

# A FOREIGN AFFAIRS BUDGET FOR THE 21ST CENTURY

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A HIGH-LEVEL REPORT PRESENTS DETAILED  
RECOMMENDATIONS ADDRESSING THE  
CRISIS IN DIPLOMATIC READINESS.

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Dear Colleagues: The new administration will face multiple, critical foreign challenges with inadequate diplomatic personnel and resources to carry out policy effectively. To lead the way in presenting detailed recommendations tied to specific analysis, we are very pleased to present “A Foreign Affairs Budget for the Future.” This study examines key elements of the resource crisis in America’s ability to conduct its international programs and policies, considers the 21st-century challenges for American diplomacy, and proposes a budget that would provide the financial

and human capacity to address those fundamental tasks that make such a vital contribution to international peace, development and security and to the promotion of U.S. interests globally.

The American Academy of Diplomacy, with vital support from the Una Chapman Cox Foundation, launched this project in 2007 and named Ambassador Thomas Boyatt as project chairman. The Academy turned to the Stimson Center to conduct research and draft the report. To guide key directions of the research, the Academy organized, under the leadership of former Under Secretary of State Thomas Pickering, an Advisory Group and a Red Team, comprised of distinguished members of the Academy and senior former policymakers from outside its ranks. Their participation in a series of meetings and feedback was critical in establishing the key assumptions for the study. The Stimson team was led by former U.S. Agency for International Development Budget Director Richard Nygard. Former Office of Management and Budget official Gordon Adams, now a Distinguished Fellow at Stimson, was a key adviser to the project.

This study is intended to provide solutions for, and stimulate a needed conversation about, the urgent need to provide the necessary funding for our nation’s foreign

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*The report “A Foreign Affairs Budget for the Future: Fixing the Crisis in Diplomatic Readiness” was prepared by a project team from the American Academy of Diplomacy and the Stimson Center, with support from the Una Chapman Cox Foundation and released on Oct. 17. AFSA President John Naland served on the 18-person advisory group that provided guidance in the drafting of the report. Here we have excerpted the letter of transmittal, foreword, summary of recommendations, overview of the problem and individual recommendations from the report. The complete document, including the full list of contributors and advisers, is available online at [www.academyofdiplomacy.org/programs/fab\\_project.html](http://www.academyofdiplomacy.org/programs/fab_project.html).*

policies. We need more diplomats, foreign assistance professionals and public diplomacy experts to achieve our national objectives and fulfill our international obligations. This study offers a path forward, identifying responsible and achievable ways to meet the nation's needs. It is our hope that the U.S. Congress and the next administration will use this study to build the right foreign affairs budget for the future.

Sincerely,

Ambassador Ronald Neumann

*President, The American Academy of Diplomacy*

Ambassador Thomas R. Pickering

*Advisory Group Chairman*

Ellen Laipson

*President, Stimson Center*

Ambassador Thomas D Boyatt

*Project Chairman*

#### FOREWORD

**Our diplomatic leaders — be they in ambassadors' suites or on the State Department's seventh floor — must have the resources and political support needed to fully exercise their statutory responsibilities in leading American foreign policy.**

— Defense Secretary Robert Gates, July 2008

The situation that Secretary Gates calls for does not exist today. On the contrary, our foreign affairs capacity is hobbled by a human capital crisis. We do not have enough people to meet our current responsibilities. Looking forward, requirements are expanding. Increased diplomatic needs in Iraq, Afghanistan and “the next” crisis area, as well as global challenges in finance, the environment, terrorism and other areas, have not been supported by increased staffing. Those positions that do exist have vacancy rates approaching 15 percent at our embassies and consulates abroad and at the State Department in Washington, D.C. USAID's situation is even more dire. Today, significant portions of the nation's foreign affairs business simply are not accomplished. The work migrates by default to a military that does have the necessary people and funding but neither sufficient experience nor knowledge. The “militarization” of diplomacy exists and is accelerating.

