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CONFLICT STABILIZATION OPERATIONS

Proposed Appropriation Language

[CIVILIAN STABILIZATION INITIATIVE] CONFLICT STABILIZATION OPERATIONS

For necessary expenses to support, maintain, mobilize, and deploy a civilian response corps and for related reconstruction and stabilization assistance to prevent or respond to conflict or civil strife in foreign countries or regions, or to enable transition from such strife, \$92,200,000, to remain available until expended: Provided, That funds made available under this heading may be made available to provide administrative expenses for the coordination of reconstruction and stabilization activities: Provided further, That the Secretary of State may transfer and merge funds made available under any other heading in Titles I, II, III and IV of this Act with funds made available under this heading to maintain and deploy a Civilian Response Corps and to provide reconstruction and stabilization assistance: Provided further, That the Secretary may appoint, compensate and remove Civilian Response Corps personnel without regard to Civil Service or classification laws.

CONFLICT STABILIZATION OPERATIONS

SEC. 7049. (a) Funds appropriated or made available under this or any other Act for reconstruction and stabilization assistance, including funds that are reprogrammed or transferred to be made available for such purposes, may be made available for such purposes, notwithstanding any other provision of law; Provided, That the administrative authorities of the Foreign Assistance Act may be utilized for assistance furnished with such funds: Provided further, That the President may furnish additional assistance by executing the authorities provided in sections 552(c) and 610 of the Foreign Assistance Act, notwithstanding the percentage and dollar limitations in such sections: Provided further, That funds allocated or reprogrammed for purposes of this section shall remain available until expended. (b) Section 618 of the Foreign Assistance Act of 1961 is amended in subsection (b) by striking "and 2011" and inserting "2011, and 2012"

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CONFLICT STABILIZATION OPERATIONS

Resource Summary (\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--------------------|----------------|------------|-----------------|
| American Positions | 218 | 218 | 301 |
| Funds | 80,000 | 120,000 | 92,200 |

Formerly known as Civilian Stabilization Initiative, this appropriation has been renamed Conflict Stabilization Operations. FY 2010 Actual reflects the rescission of \$40 million from unobligated balances, as enacted in the FAA Air Transportation Modernization and Safety Improvement Act (P.L. 111-226).

Program Description

Conflict Stabilization Operations (CSO) funding will support policy and operational solutions for crisis, conflict, and instability in priority countries of U.S. national security importance with a goal of ensuring longer-term peace. CSO will also support the Department of State's execution of conflict prevention and response activities abroad, as described in the Secretary of State's Quadrennial Diplomacy and Development Review (QDDR). Efforts will build upon the activities of the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and further support the response capabilities of the Civilian Response Corps (CRC) in accordance with the Reconstruction and Stabilization Civilian Management Act of 2008 (Title XVI of Public Law 110-447). CSO funding will be used to manage and institutionalize an effective U.S. Government civilian capacity to assess, plan, coordinate, and integrate a whole-of-government response in countries struggling with, or at risk from, conflict or civil strife; focus on the development of conflict prevention, mitigation, response policy and mechanisms; and train and exercise with U.S. military and international partners to ensure successful joint operations in conflict and crises situations. CSO will support and further strengthen the Active and Standby components of the interagency Civilian Response Corps.

Performance

The U.S. Government can better influence key transitional moments in fragile states if it can deploy civilians early enough in the cycle of Reconstruction and Stabilization (R&S) operations. Since this is a relatively new initiative, the Department is using this output measure to focus on whether it is getting civilians to critical spots in a timely manner. However, the average monthly number of deployed responders is a function of many factors some of which are outside the control of the Department. These external factors, such as the level of global political stability at any one point in time can have an enormous impact on the relationship between the target number of employees deployed per month and the actual number deployed.

CONFLICT STABILIZATION OPERATIONS

| STRATEGIC GOAL: ACHIEVING PEACE AND SECURITY | | | | | | |
|--|---|--|--|--------------------|--------------------|---------------------|
| Strategic Priority | Conflict Prevention, Mitigation, and Response | | | | | |
| Indicator | Average number of civilian reconstruction and stabilization personnel deployed to conflict zones per month. | | | | | |
| FY 2007 Result | FY 2008 Result | FY 2009 Result | FY 2010 Result | FY 2010 Target | FY 2011 Target | FY 2012 Target |
| 2.3 employees/month | 2 employees/month | 11.4 employees/mo [Baseline] New Indicator, No Rating | 60 employees/month ◁▷ Improved But Not Met | 70 employees/month | 82 employees/month | 107 employees/month |
| Steps to Improve | Deployments increased over fivefold from FY 2009 to FY 2010 and exceeded the Bureau target by the 4th quarter of FY 2010, but not the full year. The best way to demonstrate the value of this Conflict and Stabilization capacity is to engage in a major conflict prevention/response operation from the start. The Department has begun to do so in connection with the January 2011 referendum in Southern Sudan. | | | | | |
| Impact | Deployment capability of CSO is significant and unique and will take time to be fully realized and utilized, but it is growing. In the 4th quarter of FY 2010, Civilian Response Corps averaged about 81 monthly deployed responders. Important strides in the value and benefit of this capacity are evident in ongoing and growing deployments in Afghanistan (31), Sudan (28), Pakistan (7), and Kyrgyzstan (4). | | | | | |
| Methodology | Engagement Memorandum between the appropriate Regional Bureau Assistant Secretary and the Office of the Coordinator for Reconstruction and Stabilization that details the terms, conditions, and resource requirements of a particular deployment. | | | | | |
| Data Source and Quality | Field reports and reach-back information from deployed employees. In addition, CSO maintains a detailed database to capture information on deployments. Data Quality Assessment revealed no significant data limitations. | | | | | |

Justification of Request

Conflict Stabilization Operations (CSO) supports U.S. national security objectives in priority countries to prevent violence, to stabilize the operating environment, and to help establish conditions necessary for longer-term peace. The FY 2012 request of \$92.2 million will support increased and proactive operations to prevent emerging violent conflict, as envisioned in the QDDR, as well as stabilization efforts in several critical countries in, or emerging from, conflict, with a range of conflict prevention, mitigation, planning and stabilization tools and activities. This broadened mandate and tempo requires the ability to support 100 or more deployed responders each month in support of key embassies. These missions are executed through the deployment of civilian experts and specially trained responders from the Civilian Response Corps under the authority of U.S. Chiefs of Mission. Response operations are supported in Washington by analysts, planners, and country and conflict specialists working to improve, design and support the U.S. effort. The training, analysis, and application of lessons learned that are supported by CSO will improve the effectiveness of conflict operations undertaken not just by the CRC, but also by all State officers working in conflict zones. To ensure better operations with U.S. military and key international partners, such as the United Kingdom, the European Union, and the African Union, CSO will support joint training, exercises and deployments, as well as engaging new partners to develop and expand their own civilian response capabilities.

CONFLICT STABILIZATION OPERATIONS

The FY 2012 budget request of \$92.2 million will provide the necessary resources to carry out these critical activities and mission requirements. By the end of the first quarter of FY 2011, the CRC was averaging over 80 deployed responders per month. Some of the more significant missions included an innovative stabilization effort to prevent the emergence of violent conflict in Southern Sudan leading up to, during, and following the referendum on independence; more than 25 responders supporting the civilian and military mission in Afghanistan; and stabilization activities in the conflict areas of Kyrgyzstan. At the same time, the CRC continues to respond to immediate, short fuse (within 24-48 hours) requests for assistance, such as support to the elections verification efforts in Haiti. The Department anticipates that demand for such conflict expertise and specialized prevention and response missions will increase in FY 2012. The FY 2012 request provides funding to support CSO's ongoing efforts to aid the transition in Juba following the January 2011 referendum.

The FY 2012 request of \$92.2 million consolidates all funding for CSO activities in the Department of State.

The following provides a detailed justification by CSO Program Activity:

Interagency Responders (Civilian Response Corps Active)

This program element supports the salaries, benefits, and support costs of 200 interagency CRC Active component members in the Department of State and six other participating agencies (the U.S. Agency for International Development and the Departments of Justice, Agriculture, Commerce, Homeland Security, and Health and Human Services). Because the Standby component is comprised of current Federal employees who volunteer to deploy when needed, there is no cost for the Standby component until deployed. Funding for the cost of Standby members when activated for a deployment is included under Deployments.

Operations Support

These funds will provide for direct management and operational support of the CRC, including mission support, training management, personnel management, and other functions necessary to effectively recruit and oversee the Civilian Response Corps and any additional expert roster.

Training of the CRC Active and Standby Components

This program element will provide for conflict and stabilization training which is essential for improving the effectiveness of U.S. national security missions. This includes a core of specialized training for the Civilian Response Corps to ensure they have the latest and best competencies for working in dangerous or austere environments to effectively address conflict and instability. The funding also includes \$500,000 for the development of new targeted courses for CRC and U.S. personnel deploying to embassies in conflict zones in collaboration with the Foreign Service Institute and other training institutions. Funding under this program element will support the following number of students in each of the listed courses: 400/Foundations course, 100/Security in a Non-traditional Operating Environment (SNOE) course, and 100/Level I Planners. The request also includes \$250,000 to provide for participation in civilian-military and civilian-civilian planning exercises. Under the QDDR, CSO will focus on extending the training competencies inherent in the CRC to other personnel within the Department.

