightsizing Policy

The Bush Administration has continued the USG's long-standing policy to maintain lean overseas staffing for reasons of foreign policy, security, and economy. The President's letter of instruction to COMs echoes those of his predecessors:

Every executive branch agency under your [the COM] authority must obtain your approval before changing the size, composition, or mandate of its staff regardless of the employment category (or where located in your country of assignment). I ask that you review programs, personnel, and funding levels regularly, and ensure that all agencies attached to your Mission do likewise. Functions that can be performed by personnel based in the United States or at regional offices overseas should not be performed at post.

In August 2001, President Bush reemphasized the importance of safety, efficiency, and accountability in USG overseas staffing by identifying rightsizing as one of the initiatives in the PMA. We believe that two features augur well for the success of the PMA rightsizing initiative:

- **White House leadership.** The inclusion of rightsizing as a PMA initiative led by OMB provides a degree of high-level attention often absent from previous efforts. History has shown that the efforts to rationalize the USG's overseas presence that have met with the most success are those with Presidential involvement.
- **Accounting for and allocating costs.** Historically, accurate operational costs and full information on interagency staffing levels have not been available, and there was no single system for collecting and analyzing these data. In addition, agencies have often been unaware of the true costs associated with their overseas presence. Many agencies' budgets have not broken out overseas and domestic costs, and the Department of State has funded many requirements generated by other agencies (e.g., construction, security, communications). By accurately and consistently identifying overseas staffing levels along with the costs associated with them, and allocating those costs to the agencies responsible for them, the PMA initiative will give agencies a strong incentive for on-going rightsizing.

The GAO Rightsizing Framework

The Department of State welcomes GAO's work on developing a rightsizing framework. The questions in the framework lay out a common sense approach that asks the kinds of questions COMs and other decision-makers have always routinely addressed through formal and informal processes when considering staffing issues. In the FY 2005 mission planning process, State is beginning to address many of the issues raised in the GAO rightsizing questions. These reflected planning policy priorities and the management requirements to support them, including assessments and justifications for staffing and resource levels. The aim is to determine and plan for the necessary staffing and resources to support agency foreign affairs programs and strategic objectives, with State's overseas missions serving as the platform for numerous USG agencies with overseas presence. State plans to incorporate additional elements of the GAO embassy rightsizing questions for the future planning processes.

GAO lists the three elements of its rightsizing framework in an unprioritized order of security, mission, and cost. We strongly believe that the top priority is Mission. The first question that must be answered before all others is whether the United States has a compelling reason to be in a particular location. If the answer is "Yes," then it may be necessary to place personnel there, even in the face of serious security concerns or excessive costs (e.g., the opening of the U.S. Embassy in Kabul, Afghanistan). But if security concerns suggest that people will be at risk, then the need to manage presence is paramount.

Chief of Mission Authority and Staffing Decisions

COMs have the primary responsibility for deciding USG staffing in their missions. They are in the best position to make the decisions.

President Bush's letter of instruction gives COMs broad authority over all mission staffing and gives them guidance on how to exercise it:

Every Executive Branch agency under your authority must obtain your approval before changing the size, composition, or mandate of its staff regardless of the employment category [or where located in your country of assignment]. I ask that you review programs, personnel, and funding levels regularly, and ensure that all agencies attached to your Mission do likewise. Functions that can be performed by personnel based in the United States or at regional offices overseas should not be performed at post. In your reviews, should you find staffing to be either excessive or inadequate to the performance of priority Mission goals and objectives, I urge you to initiate staffing changes in accordance with established procedures.

NSDD 38 is the Presidential guidance process by which COMs get the information needed to make decisions on the size, composition, and mandate of full-time, permanent mission staffing. The President's guidance makes it clear that this authority is to be used to assure the right staffing at a particular mission.