Currently the Secretary of State lacks the tools — people, competencies, authorities, programs and funding — to execute the president's foreign policies. The status quo

cannot continue without serious damage to our vital interests. We must invest on an urgent basis in our capabilities in the State Department, USAID and related organizations to ensure we can meet our foreign policy and national security objectives. There must be enough diplomatic, public diplomacy and foreign assistance professionals overseas, and they cannot remain behind the walls of fortress embassies. They must be equipped and trained to be out, engaged with the populace and, where needed, working closely with the nation's military forces to advance America's interests and goals. This report provides a plan and a process to begin and carry forward the rebuilding of America's foreign affairs capability.

#### SUMMARY OF RECOMMENDATIONS

Our paper proposes a strategic and targeted set of staffing and related funding increases in the International Affairs (Function 150) portion of the federal budget. Those increases will enable the next Secretary of State to deal with the full range of foreign policy opportunities and challenges facing the country during the next five years. This study reviews four major categories of foreign affairs activity — core diplomacy, public diplomacy, economic assistance and reconstruction/stabilization — as well as State Department training, and finds critical personnel shortages in each of them. In addition to staffing shortfalls, there are “authority shortfalls” relating to security assistance programs that should be in the Secretary's civilian toolkit, but that are currently being exercised by the Secretary of Defense. We also conclude that increased staffing capacity alone will not be sufficient to meet U.S. public diplomacy goals; a number of international exchange and other programs should be expanded as well to help meet the country's diplomatic objectives.

In summary, we propose that:

- U.S. direct-hire staffing in the four categories above be increased over FY 2008 levels by 4,735 over the time-frame of 2010-2014, a growth of 46 percent above current levels in these categories (20 percent of total State/USAID staffing), to be accompanied by significant increases in training and in the number of locally employed staff overseas; the additional staff and related costs will rise to \$2 billion annually by FY 2014;

- Funding to permit ambassadors to respond effectively to humanitarian and political emergencies be increased by \$125 million in FY 2010 and \$75 million annually thereafter;

- Public diplomacy programs, especially exchanges, should be expanded significantly, at a cost that will total \$455.2 million annually by FY 2014; and

- Authority over selected security assistance programs, totaling \$785 million annually, should be moved in stages from the Department of Defense to the Department of State, with much of the implementation remaining at Defense. In areas where combat operations continue, authority would stay with Defense for the duration of those operations.

#### **OVERVIEW — THE PROBLEM**

Since the fall of the Berlin Wall, the diplomatic capacity of the United States has been hollowed out. A combination of reduced personnel, program cuts and sharply increased responsibilities has put maximum pressure on the capacity of agencies responsible for the missions of core diplomacy, public diplomacy, foreign assistance, and stabilization and reconstruction budgeted under Function 150 of the federal budget.

During the 1990s — as the “peace dividend” was cashed — overseas staffing for these functions was significantly reduced in the context of the roughly 30-percent real-dollar reduction in U.S. international affairs spending. In addition, the implosions of the Soviet Union and Yugoslavia resulted in the need to staff 20 new embassies in the new countries created as a result, and to expand staff based in other Eastern European nations without an overall increase in department personnel. Because State had to absorb these increases, the overseas staffing deficit in the State Department had approached 20 percent by Sept. 11, 2001, with a larger gap within USAID.

Secretary of State Powell’s Diplomatic Readiness Initiative created more than 1,000 new State Department diplomatic positions between 2001 and 2004, bolstering core diplomatic staffing to above that of post-Cold War levels. These increases, however, were quickly absorbed by the diplomatic surges in Iraq, Afghanistan and neighboring countries.