Deployments

Funding under this program element provides for all costs associated with deploying CRC and other civilian responders to support conflict and stabilization missions. The funding includes the costs of travel, per diem, in-country support, air or surface transportation of equipment, bandwidth for satellite communications, subsistence, and other costs associated with an engagement. When deployed, the salaries and benefits of CRC Standby component members are supported within deployment funding. As previously noted, there is no cost to CSO for the Standby component unless and until deployed.

CONFLICT STABILIZATION OPERATIONS

Equipment

CSO will replace the most critical equipment that has been consumed or rendered unserviceable during deployments including replacement of shelf-life sensitive items in individual deployment “go bags,” e.g., batteries, light sticks, medical supplies. Funding for this program element will also permit selective technology upgrades as equipment is replaced. The request does not include the purchase of any new equipment or additional vehicles.

Civilian Deployment Center

The Civilian Deployment Center (CDC) is a dedicated facility and operation that supports both small and large scale deployment operations, including medical screening and evaluation, pre-deployment orientation and training, equipment issuance, travel order processing and ticketing, visa and passport processing, and other activities necessary to ready a team for deployment. In FY 2011, the CDC will be relocated from a USAID facility in Landsdowne, VA, to a more cost effective and operationally efficient office and warehouse facility in Springfield, VA.

Headquarters Policy and Planning

This program element will provide funds for the Washington-based leadership and organizational functions necessary to ensure operations and efforts in the field including staff engaged in conflict prevention, assessment and planning, doctrine and lessons learned; operations support; resource management; strategic communications; and innovative technology and communications solutions. Funding will support the salaries and expenses of 72 government employees and the cost of 64 contractors, as well as all other administrative overhead expenses (rents, utilities, network support, travel, printing, and internal supplies and equipment).

Summary of Positions

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|---|-------------------|---------------|--------------------|
| Headquarters and Operational Support | 101 | 101 | 101 |
| CRC – Active | 117 | 117 | 200 |
| <i>American Positions Program Total</i> | <i>218</i> | <i>218</i> | <i>301</i> |
| CRC – Standby | 1,000 | 1,051 | 2,000 |
| CRC – Reserves | 0 | 0 | 0 |

Staffing numbers for FY 2012 include members of the CRC-A which had previously been funded with CSO money appropriated to USAID.

CONFLICT STABILIZATION OPERATIONS

Funds by Program Activity (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|---|-------------------|----------------|--------------------|
| Interagency Responders (Civilian Response Corps - Active) | 22,339 | 16,000 | 31,900 |
| Operations Support | 8,427 | 13,020 | 7,700 |
| Civilian Deployment Center | 0 | 0 | 600 |
| Deployments | 12,344 | 34,660 | 15,500 |
| Equipment | 1,050 | 25,000 | 1,000 |
| CSO Headquarters Policy and Planning | 27,226 | 26,100 | 25,900 |
| Training of the CRC Active and Standby Components | 8,614 | 5,220 | 9,600 |
| Total | 80,000 | 120,000 | 92,200 |

Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--------------------------------|-------------------|----------------|--------------------|
| 1100 Personnel Compensation | 21,163 | 22,759 | 30,471 |
| 1200 Personnel Benefits | 12,024 | 17,709 | 16,834 |
| 2100 Travel & Trans of Persons | 6,423 | 4,570 | 2,923 |
| 2300 Rents, Comm & Utilities | 3,843 | 3,843 | 3,843 |
| 2400 Printing & Reproduction | 75 | 75 | 75 |
| 2500 Other Services | 34,821 | 45,694 | 36,704 |
| 2600 Supplies and Materials | 300 | 250 | 250 |
| 3100 Personal Property | 1,351 | 25,100 | 1,100 |
| Total | 80,000 | 120,000 | 92,200 |

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OFFICE OF INSPECTOR GENERAL

Proposed Appropriation Language

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General, \$65,154,000, notwithstanding section 209(a)(1) of the Foreign Service Act of 1980 (Public Law 96-465), as it relates to post inspections .

OFFICE OF INSPECTOR GENERAL

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--------------------|----------------|------------|-----------------|
| American Positions | 318 | 318 | 318 |
| Funds | 105,600 | 56,000 | 65,154 |

FY 2010 Actual includes \$2.0 million transferred from the Economic Support Fund to the Department of State Office of Inspector General, \$23.0 million for the Special Inspector General for Afghanistan Reconstruction, and \$23.0 million for the Special Inspector General for Iraq Reconstruction as provided by the Consolidated Appropriations Act, 2010 (P.L. 111-117). FY 2010 Actual also includes \$3.6 million provided to the Department of State Office of Inspector General by the Supplemental Appropriations Act, 2010 (P.L. 111-212).

In previous years, the Office of Inspector General chapter included funding for the Special Inspector General for Afghanistan Reconstruction (SIGAR) and the Special Inspector General for Iraq Reconstruction (SIGIR). This year, SIGAR and SIGIR funding is included in the Overseas Contingency Operations (OCO) chapter. FY 2010 of this chapter still reflects the combined amounts for all IGs while FY 2011 and FY 2012 show only the Department of State Office of Inspector General. The FY 2010 Actual level for the Department of State Office of Inspector General is \$59.6 million.

Program Description

The Office of the Inspector General has the leading role in helping the Department of State (Department) and the Broadcasting Board of Governors (BBG) improve management, strengthen integrity and accountability, and ensure the most efficient, effective, and economical use of resources. OIG's oversight extends to the Department's and BBG's 67,000+ employees and more than 275 missions and other facilities worldwide, funded through combined annual appropriations of more than \$17 billion. OIG remains at the forefront of efforts to identify potential savings and cost efficiencies for the Department and BBG, and strives to provide timely, relevant, and useful feedback that supports decision makers in strengthening programs and operations.

In the past three years, OIG has implemented initiatives to strengthen its oversight of high-cost, high-risk Department operations and programs in the Middle East, and South and Central Asia. In 2008, OIG opened its first overseas office in Amman, Jordan, to dedicate on-the-ground resources and expertise to oversight of Department activities and U.S. interests in Iraq, Afghanistan, Pakistan, and other crisis and post-conflict countries. OIG subsequently opened a field office in Cairo, Egypt, and temporary satellite offices in Baghdad, Iraq; Kabul, Afghanistan; and, most recently, in Islamabad, Pakistan, in September 2010. The FY 2012 funding request will enable OIG to sustain efforts made during the past three years to restore its investigative capability, which had seriously declined in the preceding decade, with a drop in staff levels of nearly 60 percent. OIG has aggressively recruited staff to rebuild the Office of Investigations and improve its capacity to address allegations of waste, fraud, and abuse. The Middle East Investigative Branch was established in 2009, with staff now located in Amman and Baghdad. Also within the past year, OIG has brought new senior management into the Office of Audits and restructured the office to align future work with long-term OIG and Department goals.

The requested funding will allow OIG to maintain the level of oversight that the growing size, complexity, and importance of Department programs demand. Of the total funding available to OIG in FY 2010, close to 20 percent was supplemental funding that expired at the end of the fiscal year, constraining OIG's ability to maintain current operations without the additional funding requested for FY 2012.

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Based on FY 2010 funding levels and taking expected attrition into account, OIG established an internal ceiling of 251 direct-hire positions for FY 2011. Actual on-board staffing as of November 30, 2010, was 222, with 13 additional direct-hire positions and 7 personal services contractors in the pipeline. OIG is not requesting funding for additional positions in FY 2012.

OIG Goals and Priorities for FY 2012

OIG's mandate encompasses all domestic and overseas activities, programs, and missions of the Department and the BBG. OIG's overarching goal for FY 2012 is to effect positive change by being a valued resource to the Department and BBG, with specific emphasis on the following:

- **Relevance:** OIG work will be directed at Department and BBG priorities, with an emphasis on global issues; the effectiveness of foreign assistance programs; resource-intensive programs and operations; priority posts and bureaus; activities funded by the American Recovery and Reinvestment Act of 2009 (ARRA); implementation of reforms resulting from the Department's Quadrennial Diplomacy and Development Review (QDDR); and Department coordination with other U.S. Government agencies.
- **Value Added:** OIG will recommend actions that result in savings, cost recoveries, prevention of losses, and improved efficiencies and security.
- **Usefulness:** OIG products will assist decision makers to improve programs and make effective spending decisions in an environment of constrained financial resources.
- **Timeliness:** OIG will reduce the time for completing its audits, inspections, and reviews by using appropriate technologies to start jobs sooner, finish them quicker, and disseminate the results broadly.

The Office of Audits

The Office of Audits conducts and coordinates audits and program evaluations of the management and financial operations of the Department and BBG, including their audited financial statements, internal operations, external activities funded by the Department through contracts or financial assistance, and programs and operations worldwide. It also conducts annual evaluations of Department and BBG compliance with the Federal Information Security Management Act, and other comprehensive, global assessments of high-cost, strategically significant Department and BBG programs and management challenges, emerging initiatives, priorities, and areas of Congressional interest.