In addition, current procedures for implementing Presidential guidance require agencies proposing changes in the size, composition, or mandate of their staffs to consider the policy to maintain lean overseas staffing; Mission Performance Plan goals; alternative staffing arrangements; and security, cost, and administrative support implications.

Many COMs share a perception that their authority to make staffing decisions is circumscribed in practice. While the COM has the authority to decide staffing of mission, often their decisions are superceded by Congressional action, decisions in Washington, or overarching foreign policy goals affecting more than one post. Early consultation with COMs is critical. We hope to address this issue as part of the PMA rightsizing initiative.

State Department Overseas Staffing

Now let me turn to what the Department is ultimately responsible for - our own staffing overseas - and how we manage our overseas presence. Rightsizing is accomplished through our strategic planning and budgeting processes.

Elements of strategic human capital planning and embassy right-sizing planning are reflected in documents ranging from our Strategic Plan, to the mission and bureau performance planning documents. For example, our new Strategic Planning Framework and draft Strategic Plan include strategic human capital planning as part of the Department's high-level vision and road-map for achieving foreign affairs objectives.

State has made significant improvements in the mission performance planning cycle by integrating strategic human capital planning elements into the planning process with the categorization of staffing and funding resources by strategic goals, as required by the Government Performance and Results Act (GPRA). This enables each mission's senior management to assess the commitment of human resources across the strategic goals, and also assists regional bureaus to better distribute limited State Operations and Foreign Operations funding across the strategic goals.

Chiefs of Mission carefully consider staffing needs to ensure their mission plans accurately reflect the highest priorities of the Mission, and that the resources and staffing requirements identified therein are appropriate and essential to the successful achievement of their mission's goals, the Department's goals, and ultimately the President's goals.

Regional bureaus review and use mission plans to prioritize and justify position requirements to meet strategic goals. Bureau Performance Plans are a key component of the planning process and serve as the basis for the interagency annual Senior Policy and Resource Reviews chaired by the Deputy Secretary. The requests - and current staffing - are analyzed and that assessment is provided to the Deputy Secretary.

The Department's senior leadership makes final decisions on the Department's staffing requirements and hiring plans based on emerging priorities, funding potential, Overseas Staffing Model projections as well as senior bureau planning reviews. This ensures that staffing decisions are made in support of mission requirements.

State plans to incorporate additional elements of GAO's rightsizing framework in future planning processes.

As we prepare the senior Department leadership for making overseas staffing decisions we must assess those staffing recommendations from several perspectives.

One of our tools for assessing staffing needs and requests is the Overseas Staffing Model (OSM). This workforce planning tool assists management in allocation of resources, including those needed to support the USG diplomatic platform.

The OSM was completed in 1996 and has been run three times since then. It provides an objective, flexible tool to measure what resources are needed to meet the President's and the Secretary's foreign policy priorities and objectives. The OSM gives Department management an analytical tool to allocate rationally full-time permanent American personnel resources worldwide in line with the Administration's foreign policy objectives, International Affairs Strategic Goals, and Department priorities. It also allows the Department to assess resources needed to meet legislated mandates and to fulfill our responsibilities to support the full USG presence overseas. The model, made up of seven components, identifies the staffing requirements at overseas posts, based on specific categories and criteria, and provides a comparative assessment of posts. It evaluates each post rationally using key workload and host country environmental factors. We use the results of the OSM as a baseline in assessing staffing needs and then add to our assessment the current foreign policy requirements that are not captured in the model.

Secondly, we must assess whether the work must be done by cleared Americans or locally hired staff. Our Foreign Service National (FSN) colleagues are a vital part of our team. The management of FSNs is a decentralized process run by managers at posts where they take into account available local talent pool, cost, and need for training opportunities for Junior Officers. Centrally, the budget process is where management ensures that, in allocating resources for new American personnel or for FSNs, post management has taken into account the options for arranging their workforce to meet their needs. We do have tools in the consular work area to manage the FSN requirements and we use the International Cooperative Administrative Support Services (ICASS) to manage FSNs doing administrative work in support of other agencies. The ICASS Service Center tracks costs for each post and publishes summary reports which allow managers at posts to compare and measure their cost structures with those of other posts, by region, and globally.