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State have been concentrated in consular affairs and diplomatic security. Core diplomatic staffing deficits have, in effect, returned to 2000 levels. The current realities are as follows:

- As of 2008, State faces a personnel shortfall of about 2,400 relating to enduring core diplomatic work, emerging policy challenges, public diplomacy and critical training needs. Persistent staffing gaps at hardship posts continue to impede important policy pursuits. Staffing demands related to Iraq and Afghanistan translate not only

into needs for resident personnel, but for significant numbers of short-term staff diverted temporarily from other jobs, to the detriment of other important work. For example, all State political and USAID field positions in the Afghan provinces are vacant an average of two months a year due to the inability of organizations to cover scheduled absences.

- Training lags because of personnel shortages. A well-trained work force is extremely difficult when every additional training assignment could leave an operational job unfilled. A 2006 report by the Government Accountability Office found that 29 percent of language-designated positions at embassies and consulates were not filled with language-proficient staff. There is an even greater shortfall in functional training, particularly in program management skills.

- In public diplomacy, reduced budgets and staff devoted to explaining America abroad after the end of the Cold War contributed to a decline in understanding of and respect for the United States in many parts of the world. Increased resources, including larger numbers of skilled personnel, are required in this area. For example, for almost a decade public diplomacy missed opportunities to develop a vigorous global Internet programming capability to reach millions due to insufficient funding and a lack of trained career personnel, particularly in program management skills.

- USAID currently has 2,200 personnel who administer more than \$8 billion annually in development and other assistance (excluding cash grants), following cumulative staffing reductions of nearly 40 percent during the

past two decades. In 1990, USAID had nearly 3,500 personnel assigned to the task of administering a total of approximately \$5 billion annually. The agency has too few staff responsible for managing billions of program dollars. For example, USAID currently has only 29 education officers to administer education programs in 84 countries.

- There will be an increasing need for pre- and post-conflict stabilization efforts in many parts of the world, which should be staffed and managed by civilian leadership. While a presidential directive (NSPD-44) directs the State Department to coordinate governmentwide stabilization and reconstruction operations, the Department of Defense is actually assuming most of the responsibility for these ongoing efforts. There needs to be a permanent core of civilian experts who are ready to deploy when required; these experts should, in turn, be supported by others in government and other sectors who can provide additional support. A bill to authorize funding and personnel for the new “surge” capacity has passed the House and is pending in the full Senate.

- The “militarization of diplomacy” is noticeably expanding as DOD personnel assume public diplomacy and assistance responsibilities that the civilian agencies do not have the trained staff to fill. In the area of security assistance — traditionally the authority of the Secretary of State, but implemented largely by the Defense Department — a number of new DOD authorities have been created, reducing the role of the Secretary of State even more in this vital area of U.S. foreign policy.

Today, the United States faces a wide range of problems ranging from al-Qaida and other terrorist organizations to the challenges of globalization, HIV/AIDS and other pandemics, environmental degradation and failed states. Opportunities also abound in relation to rising powers, nonproliferation, strengthening of international trade and financial systems, and achieving improvements in the quality of life in developing and transitioning societies. These dynamic challenges and opportunities can only be met effectively through a significantly more robust foreign affairs capacity that fea-

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tures skilled diplomats and foreign assistance professionals.

### **STAFFING AND RELATED RESOURCES REQUIRED**

Having thoroughly reviewed the categories of core diplomacy, public diplomacy, foreign assistance, and stabilization and reconstruction, we propose a set of staffing and related increases for the five-year period of 2010-2014 (FY 2010 being the first “budget year” of a new administration).

We also recommend expanding cultural, exchange and other public diplomacy programs and shifting certain security assistance authorities back to the Secretary of State.

#### **I. Core Diplomacy — Department of State**

Recommendation:

Increase permanent American staffing by 1,099 above FY 2008 levels by FY 2014, to meet current and expected international challenges and opportunities and to close existing staffing gaps. This increase in core staffing will cost \$510.5 million annually by FY 2014. In addition, we recommend shifting 493 consular positions from fee to appropriated fund status, at a cumulative cost over baseline of \$160.6 million.