The Office of Inspections

The Office of Inspections assesses domestic and overseas operations and facilities of the Department and BBG. Inspections review executive direction, policy and program implementation, resource management, and management controls, and provide oversight of programs and operations relating to foreign assistance funding, public diplomacy, and Department efforts to counter terrorism worldwide, including Iraq, Afghanistan, and other crisis/post-conflict areas. The Office of Inspections also offers a quick-response capability to assess important areas identified by the Department and Congress.

The Office of Investigations

The Office of Investigations conducts investigations of criminal, civil, and administrative misconduct related to Department and BBG programs and operations by investigating specific allegations, reports, or other information indicating possible violations of law or regulation. Investigative results are referred to the Department of Justice for prosecution and to the Bureaus of Human Resources and Diplomatic Security or other agencies for administrative or other appropriate action. The office maintains the OIG

OFFICE OF INSPECTOR GENERAL

Hotline, a confidential channel for complaints. OIG’s Middle East Investigative Branch is headquartered in Amman, Jordan, with a satellite office in Baghdad, Iraq.

Strengthening Oversight Capabilities in the Middle East and Other Post-Conflict Areas

Maintaining and strengthening OIG’s presence in the Middle East, South and Central Asia, and other crisis and post-conflict areas is OIG’s top priority for FY 2012. As Department resource commitments in Iraq, Afghanistan, and Pakistan continue to grow, OIG’s oversight responsibilities have increased correspondingly. OIG officially opened the Middle East Regional Office (MERO) in Amman, Jordan, in 2008 to focus dedicated resources and expertise on high-risk, high-cost programs and operations in the region, particularly with respect to U.S. interests in Iraq, Afghanistan, Pakistan, and other crisis/post-conflict countries. OIG will continue to support the Department’s priorities by expanding OIG’s oversight in the region to contribute to improvements in policies, programs, and operations and more effective use of resources. The requested increase will enable OIG to replace supplemental funding—currently a significant source of MERO funding—with permanent base funding, and transition its direct-hire staff in Cairo from 1-year unaccompanied tours to 3-year accompanied tours.

Performance

Two key measures of the effectiveness of OIG’s work are monetary benefits and resolution of OIG recommendations. Monetary benefits from OIG’s work result in more effective and efficient use of U.S. taxpayer dollars, and are a primary mandate of the Office of Inspector General. Monetary benefits include cost savings, recoveries, and flagged costs, funds put to better use, efficiencies, restitutions, and fines. OIG audits, inspections, evaluations, and investigations result in potential and actual cost savings and efficiencies to the Department and the Broadcasting Board of Governors.

| STRATEGIC GOAL: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES | | | | | | |
|---|---|-------------------------------------|-------------------------------------|----------------|----------------|----------------|
| Strategic Priority | Planning and Accountability | | | | | |
| Indicator | Monetary benefits: questioned costs, funds put to better use, cost savings, recoveries, efficiencies, restitutions, and fines | | | | | |
| FY 2007 Result | FY 2008 Result | FY 2009 Result | FY 2010 Result | FY 2010 Target | FY 2011 Target | FY 2012 Target |
| \$52.6 million | \$23 million ▲ Above Target | \$26.4 million ▲ Above Target | \$25.5 million ▲ Above Target | \$12.5 million | \$17.8 million | \$19.0 million |
| Reason for Exceeding Target | OIG’s 2010 results are significantly above target due to one audit and one evaluation that resulted in higher monetary benefits than expected. In planning its work, OIG attempts to target high-cost, high-risk programs that may have internal control vulnerabilities. However, OIG cannot predict the actual extent of potential monetary benefits ultimately identified as a result of its work. | | | | | |
| Impact | Monetary benefits from OIG’s work result in more effective and efficient use of U.S. taxpayer dollars and actual monetary recoveries. | | | | | |
| Methodology | OIG management analysts - who are independent of the audit and investigative teams that identify the monetary benefits - monitor, follow-up, and report on the status and value of monetary benefits reported by audit and evaluation teams. These amounts are entered and their status tracked in OIG’s databases for compliance (audits, inspections, and evaluations) and investigations. | | | | | |

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|-------------------------|---|
| Data Source and Quality | Recoveries, questioned costs, and funds put to better use are based on amounts identified in OIG reports, as agreed to by the agency and tracked in OIG's compliance database. Investigative recoveries reflect court-ordered fines, restitutions, and recoveries based on information received from external prosecutorial and administrative authorities. The Data Quality Assessment revealed no significant data limitations. |
|-------------------------|---|

Recommendations are a major product of OIG audits, inspections, and evaluations, and serve as the vehicle for correcting vulnerabilities and realizing positive change in the Department and the Broadcasting Board of Governors. Resolution of recommendations reflects management's willingness to take the actions recommended by OIG to correct identified problems and improve their programs and operations. The percentage of recommendations resolved within six months (inspections) or nine months (audits and evaluations) indicates to what extent management has agreed to take timely action to correct identified problems in line with OIG recommendations, or has identified acceptable alternatives that are expected to result in improved programs and operations.

| STRATEGIC GOAL: STRENGTHENING CONSULAR AND MANAGEMENT CAPABILITIES | | | | | | |
|---|--|-------------------------------------|-------------------------------------|-------------------|-------------------|-------------------|
| Strategic Priority | Planning and Accountability | | | | | |
| Indicator | Percentage of recommendations resolved within the appropriate timeframe (6 months for inspections and 9 months for audits and evaluations) | | | | | |
| FY 2007 Result | FY 2008 Result | FY 2009 Result | FY 2010 Result | FY 2010 Target | FY 2011 Target | FY 2012 Target |
| 88 percent | 87 percent | 91 percent ▲ Above Target | 79 percent ▼ Below Target | 82 percent | 85 percent | 86 percent |
| Steps to Improve | The decline in results is due to the fact that the number of recommendations doubled from about 1,100 in 2009 to 2,200 in 2010. OIG will determine whether the increased level of activity is likely to continue, and if so, whether OIG can dedicate more staff to the area, or if the targets should be recalibrated to the new, higher level of recommendations. | | | | | |
| Impact | The percentage of recommendations resolved within six months (inspections) or nine months (audits and evaluations) indicates to what extent agency management has agreed to take timely action to correct identified problems in line with OIG recommendations, or has identified acceptable alternatives expected to result in improved programs and operations. | | | | | |
| Methodology | The OIG offices assess and track compliance of each recommendation based on ongoing correspondence with the Department, and update the recommendation's status in the compliance database. In addition, each month OIG sends individual Department bureaus a status report of OIG recommendations directed to them. OIG and the bureaus follow up on and reconcile any discrepancies, and the OIG compliance database is updated when necessary. | | | | | |
| Data Source and Quality | The percentage of recommendations resolved within the stated timeframes is derived from information in OIG's compliance database. Recommendations in OIG reports are entered into the compliance database, and their status is updated by the OIG offices that performed the work, based on ongoing communication with the Department. Some loss of data recently occurred in OIG's compliance database. The missing data was restored based on a review of all reports issued since 1990. No significant data limitations remain. | | | | | |

OFFICE OF INSPECTOR GENERAL

Justification of Request

The OIG request of \$65.154 million will help support the Department's efforts to realize efficiencies in high-cost programs and activities, including actual or potential monetary benefits of \$19 million in FY 2012. This increase includes \$2.0 million to convert 10 direct-hire staff positions in Cairo from 1-year unaccompanied tours to 3-year accompanied tours. The request also includes \$455,000 for mandatory contributions to fund operations of the Council of Inspectors General on Integrity and Efficiency. In addition, OIG's overall budget request includes \$500,000 for training, which will satisfy all of OIG's training requirements for FY 2012. Other increases will enable OIG to meet essential costs necessary to support its FY 2012 priority of strengthening its oversight in the Middle East.

Middle East Regional Office

MERO is staffed with auditors and management analysts who can react on short notice to conduct evaluations and reviews in the Middle East, South and Central Asia, and other crisis and post-conflict areas. MERO is headquartered in Washington DC, and operates through its permanent field office in Cairo, Egypt; temporary satellite offices in Kabul, Afghanistan, and Baghdad, Iraq; and a new temporary satellite office in Islamabad, Pakistan, which opened in September 2010. These offices are supplemented with staff in Washington, DC.

OIG's FY 2012 request includes \$2.0 million to convert 10 staff positions at the MERO Cairo field office from one-year unaccompanied tours to 3-year accompanied tours. This conversion, requested by the Department, will require OIG to begin paying the costs of long-term housing and accompanying family members for overseas direct-hire personnel. The longer accompanied tours will give OIG access to a larger recruiting base of qualified staff and will result in a more stable overseas workforce to carry out OIG's global mission.