Another important consideration is security. Security and threat issues can affect how much staff we need to provide security, facility requirements, whether we can rely on local hires or require cleared American staff, and even if we will have a presence at all. Maintaining a safe environment overseas is one of the Secretary's top priorities, so we look for ways to ensure that we are not performing tasks or functions overseas that could be better managed by staff in the U.S., or in regional centers. Because conditions change frequently overseas we deal with many security issues at the post level. If there is a threat to post security we can place that post in authorized departure status or ordered departure status in order to minimize risk to employees

and families. In longer-term situations, we may designate a post as “unaccompanied” - meaning no dependents accompany the employee - which reduces the numbers of Americans at risk.

All of these considerations are part of our decisions on State Department staffing overseas. We believe that the strong linkage between strategic priorities and resource decisions - with senior management involvement - ensures that we are able to meet our mission.

Let me say something about another way we ensure the right staffing overseas to meet our mission. Many changes are made within staffing levels in order to ensure we have the right sized presence. This under-the-surface activity may not be as obvious as changes to staffing levels but nevertheless it is key to how we meet our constantly changing requirements. We continually review changing priorities and emerging issues and make staffing changes between regions or between functions reallocating people so that higher priority needs are met. Sometimes we can accomplish this without strain because other requirements are in decline but oftentimes we pull people to address new issues while old ones still pertain. With the increased staffing under the DRI, we will have a better capacity to respond.

Regionalization

Secure facilities for overseas staff are crucial to the rightsizing initiative. Where upgrading is not possible or cost effective, mission staff may be relocated. The Administration is committed to using regional centers from which appropriate USG personnel can perform duties that must be done overseas. The Department of State defines regionalization as locating administrative, consular, and certain policy functions (e.g., labor and environmental officers) in more centralized locations, either overseas or in the United States.

This regionalization is consistent with both our rightsizing efforts and the principle of universality. While we maintain universality of embassies, many functions can be managed regionally.

The Department is building a new Frankfurt (Germany) Regional Center, converting a former US Army hospital into a facility to serve Europe, Eurasia, Africa, and the Middle East. The remodeled facility will meet security requirements, including a 100-foot set back, and will house numerous USG employees now scattered among six inadequate and insecure sites in Frankfurt and Berlin.

Frankfurt has served as a major regional hub for the State Department and other agencies in Europe and Eurasia as well as Africa and the Near East for many years. The consolidation of staff into one secure facility and centralizing functions into one location will strengthen Frankfurt as a model regional center. Construction of a new office complex for all Frankfurt personnel was estimated at \$260 million; the acquisition and renovation of the Creekbed hospital is approximately \$80 million.

This major project continues the Department of State’s and other USG agencies’ long reliance on regionalization. State makes extensive use of regional offices, with regional centers in US locations (such as Charleston, South Carolina; Fort Lauderdale, Florida; and Portsmouth, New

Hampshire), at major overseas hubs (Frankfurt, Germany; Bangkok, Thailand), and at smaller sub-hubs on an *ad hoc* basis (Dakar, Senegal; Hong Kong, China; etc.). These arrangements exist as practical solutions to meet the business requirements of specific sub-regions and posts and are generally not appropriate models for replication at other locations.

In addition to the service centers, a large number of embassy staff will have regional responsibilities. For example, many medical and security functions are managed by employees on a regional basis. While we can gain economies (usually in the management field) by regionalizing some functions, this does not eliminate the need for more people at some of our posts.

Conclusion

We are working with OMB on its rightsizing effort as part of the President's Management Agenda and look forward to working with the OMB staff and the GAO to develop the worldwide rightsizing methodology over the next year..

Thank you for your interest in this issue and support of our overseas presence. I welcome your questions.