#### **II. Training — Department of State**

Recommendation:

Increase permanent American staffing positions by 1,287 from present levels by FY 2014, to support institutionalized work-force retraining, professional development, personnel transitions and temporary needs. The goal is to continuously update the specialized competencies of State to meet new policy demands. This staffing increase will cost \$309.8 million annually by 2014.

#### **III. Public Diplomacy**

Recommendation:

The Academy recommends the following staff and program increases for public diplomacy in the State Department:

- Increase permanent American staffing by 487

between 2010 and 2014, as well as 369 locally employed staff.

- Increase current academic exchanges by 100 percent, International Visitor grants by 50 percent, and youth exchanges by 25 percent in this timeframe.

- Expand capacity of PD English and foreign-language advocacy Web sites aimed at experts, young professionals and youth, and hire 57 additional specialists in Web-site design and program content.

- Establish 40 American Cultural Centers (or a mixture of ACCs and smaller Information Resource Centers) in order to broaden U.S. daily cultural presence worldwide.

- Re-engage the autonomous pro-U.S. Binational Center network in Latin America, whose membership is desirous of closer cultural and political ties with the U.S.

- Expand other programs, particularly overseas staff and operations, to increase the effectiveness of public diplomacy as described below.

These staff increases will cost \$155.2 million annually by 2014 and the program activities, \$455.2 million. Overall funding increases will total \$610.4 million in 2014.

#### **IV. U.S. Agency for International Development - Foreign Economic Assistance**

Recommendation:

Increase U.S. direct-hire permanent staff by 1,250 above FY 2008 levels by 2014 in addition to increased locally employed staff overseas, to be partly offset by a reduction or conversion of some 700 personal services contractors and other short-term American staff. These staffing additions would require budget increases that total \$521 million above the current services baseline by 2014.

#### **V. Reconstruction and Stabilization**

Recommendation:

Provide a substantial surge capacity for reconstruction and stabilization efforts under the authority of the Secretary of State, and increase direct-hire American staffing by 562 above present levels by FY 2014. This would include: (1) 500 employees to serve as an active response corps to be deployed immediately in crisis situations; (2) 37 to staff an expanded Office of the Coordinator for Reconstruction and Stabilization; and, (3) 25

to support the new Standby Response Corps of federal employees and the Civilian Reserve Corps.

These increases and related program costs would require increased funding that would total \$286 million annually by FY 2014.

### **SECURITY ASSISTANCE — STRENGTHENING THE SECRETARY OF STATE'S ROLE**

Recommendation:

Policy and budget responsibility for the following authorities and programs should be moved from the Department of Defense to the State Department, along with 50 new staff, while implementation would remain DOD's responsibility:

- Section 1206 (*National Defense Authorization Act of 2006 provision giving DOD authority to spend up to \$300 million of its own appropriations to train and equip foreign militaries to undertake counterterrorism or stability operations — Ed.*)

- Coalition Support Funds (*Funds used by the Secretary of Defense to reimburse coalition countries for logistical, military and other expenses in supporting U.S. military operations in the war on terrorism — Ed.*)

- Defense Combating Terrorism Fellowship Program.

In addition, we recommend that:

1. Non-combat-related Commander's Emergency Response Program activities should, over time, be transferred to the authority of the Secretary of State.

2. Section 1207 authority (*National Defense Authorization Act of 2006 provision for DOD to transfer to the State Department defense articles, services training or other support for reconstruction, stabilization and security activities in foreign countries — Ed.*) should be repealed. If funds are needed to support the civilian surge capacity (see section on Reconstruction and Stabilization), there should be a direct appropriation to the Department of State for this purpose.

3. The Combatant Commander's Initiative Fund should not be expanded to cover humanitarian, civic and reconstruction assistance.

4. DOD should not be authorized to expand the use of its humanitarian assistance program to include stabilization activities. ■