Funds by Program Activity (\$ in thousands)

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--|-------------------|---------------|--------------------|
| Administration and Staff Activities | 15,011 | 14,205 | 16,438 |
| Inspections, Audits, Investigations | 41,804 | 39,379 | 45,900 |
| Policy Formulation | 2,785 | 2,416 | 2,816 |
| SIGAR Activities | 23,000 | 0 | 0 |
| SIGIR Activities | 23,000 | 0 | 0 |
| Total | 105,600 | 56,000 | 65,154 |

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Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--|-------------------|---------------|--------------------|
| 1100 Personnel Compensation | 56,201 | 36,324 | 41,765 |
| 1200 Personnel Benefits | 17,824 | 8,580 | 10,001 |
| 2100 Travel & Trans of Persons | 9,019 | 5,877 | 6,850 |
| 2300 Rents, Comm & Utilities | 3,948 | 914 | 1,066 |
| 2400 Printing & Reproduction | 985 | 486 | 566 |
| 2500 Other Services | 14,678 | 2,736 | 3,422 |
| 2600 Supplies and Materials | 1,619 | 224 | 261 |
| 3100 Personal Property | 1,051 | 659 | 768 |
| 4100 Grants, Subsidies & Contrb | 100 | 0 | 0 |
| 9999 Council of the Inspectors General on Integrity and Efficiency | 175 | 200 | 455 |
| Total | 105,600 | 56,000 | 65,154 |

In response to the Inspector General Reform Act of 2008 (P.L. 110-409), Sec. 6, the following data is provided:

Inspector General Act Reporting (\$ in thousands)

| Appropriations | FY 2012 IG Request to Agency | FY 2012 President's Request | FY 2012 CIGIE Contribution*within President's Request | FY 2012 Training Funds within President's Request |
|----------------|------------------------------------|-----------------------------------|---|---|
| OIG | 73,326 | 65,154 | 455 | 500 |
| SIGAR | 44,455 | 44,387 | 0 | 540 |
| SIGIR | 18,984 | 18,545 | 0 | 55 |
| Total | 136,765 | 128,086 | 455 | 1095 |

*CIGIE Contribution – IG contribution to the Council of the Inspectors General on Integrity and Efficiency

CIGIE did not mandate a SIGAR or SIGIR contribution for FY 2012.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Proposed Appropriation Language

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

For expenses of educational and cultural exchange programs, as authorized, \$637,100,000, to remain available until expended: Provided, That not to exceed \$5,000,000, to remain available until expended, may be credited to this appropriation from fees or other payments received from or in connection with English teaching, educational advising and counseling programs, and exchange visitor programs as authorized.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--------------------|----------------|------------|-----------------|
| American Positions | 410 | 410 | 422 |
| Funds | 635,000 | 635,000 | 637,100 |

Program Description

Global exchanges are a strategic element of America's foreign policy. President Obama, speaking at a student roundtable in Turkey, said that "...exchanges can break down walls between us that's where progress begins." Educational, professional, cultural and youth programs play central roles in the President's Global Engagement initiative. The Quadrennial Diplomacy and Development Review (QDDR) acknowledges the effective contribution that people-to-people exchanges has on increasing mutual understanding between the U.S. and other countries and the need to expand and broaden the demographic base of people including women and youth.

To achieve this goal, the Bureau of Educational and Cultural Affairs (ECA) will continue to advance the Department's high priority foreign policy goals through exchanges around the world, with particular focus on countries with significant Muslim populations. ECA will particularly concentrate resources on high priority countries, such as Pakistan, Afghanistan, and Iraq.

Secretary of State Hillary Clinton, in addressing host families said, "The goodwill, generosity, and mutual understanding fostered through exchange programs are critical to meeting the challenges of today's world."

Academic Programs

Higher education cooperation and exchange are essential tools of Smart Power that increase mutual understanding, create lasting ties in every field of endeavor, and advance the Department's national interest in preparing the next generation of leaders to work together to tackle global challenges.

Academic Programs include the Fulbright Scholarship Program; the Hubert H. Humphrey Fellowships for mid-career professionals from developing nations; the Benjamin Gilman program for American undergraduates with financial need to study abroad; English language teaching and English Access Microscholarships for underserved populations; educational advising; U.S. studies exchanges; foreign language study, and other academic exchanges.

Professional and Cultural Exchanges

Professional exchanges increase understanding of U.S. foreign policy goals and allow Americans to broaden their participation in global issues. The International Visitor Leadership Program (IVLP) provides opportunities for foreign opinion makers to meet and confer with their American counterparts and gain firsthand knowledge about U.S. society, culture and politics. Citizen Exchanges unite an extensive network of organizations and experts in professional, youth, cultural, and sports programs. Cultural programs are particularly effective in engaging non-traditional audiences, and youth and sports programs open young minds to American perspectives and develop a sense of citizen responsibility.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Program and Performance

The Office of Policy and Evaluation monitors and evaluates the impact of Bureau programs, earning OMB’s highest rating for effectiveness. The Office of Alumni Affairs maintains productive engagement with ECA’s many diverse and influential alumni worldwide.

Exchanges Support

Exchanges Support includes funding for employee compensation and benefits for domestic staff and Regional English Language Officers (RELOs) abroad, as well as program direction and administration. It also includes the costs related to implementing U.S. Government exchanges coordination and the Convention on Cultural Property Implementation Act. The U.S. Government Exchanges Coordination – The Interagency Working Group on U.S. Government-Sponsored International Exchanges and Training (IAWG) - works to improve the coordination, efficiency, and effectiveness of the 15 federal departments and nearly 50 independent U.S. Government agencies that sponsor international exchanges and training.

Performance

Educational and cultural programs lead directly to greater knowledge and understanding of the United States and the American people, and to America’s better knowledge and understanding of others. Greater mutual understanding helps build a foundation of trust upon which policy makers can then establish bilateral and multilateral agreements. ECA outreach to official figures of influence as well as expanded exchanges with youth, non-elites, religious and ethnic minorities and women result in more accurate and informed perceptions of the United States. This measure demonstrates ECA advancement of its mission to increase mutual understanding and develop friendly and peaceful relations.

| STRATEGIC GOAL: PROMOTING INTERNATIONAL UNDERSTANDING | | | | | | |
|--|---|-----------------------------------|--|-------------------|-------------------|-------------------|
| Strategic Priority | Nurture Common Interests and Values | | | | | |
| Indicator | Percentage of participants who increased or changed their understanding of the United States immediately following their program. | | | | | |
| FY 2007 Result | FY 2008 Result | FY 2009 Result | FY 2010 Result | FY 2010 Target | FY 2011 Target | FY 2012 Target |
| 93 percent [Baseline] | 95 percent ▲ Above Target | 93 percent ◀▶ On Target | 98.81 percent ▲ Above Target | 93 percent | 93 percent | 93 percent |
| Reason for Exceeding Target | Based on data assessed for FY 2010, results have exceeded the target of 93 percent. This indicates an extremely high number of respondents were impacted by ECA exchange programs in this year's survey group and that the public diplomacy goal of increasing mutual understanding was achieved with these program participants. | | | | | |
| Impact | As a result of participating in ECA's programs, men and women from around the world have an increased and more sophisticated understanding of American society, values and institutions. This strengthens relationships between strategic communities. | | | | | |
| Methodology | ECA program participants complete pre-, post- and follow-up surveys that collect data on standardized indicators across ECA programs. All performance measurement surveys are designed by performance measurement specialists. | | | | | |
| Data Source and Quality | ECA performance measurement indicator data captured through pre-, post- and follow-up surveys are collected through ECA's specialized online performance measurement system. The Data Quality Assessment revealed no significant limitations. | | | | | |

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Justification of Request

The FY 2012 request is \$637.1 million, a net increase of \$2.1 million over the FY 2010 Actual total. Within this funding level, resources support ongoing initiatives and will strengthen America's global engagement through programs of proven value and create new opportunities to engage, educate, and empower foreign and American participants. The budget also includes resources to support the Administration priorities in Pakistan, Afghanistan, Iraq and other programmatic initiatives.

ECA continues to support the Gilman study abroad scholarship program by providing awards to an additional 400 financially-disadvantaged U.S. students from underserved sectors seeking opportunities to study abroad, especially in destinations outside of Western Europe. Students studying critical languages during their study abroad program will be eligible for additional funding.

As reflected in the QDDR, "the teaching and learning of English is a means of promoting understanding among foreign publics of our nation and people, which can provide a crucial skill that leads to educational and economic opportunity." The FY 2012 budget continues to support programs reaching youth and teachers through English Language Programs, English Access Microscholarships, E-Teacher scholars and English Language Fellows.

ECA seeks support to cover employee compensation and benefits and administrative support for three new Foreign Service Regional English Language Offices in Pakistan, Iraq, and Afghanistan to carry out English language programs in critical countries and regions.

ECA will increase recognition of the value, quality, and accessibility of a U.S. education among international students, increase the competitiveness of U.S. higher education worldwide, strengthen the Department's EducationUSA network and introduce EducationUSA virtual and mobile advising units, and support advisers with equipment and expertise that will enable them to access new technology.

ECA will create a global marketing campaign to raise the visibility of U.S. higher education in the "marketplace;" pilot EducationUSA virtual and mobile advising in key regional markets; expand and further professionalize the advising staff, adding two additional Regional Educational Advising Coordinators based overseas; and increase the number of Opportunity Fund scholarships for highly qualified, disadvantaged students to cover initial, upfront costs of applying for college in the U.S.

In addition, ECA will redirect resources to support the President's Global Engagement Initiative in Science and Technology. A multi-regional International Visitor Leadership Program in "Science and Technology Education" will explore how to nurture and support hands-on science education, how to demonstrate the relevance of science for children, and how to create a setting in which children actively engage in scientific learning. Undergraduate Student Institutes will bring foreign undergraduates in scientific fields to U.S. campuses for 4-6 weeks to study topics such as the environment and agricultural science with an emphasis on innovation and social entrepreneurship; "Lab-to-Market" seminars in science and technology fields will target Fulbright graduate students; EducationUSA will strengthen advising on U.S. study opportunities in science and technology; and the "TechWomen" Program will provide professional peer mentorships with counterparts in the U.S. for women already working in technology fields.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Finally, ECA will decrease the Muskie Fellowship Program to offset current program priorities while continuing to honor Senator Muskie through targeted exchanges with priority countries in Eurasia.

In FY 2012, ECA will also focus the strengths and benefits of educational, cultural and professional exchanges to support the foreign policy challenges facing the United States. ECA has a strong record of managing requested funds effectively and efficiently to achieve important Administration initiatives.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Funds by Program Activity

(\$ in thousands)

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--|-------------------|----------------|--------------------|
| Academic Programs | 358,627 | 357,348 | 358,998 |
| Fulbright Program | 253,826 | 253,504 | 252,704 |
| Students, Scholars, Teachers, Humphrey, Undergraduates | 253,826 | 253,504 | 252,704 |
| Global Academic Exchanges | 59,471 | 62,844 | 68,634 |
| Educational Advising and Student Services | 12,908 | 12,742 | 15,522 |
| English Language Programs | 46,563 | 50,102 | 53,112 |
| Special Academic Exchanges | 45,330 | 41,000 | 37,660 |
| Regional Graduate Fellowships | 22,660 | 22,660 | 18,320 |
| American Overseas Research Centers | 5,000 | 5,000 | 4,000 |
| South Pacific Exchanges | 500 | 500 | 500 |
| Timor Leste Exchanges | 500 | 500 | 500 |
| Mobility (Disability) Exchange Clearinghouse | 500 | 500 | 500 |
| Benjamin A. Gilman International Scholarship Program | 10,420 | 10,090 | 12,090 |
| George Mitchell Fellowship Program | 500 | 500 | 500 |
| University of Miami Hemispheric Program | 500 | 500 | 500 |
| Tibet Fund | 750 | 750 | 750 |
| One-Time Special Grant Competition | 4,000 | 0 | 0 |
| Professional and Cultural Exchanges | 209,618 | 207,306 | 207,306 |
| International Visitor Leadership Program | 95,025 | 95,869 | 95,869 |
| International Visitor Leadership Program | 95,025 | 95,869 | 95,869 |
| Citizen Exchange Program | 102,000 | 102,844 | 102,844 |
| Professional/Cultural/Youth | 102,000 | 102,844 | 102,844 |
| Special Professional and Cultural Exchanges | 12,593 | 8,593 | 8,593 |
| One-Time Special Grant Competition | 4,000 | 0 | 0 |
| Congress-Bundestag Youth Exchange Program | 4,000 | 4,000 | 4,000 |
| Mike Mansfield Fellowship Program | 1,902 | 1,902 | 1,902 |
| Institute for Representative Government | 496 | 496 | 496 |
| Irish Institute | 1,020 | 1,020 | 1,020 |
| Youth Science Leadership Institute of the Americas | 150 | 150 | 150 |
| Ngwang Choephel Fellows (Tibet) | 650 | 650 | 650 |
| Pakistan Literacy Training | 375 | 375 | 375 |
| Program and Performance | 6,174 | 6,174 | 6,074 |
| Evaluation | 1,939 | 1,939 | 1,939 |
| Alumni | 4,135 | 4,135 | 4,135 |
| Social Networking | 100 | 100 | 0 |

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|-------------------|-------------------|----------------|--------------------|
| Exchanges Support | 60,581 | 64,172 | 64,722 |
| Total | 635,000 | 635,000 | 637,100 |

Funds by Object Class

(\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|---------------------------------|-------------------|----------------|--------------------|
| 1100 Personnel Compensation | 33,716 | 34,824 | 35,266 |
| 1200 Personnel Benefits | 8,872 | 9,164 | 9,272 |
| 2100 Travel & Trans of Persons | 1,565 | 1,500 | 1,510 |
| 2200 Transportation of Things | 304 | 300 | 302 |
| 2300 Rents, Comm & Utilities | 862 | 800 | 805 |
| 2400 Printing & Reproduction | 604 | 600 | 603 |
| 2500 Other Services | 28,066 | 26,000 | 26,148 |
| 2600 Supplies and Materials | 434 | 400 | 402 |
| 3100 Personal Property | 19 | 0 | 0 |
| 4100 Grants, Subsidies & Contrb | 560,558 | 561,412 | 562,792 |
| Total | 635,000 | 635,000 | 637,100 |

REPRESENTATION ALLOWANCES

Proposed Appropriation Language

REPRESENTATION ALLOWANCES

For representation allowances as authorized \$8,175,000.

REPRESENTATION ALLOWANCES

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 8,536 | 8,175 | 8,175 |

Program Description

Pursuant to Section 905 of the Foreign Service Act of 1980 Representation Allowances permit Ambassadors, Principal Officers at constituent posts, and other Foreign Service Officers with vital contacts in the host country, to obtain partial reimbursement of costs incurred for official representation overseas. These official contacts help establish and maintain close personal ties with local government officials and influential private citizens who have expertise in the fields of politics, economics, business, journalism, labor, and science. Representational functions are key vehicles to convey U.S. foreign policy goals and objectives and to gather information central to the formulation of U.S. bilateral and multilateral policies.

Representation is vital to the Department's foreign policy objectives of advancing its economic interests, and maintaining national security interests. In addition to the normal bilateral events, the Department concentrates on representational activities that support U.S. positions on trade issues associated with the European Union (EU), Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), Central American Free Trade Agreement (CAFTA), Free Trade of the Americas (FTAA), African Growth and Opportunity Acts (AGOA) and the North American Free Trade Agreement (NAFTA).

The central feature of representational activities continues to be the promotion of American interests through the establishment and maintenance of solid working relationships with, and the gathering of information from, foreign officials and representatives. Funding is also used to promote economic activities through strengthening relationships among individuals, e.g., business and labor leaders who perform duties such as trade promotion; protection of American business interests; economic, commercial, and labor reporting; and negotiations. Representation funding is also required for adherence to certain protocols or traditions that must be observed, such as the installation or inauguration of national leaders, recognition of deaths or marriages of prominent citizens, and presentation of credentials to heads of state.

Representation events can help foster relationships to promote U.S. interests. As an example, events hosted in Burundi brought together government officials charged with promoting sound business policies with Burundian and U.S. entrepreneurs. Events like this create an atmosphere where trade and business relationships can be established and nurtured, to the benefit of both countries.

Justification of Request

The \$8.2 million request in FY 2012 is lower than the FY 2010 Actual level, which included a \$361,000 transfer to meet emergent representational needs for that fiscal year. Funds requested will continue support of U.S. national interests, economic activities, and other diplomatic functions at embassies, missions, and consulates worldwide. The Department will stage appropriate representational events and

REPRESENTATION ALLOWANCES

apply this vital diplomatic tool to enhance the effectiveness of U.S. national and foreign policy interests to:

- Increase emphasis on reaching out to Muslim and youth leaders as part of the campaign to promote government reform;
- Expand outreach to non-traditional audiences to promote key U.S. objectives;
- Host formal and informal discussion groups to promote democracy and fair elections to emphasize the peaceful transition of power via democratic elections and to increase access to top journalists, constitutional court justices, business leaders and social activists;
- Publicize the accomplishments of the President's Emergency Plan for AIDS Relief (PEPFAR) and Millennium Challenge Corporation (MCC) programs to advance the promotion of U.S. interests;
- Provide full requirements in Afghanistan for the Administration's foreign policy initiatives to support the program offices, interagency provincial affairs offices and public affairs offices allowing better efforts to engage Afghans at all levels;
- Increase engagement in Latin America to ensure that the new leaders understand the U.S. point of view to better formulate foreign policy and to support U.S. goals in economic stability, immigration, women's issues and climate change; and
- Engage local law enforcement agencies in enhancing network of regional security organizations as well as the safety and security of the U.S. Missions.

Funds by Program Activity

(\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--|-------------------|---------------|--------------------|
| Commemorative and Ceremonial Requirements | 251 | 255 | 255 |
| Promotion of Economic Activities | 575 | 612 | 612 |
| Promotion of U.S. Citizens' Interests | 247 | 244 | 244 |
| Promotion of U.S. National Interests | 5,477 | 5,196 | 5,196 |
| Public Diplomacy | 1,986 | 1,868 | 1,868 |
| Total | 8,536 | 8,175 | 8,175 |

Commemorative and Ceremonial Requirements

Ambassadors, Charges d'Affaires, and their representatives frequently participate in ceremonial or commemorative occasions such as national days, installations or inaugurations of national leaders, deaths or marriages of prominent citizens, and presentation of credentials to heads of state. On these occasions certain protocols or traditions (such as the presentation of a wreath, flowers, or other articles) must be observed. Foreign Service officers overseas are also responsible for formally introducing high-ranking visiting U.S. officers to local leaders, as well as newly assigned and/or departing personnel to their local government counterparts in order to facilitate conduct of official business.

REPRESENTATION ALLOWANCES

Promotion of Economic Activities

Foreign Service officers meet with foreign and American officials, business representatives, labor leaders, academics, and other individuals involved in production and trade investment in the country or district of their assignment. These contacts help them to perform duties of an economic nature (such as trade promotion, protection of American business interests, and economic, commercial and labor reporting) and conduct negotiations related to these activities.

Promotion of U.S. Citizens' Interests

Establishing relationships with foreign officials in the country of their assignment allows Foreign Service officers to serve citizens' interests more responsively. Knowing the right people on an immediate basis can help them extend visa and immigration assistance, provide police and prison liaison, solve citizenship and related problems, arrange transportation of effects in the case of death, and arrange transportation and subsistence for destitute Americans overseas. Personal relationships are also important in developing and testing emergency plans, as well as dealing with the actual event of a natural disaster or act of terrorism.

Promotion of U.S. National Interests

Strengthening contacts with foreign officials, prominent citizens, and long-term residents who are knowledgeable in various fields enables Foreign Service officers to promote U.S. national interests more effectively. The majority of official representational expenditures are for receptions, small working luncheons, and informal dinners that help to establish and maintain personal relationships, and to reciprocate courtesies previously extended. These relationships permit officers to gather information used to report trends, policies and opinions abroad, to conduct negotiations, and to present or further the acceptance of American policies or viewpoints.

Public Diplomacy

Public Diplomacy events aim to garner understanding and support for U.S. policies and values through interactions with influential individuals and organizations. Functions that include the local media, key political elites, academics, and members of non-governmental organizations are designed to assess the overseas public affairs climate and convey and reinforce acceptance of U.S. policies and values. These activities promote peaceful relations between the U.S. and other countries by fostering mutual understanding through academic, professional, and cultural activities.

Funds by Object Class

(\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|---------------------|-------------------|---------------|--------------------|
| 2500 Other Services | 8,536 | 8,175 | 8,175 |
| Total | 8,536 | 8,175 | 8,175 |

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PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Proposed Appropriation Language

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

For expenses, not otherwise provided, to enable the Secretary of State to provide for extraordinary protective services, as authorized, \$27,744,000, to remain available until September 30, 2013.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 28,000 | 28,000 | 27,744 |

Program Description

The Bureau of Diplomatic Security administers the Department's two programs for the extraordinary protection of international organizations, foreign missions and officials, and foreign dignitaries (under certain circumstances) throughout the United States. These programs are the Extraordinary Protection of International Organizations, Foreign Missions, and Officials in New York, and the Extraordinary Protection of International Organizations, Foreign Missions, and Officials Elsewhere in the United States.

These programs fulfill the U.S. Government's obligations under the Vienna Convention and other international treaties to ensure reasonable security for foreign missions and officials in the United States. When the required level of protection exceeds that which local law enforcement authorities can reasonably be expected to provide to foreign missions and officials, international organizations, or certain visiting dignitaries, the Department is authorized to reimburse other federal agencies or state or local authorities for extraordinary protective services provided or to contract with private security firms to provide such services.

Examples of ongoing protective activities funded by these programs include: the permanent protection for certain foreign missions, consulates, and chanceries throughout the U.S.; intermittent protection for certain other consulates in the U.S.; the protection for foreign officials and certain other distinguished foreign visitors during the annual meeting of the United Nations General Assembly; and the protection of foreign government officials while visiting metropolitan areas where there are multiple full-time consular or diplomatic missions, when these officials are in the United States to conduct official business with the U.S. Government.

The program for *Extraordinary Protection of International Organizations, Foreign Missions, and Officials in New York* funds the special security requirements of diplomatic delegations and officials within New York City, including those accredited to the United Nations and other international organizations, and visiting foreign dignitaries under certain circumstances.

The program for *Extraordinary Protection of International Organizations, Foreign Missions, and Officials Elsewhere in the United States* funds the special security requirements of diplomatic delegations and officials and visiting foreign dignitaries under certain circumstances throughout the rest of the United States.

The Vienna Convention and other international treaties require that host governments ensure reasonable security for foreign missions and officials. The events of September 11, 2001, dramatically changed the requirements for the protection of foreign missions and related personnel in the United States, especially with respect to additional protection and specialized training and equipment.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Justification of Request

The Departments FY 2012 request is \$27.7 million. This funding level is \$256,000 below the FY 2010 enacted level and includes no increases for current services in FY 2012.

Extraordinary Protection of International Organizations, Foreign Missions, and Officials in New York

The FY 2012 request includes \$25.3 million to reimburse the New York City area Police Departments (NYPD) for providing extraordinary security protection to diplomatic facilities and the United Nations facility. In addition, any amount not used to reimburse NYPD will be applied to previously validated reimbursement claims. In FY 2012, it is estimated that the NYPD claims will be \$29.3 million.

Extraordinary Protection of International Organizations, Foreign Missions, and Officials Elsewhere in the United States

A total of \$2.4 million will be used to reimburse local and state police agencies for providing extraordinary security protection to visiting foreign officials and their delegations outside the New York City area.

Funds by Program Activity (\$ in thousands)

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|---|-------------------|---------------|--------------------|
| Extraordinary Protection of Foreign Missions/Officials New York | 25,600 | 25,600 | 25,344 |
| Extraordinary Protection of Foreign Missions/Officials Rest of U.S. | 2,400 | 2,400 | 2,400 |
| Total | 28,000 | 28,000 | 27,744 |

Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|---------------------|-------------------|---------------|--------------------|
| 2500 Other Services | 28,000 | 28,000 | 27,744 |
| Total | 28,000 | 28,000 | 27,744 |

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Proposed Appropriation Language

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to enable the Secretary of State to meet unforeseen emergencies arising in the Diplomatic and Consular Service, \$10,000,000, to remain available until expended as authorized, of which not to exceed \$1,000,000 may be transferred to, and merged with, funds appropriated by this Act under the heading "Repatriation Loans Program Account", subject to the same terms and conditions

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 29,423 | 10,000 | 10,000 |

FY 2010 Actual includes \$16.0 million in unobligated balances transferred from Diplomatic and Consular Programs as provided by the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2008 (P.L. 110-161). FY 2010 Actual also includes \$3.7 million transferred from Diplomatic and Consular Programs funding provided by the Supplemental Appropriations Act, 2010 (P.L. 111-212). FY 2010 Actual further reflects the transfer of \$277,000 to Repatriation Loans Program Account.

Program Description

As authorized by Section 4 of the State Department Basic Authorities Act of 1956, as amended (22 U.S.C. 2671), the Emergencies in the Diplomatic and Consular Service (EDCS) appropriation is a no-year appropriation used to meet unforeseen emergency requirements in the conduct of foreign affairs, including evacuations of personnel and their families overseas, and, in certain circumstances, private U.S. citizens and third country nationals, as well as other authorized activities that further the realization of U.S. foreign policy objectives. The EDCS appropriation also is used for the payment of rewards for information related to international terrorism, narcotics related activities, and war crimes tribunals for the former Yugoslavia, Bosnia, Croatia, Rwanda and Sierra Leone as authorized by Section 36 of the State Department Basic Authorities Act of 1956 (22 U.S.C 2708) as amended, and by Section 102 of Public Law 105-323, as amended by Public Law 106-277. Funds appropriated for these purposes are authorized to remain available until expended.

The principal purpose of the EDCS appropriation is to provide the Department with the means to respond immediately to emergencies that arise in the conduct of foreign relations, including the evacuation of personnel and their families overseas. Devastating events worldwide have demonstrated the importance of having the EDCS appropriation upon which to draw to protect American lives overseas. The earthquake in Haiti, the evacuation of Lebanon, the tsunami in Southeast Asia, the war in Iraq, the events of September 11, 2001, the outbreaks of pandemic influenza (SARS, Avian and H1N1 flu), and the bombings of the U.S. Missions in Nairobi, Kenya, Dar es Salaam, Tanzania, Riyadh, Saudi Arabia and Islamabad, Pakistan underscore the continuing need for a funding source from which extraordinary expenditures can be made on a timely basis to further and protect United States interests abroad. Additionally, the EDCS appropriation also funds certain activities relating to the conduct of foreign affairs by senior Administration officials which generally take place in connection with the U.S. hosting of U.S. Government-sponsored conferences, such as the UN and OAS General Assembly, the G-20 Summit, the Nuclear Security Summit, and the U.S.-China Strategic and Economic Dialogue. The EDCS appropriation also funds other urgent medical and travel expenses related to natural disasters or terrorist incidents; passport and visa fraud investigations; official visits of foreign dignitaries; travel of Presidential delegations; representational expenses; and other authorized activities that further the realization of foreign policy objectives.

The Rewards Program funded from the EDCS appropriation consists of three separate components – Rewards for Justice (RFJ), Narcotics Rewards, and War Crimes Rewards. The program is a valuable asset and has been instrumental in bringing to justice international terrorists, notorious narcotics traffickers, and war criminals sought by the International Criminal Tribunals for the Former Yugoslavia and Rwanda.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

Justification of Request

Unforeseen Emergencies and Other Activities: \$10,000,000

The Department's FY 2012 request of \$10 million is a \$2.9 million decrease from the FY 2010 Actual level. The FY 2010 Actual level includes a \$277,000 transfer to the Repatriation Loan account and a \$3.7 million transfer from Diplomatic and Consular Programs (D&CP) under the Supplemental Appropriations Act, 2010 (P.L. 111-212).

Demands on this account, although unpredictable, are heavily influenced by evacuations that may occur as a result of natural disasters, epidemics, terrorist acts, and civil unrest. Recent demands include the evacuation from Egypt, the earthquake in Haiti, the large-scale evacuation of Americans from Lebanon, and those related to the tsunami in Southeast Asia. In FY 2010, evacuations occurred in Conakry, Guinea, Bishkek, Krygyzstan, Bangkok, Thailand and seven border posts in Mexico due to civil unrest; and in Haiti due to a devastating earthquake. It is estimated that \$3 million of the Department's request will support emergency evacuations.

In FY 2012, the U.S. will host the Asia Pacific Economic Cooperation (APEC) Leaders' Forum in Hawaii, which will include at least 19 heads of state, cabinet ministers and delegation members. In all, up to 10,000 participants, including senior government officials, business leaders, worldwide media, security and support staff are expected to attend this nine-day series of Leaders and Ministerial meetings. Also in FY 2012, the U.S. will host the G-20 Summit. Costs for both of these international gatherings of world leaders are expected to be significant. Other activities funded from EDCS are travel of Presidential delegations, official visits of and official gifts for foreign dignitaries, Presidential, Vice Presidential, and Congressional travel overseas, as well as activities related to Smart power and Muslim outreach programs. \$6 million within the request will support these activities.

The EDCS account provides funding in support of confidential investigations conducted to counteract passport and visa fraud. The Department has an agreement with the Department of Defense to fund deployment of a forensics team to investigate disasters, such as plane crashes, at the request of foreign governments. This activity is also funded from the EDCS appropriation. In addition, other highly-sensitive unusual activities such as travel of foreign dissidents, ex gratia payments to foreign nationals, and urgent medical/travel costs in natural disasters or terrorist incidents are funded from the EDCS account. \$1 million within the request will support activities related to passport and visa fraud investigations and other highly-sensitive matters.

Terrorism, Narcotics, and War Crimes Rewards Program: \$0

The FY 2012 request includes no additional funding for the Department's Rewards Program since the Department anticipates transferring funds from D&CP prior year expired, unobligated balances to the EDCS account to fund rewards as authorized in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2008 (Div. J, P.L. 110-161). The EDCS account funds the payment of rewards for information on international terrorism, narcotics trafficking, and those indicted for war crimes in certain international tribunals, as well as related publicity efforts. Currently, there are approximately \$646 million in pending reward offers in the Terrorism, Narcotics and War Crimes Rewards programs: \$419 million for cases concerning terrorist acts; \$162 million for cases concerning narcotics traffickers; and \$65 million for cases concerning war crimes. All rewards under the Rewards Program are funded via the EDCS account in conjunction with the D&CP transfer authority.

EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE

The Terrorism Rewards Program, or Rewards for Justice (RFJ) Program, is a valuable asset in the fight against international terrorism. Currently, there are reward offers for information that prevents, frustrates, or favorably resolves acts of international terrorism against U.S. persons or property worldwide, leads to the arrest or conviction, in any country, of terrorists responsible for such acts, or leads to the location of a key terrorist leader.

The Narcotics Rewards Program has been successful in helping law enforcement capture some of the world's most notorious narcotics traffickers responsible for bringing hundreds of tons of illicit drugs into the United States each year.

The War Crimes Rewards Program has been instrumental in bringing to justice some of the most notorious and brutal fugitives sought by the UN International Criminal Tribunals for the Former Yugoslavia (ICTY) and Rwanda (ICTR). The War Crimes program is launching a multi-media ad campaign in Africa's Great Lakes Region to apprehend the last remaining fugitives before the International Criminal Tribunal for Rwanda closes.

Funds by Program Activity (\$ in thousands)

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|---|-------------------|---------------|--------------------|
| Emergency Evacuations & Other Activities | 12,923 | 10,000 | 10,000 |
| International Terrorism, Narcotics & War Crimes Rewards | 16,500 | 0 | 0 |
| Total | 29,423 | 10,000 | 10,000 |

Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|--------------------------------|-------------------|---------------|--------------------|
| 2100 Travel & Trans of Persons | 3,147 | 3,200 | 3,200 |
| 2500 Other Services | 6,466 | 5,800 | 5,800 |
| 9100 Unvouchered | 19,810 | 1,000 | 1,000 |
| Total | 29,423 | 10,000 | 10,000 |

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BUYING POWER MAINTENANCE ACCOUNT

Proposed Appropriation Language

BUYING POWER MAINTENANCE ACCOUNT

None.

BUYING POWER MAINTENANCE ACCOUNT

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 30,500 | 8,500 | 0 |

Program Description

The Buying Power Maintenance Account (BPMA) is authorized under section 24 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2696). The BPMA is intended to offset adverse fluctuations in foreign currency exchange rates or overseas wage and price changes.

Adverse exchange rate fluctuations erode the Department's buying power overseas, causing potential operating deficits. Funds may be transferred from this account to other accounts under the heading "Administration of Foreign Affairs" to maintain planned levels of activity. Managing factors include the ability to absorb exchange rate losses within the current year financial plan, offsetting gains in other parts of the world, and the balances available versus projections of exchange rate fluctuations in the current and the budget year. Decisions to transfer exchange rate gains from other accounts under the heading "Administration of Foreign Affairs" into the BPMA are made on a similar basis.

Historically, the BPMA was capitalized at a level of over \$20 million in the mid-1980s, and balances were depleted in subsequent years due to the decline in the value of the dollar against the currencies of virtually every major industrialized country. From FY 1997 through FY 2002, the Department built the fund back up to \$16.7 million through exchange rate gains and the transfer of balances from the former USIA Buying Power Maintenance Account. However, because of significant worldwide losses in the value of the dollar in FY 2003 and FY 2004, the BPMA account was drawn down to zero by the end of FY 2004.

In FY 2008, the Department received authority to transfer \$26 million from the D&CP appropriation in the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (P.L. 110-28) to the BPMA, in accordance with section 1408 of the Supplemental Appropriations Act, 2008 (P.L. 110-252). These funds were transferred in FY 2008 to the Diplomatic and Consular Programs (D&CP) appropriation to offset \$37.9 million in cumulative exchange rate losses as of August 2008. In FY 2010, \$22 million was transferred from D&CP to this account to maintain a reserve balance to offset adverse fluctuations in foreign currency exchange rates and overseas wage and price increases.

Justification of Request

The FY 2012 budget does not include a funding request for the BPMA, as the Department will use existing BPMA balances and transfer authorities to manage exchange rate fluctuations in FY 2012.

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REPATRIATION LOANS PROGRAM ACCOUNT

Proposed Appropriation Language

REPATRIATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, \$1,800,000, as authorized, of which \$711,000 may be made available for administrative expenses necessary to carry out the direct loan program and may be paid to "Diplomatic and Consular Programs": Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974.

REPATRIATION LOANS PROGRAM ACCOUNT

Resource Summary (\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 1,902 | 1,450 | 1,800 |

FY 2010 Actual includes \$175,000 transferred from Diplomatic and Consular Programs funding provided by the Supplemental Appropriations Act, 2010 (P.L. 111-212) and \$277,000 transferred from Emergencies in the Diplomatic and Consular Service.

Program Description

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

When U.S. citizens abroad become destitute or are otherwise unable to fund their return home, they may enlist the assistance of the U.S. Embassy or Consulate in the country in which they are stranded. Before granting a loan, consular officers first attempt to obtain funds for the person in need from family members and/or friends in the United States. If this cannot be done, the post is authorized in certain circumstances to purchase transportation for direct return to the United States and to provide food and lodging for the period prior to the next available flight, via U.S. carrier whenever possible. The recipient is required to sign a promissory note for the amount of the loan. The Department of State actively seeks repayment of these loans. To encourage repayment, the recipient's passport is restricted at the time the loan is granted to allow return to the United States only. This restriction remains in effect until the loan is repaid.

The Repatriation Loan Program directly benefits American citizens by providing them with the means to return to the United States if no other options are available. FY 2010 data indicates that 1,465 repatriation loans were serviced overseas. Regional distributions of these loans approximate as follows: Africa 88; the Americas 703; East Asia/Pacific 220; the Near East and South Central Asia 209; and Europe 249. The extraordinary high number identified for the Americas includes 445 repatriation loans which were processed for evacuees from the January 2010 Haiti earthquake disaster.

Justification of Request

The FY 2012 request of \$1.8 million is a \$102,000 decrease from the FY 2010 Actual level. The FY 2010 Actual level includes \$175,000 from the Supplemental Appropriations Act, 2010 (P.L. 111-212) for earthquake related cases in Haiti and a \$277,000 transfer from the Emergencies in the Diplomatic and Consular Service (EDCS) account to cover increased loan requirements. This request will allow the Department of State to subsidize and administer the Repatriation Loans program consistent with the

REPATRIATION LOANS PROGRAM ACCOUNT

Credit Reform Act of 1990 and at a funding level consistent with historical requirements. This activity is funded as a direct loan program in accordance with the Credit Reform Act.

The Department of State receives a limited level of financing for direct loans from the Department of the Treasury in a separate financing account, disburses these funds to U.S. citizens as needed abroad, and repays the Treasury as the repatriation loans are collected from the public.

Repatriation loan cases have steadily increased over the last few fiscal years. The FY 2010 loan levels not related to the Haiti earthquake evacuation are 10 percent higher than the FY 2009 loan levels. This request will allow the Department to issue repatriation loans at a level that is consistent with increased funding requirements.

Funds by Program Activity (\$ in thousands)

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|-----------------------|-------------------|---------------|--------------------|
| Administration | 711 | 711 | 711 |
| Subsidy | 1,191 | 739 | 1,089 |
| Total | 1,902 | 1,450 | 1,800 |

The FY 2012 subsidy request of \$1,089,000 (57.85 percent) will provide for a loan level of \$1,882,455. The subsidy appropriation represents the estimated costs to the U.S. Government of loans that are unlikely to be repaid. For FY 2012, the Department is also requesting continuation of authority within the Emergencies in the Diplomatic and Consular Service account (EDCS) to allow the transfer of up to \$1 million into this account from EDCS if loan requirements exceed the requested level.

The FY 2012 administration request of \$711,000 will provide for operation and management of the loan program consistent with the Credit Reform Act. Contract positions (non Consular Affairs) to administer the loan program are funded with the administration component of the Repatriation Loan Program Subsidy. These positions handle the loans from just after Consular Affairs approval to final payoff. Currently about 90 percent of the administrative funding is used to support loans from previous fiscal years and 10 percent for current year loans. Due to changes in accounting systems and practices over the years, the older loans require a great deal of contractor hours in research to account for payoffs and to track defaulted loans. The Department is requesting continuation of authority to transfer the administration portion of this request to the Diplomatic and Consular Programs account. This transfer makes administration of the program more efficient by simplifying financial planning and accounting procedures. In recent years, using administration funding, the Department has made significant improvements in collecting defaulted loans, resulting in a 20 percent decrease in the subsidy costs to the U.S. Government.

REPATRIATION LOANS PROGRAM ACCOUNT

Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------------------|---------------------------|-----------------------|----------------------------|
| 2500 Other Services | 711 | 711 | 711 |
| 3300 Investments and Loans | 1,191 | 739 | 1,089 |
| Total | 1,902 | 1,450 | 1,800 |

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PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Proposed Appropriation Language

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

For necessary expenses to carry out the Taiwan Relations Act (Public Law 96–8), \$23,320,000

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 23,158 | 21,174 | 23,320 |

Program Description

To support U.S. interests in Taiwan, the American Institute in Taiwan (AIT) serves as the advocate to Taiwan authorities for U.S. political, economic and security interests and analyzes and reports on political and economic events critical to U.S. interests. AIT advances U.S. economic, commercial and agricultural interests in Taiwan, including the promotion of U.S. exports. AIT provides the full range of consular services, including both immigrant and non-immigrant visas as well as American citizen services, and supports border protection and anti-terrorism efforts. AIT participates in cultural, scientific, and information exchange programs, and facilitates U.S. arms sales to Taiwan. In addition, AIT negotiates agreements on behalf of the United States with its Taiwan counterpart, the Taipei Economic and Cultural Representative Office in the United States (TECRO).

AIT's Washington headquarters carries out executive functions and acts as the liaison between various U.S. Government agencies and TECRO. In particular, the Washington office provides executive and administrative direction for AIT, financial oversight and contract administration of all agency agreements, and coordination of negotiations and agreements. In accordance with the AIT-TECRO Agreement on Privileges and Immunities, the Washington office also issues identity and tax exemption cards to TECRO employees and their dependents, and serves as the liaison between TECRO, the Department of State, and the Department of Homeland Security regarding visas and adjustments of status.

Support for AIT operations comes from three funding sources: this Department of State appropriation; reimbursements by U.S. Government agencies such as the Departments of Commerce, Agriculture, Defense, Energy and Homeland Security for specific staff positions; and visa processing fees charged by AIT under Department of State authority. These FY 2012 sources amount to approximately \$21.9 million in reimbursements from other agency contracts and compensation associated with supporting the Foreign Service Institute's Chinese Language School, as well as approximately \$19.8 million in visa processing fees.

Before FY 2009 visa processing fees were sufficient to fund consular service upgrades and incrementally fund a capital projects account. Visa processing fees have also covered shortfalls in the appropriation and adverse exchange rate changes. However, visa processing receipts dropped 28 percent in 2009 at the same time that State, Commerce and Agriculture Foreign Service salaries increased by more than 7 percent. Visa processing fee collections continue to be substantially lower than previous highs and this trend is anticipated to continue in the future. Of the estimated \$19.8 million in visa processing fees, approximately \$16.3 million will be needed to cover direct and indirect operating expenses in addition to the appropriation provided. A portion of the remaining funds will be set aside for consular upgrades. The remainder will be added to capital projects.

In late 2009, Taipei municipal authorities gave final approval for the construction of a New Office Compound (NOC) for AIT Taipei, which is in dire need of a new facility. Phase I construction of the new \$226 million state-of-the-art facility was begun in March 2010 and is scheduled to be completed in 2012.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

If funding for Phase II becomes available in FY 2011, AIT expects that the NOC can be completed by the end of 2015. When finished, the NOC will serve as a symbol of the enduring strength of the commercial, cultural and other ties between the United States and Taiwan and will provide a secure environment in which AIT's work can be accomplished.

Justification of Request

The Department's FY 2012 request of \$23.32 million includes increases to maintain current services and support several key initiatives. The request includes an increase of \$162,000 over the FY 2010 Actual amount which included a transfer of \$1,984,000 from the D&CP account.

Funds by Program Activity (\$ in thousands)

| Activities | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|-------------------------|-------------------|---------------|--------------------|
| Agriculture Services | 695 | 635 | 649 |
| Commercial Services | 1,622 | 1,483 | 1,843 |
| Consular Services | 5,096 | 4,659 | 5,499 |
| Economic Services | 2,085 | 1,906 | 2,204 |
| Other Services | 9,617 | 8,793 | 8,319 |
| Public Affairs Services | 2,169 | 1,983 | 2,979 |
| Washington Headquarters | 1,874 | 1,715 | 1,827 |
| Total | 23,158 | 21,174 | 23,320 |

Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|-----------------------------|-------------------|---------------|--------------------|
| 1100 Personnel Compensation | 19,222 | 17,575 | 18,325 |
| 1200 Personnel Benefits | 3,474 | 3,176 | 3,524 |
| 2500 Other Services | 462 | 423 | 1,471 |
| Total | 23,158 | 21,174 | 23,320 |

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Proposed Appropriation Language

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

For payment to the Foreign Service Retirement and Disability Fund, as authorized, \$158,900,000.

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Resource Summary

(\$ in thousands)

| Appropriations | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|----------------|----------------|------------|-----------------|
| Funds | 158,900 | 158,900 | 158,900 |

FY 2010 Actual, FY 2011 Enacted, and FY 2012 Request include mandatory funding for both the Department of State and the United States Agency for International Development.

Program Description

This appropriation provides mandatory funding to the Foreign Service Retirement and Disability Fund (FSRDF), financing by thirty annual installments any unfunded liability created by new or liberalized benefits, new groups of beneficiaries, and salary increases. This appropriation is one of several sources of income to the FSRDF. Funding is maintained through contributions by employees; agency contributions; special government contributions, including this program; interest on investments; and voluntary contributions. This request includes the State Department's and the United States Agency for International Development's (USAID) portions of these Foreign Service costs.

This separate payment by the State Department into the FSRDF is authorized by Section 821 of the Foreign Service Act of 1980, as amended, which authorizes appropriations to the Fund, to be paid in thirty annual installments, of the amount required for the unfunded liability created by new or liberalized benefits, new groups of beneficiaries, or increased salaries on which benefits are computed. In addition, Section 822 of the Act authorizes financing of the balance of the normal cost for each fiscal year, an amount equal to the balance of annual costs to the Fund in excess of current employee and employer contributions. As a mandatory program, these resources are not included in the total Department of State (DOS) summary of funds for discretionary appropriations.

Justification of Request

The request funds continuing installments to finance unfunded liabilities created by federal salary increases, the extension of benefits to new groups of employees, by new or liberalized benefits paid from the Fund, and for normal costs not met by employee and employer contributions. The amount of the appropriation is the result of the annual evaluation of the Fund balance based on current statistical data, including Federal pay raise information.

The FSRDF includes the operations of two separate retirement systems - the Foreign Service Retirement and Disability System (FSRDS) and the Foreign Service Pension System (FSPS). The FSRDF was established to provide pensions to all eligible retired and disabled members of the Foreign Service who are enrolled in either of the two systems, and certain eligible former spouses and survivors. The purpose of this appropriation is to maintain the required funding level of the FSRDF. This appropriation is the complementary funding required, in addition to the other sources of funding previously mentioned.

FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Funds by Object Class (\$ in thousands)

| | FY 2010 Actual | FY 2011 CR | FY 2012 Request |
|------------------|---------------------------|-----------------------|----------------------------|
| 9100 Unvouchered | 158,900 | 158,900 | 158,900 |
| Total | 158,900 | 158,900 | 158,900 |