

BUDGET AND PERFORMANCE SUMMARY

...in today's global world, there is no longer anything foreign about foreign policy. More than ever before, the decisions that we make from the safety of our shores don't just ripple outward; they also create a current right here in America. How we conduct our foreign policy matters more than ever before to our everyday lives.

John Kerry
Secretary of State
Address at The University of Virginia, February 20, 2013

Overview

The Department of State is implementing the President's foreign policy agenda to solidify the sources of American strength and influence and to shape a just and sustainable international order. Paramount in U.S. foreign policy is our ability to advance peace and stability throughout the world. Advances in our foreign policy engagement allows for our businesses and educational institutions to have greater opportunities to achieve success which strengthens and grows our economy. The FY 2014 Request embraces the challenges our nation faces and continues to provide a platform for peace and stability throughout the world.

To meet the goals set out by the President, the Secretary of State's FY 2014 request continues to strengthen diplomacy and development so that they stand alongside defense as core pillars of American power. Abroad, we are strengthening alliances, forging new partnerships, and using every tool of American power to advance our national security objectives –including enhanced diplomatic and development capabilities with the ability both to prevent conflict and to work alongside our military.

True partnership is based on shared effort and responsibility. Mindful of the fiscal realities confronting the U.S. Government and our nation, our budget request reflects adherence to fiscal discipline by making tough choices among competing policy priorities.

The State Operations FY 2014 Congressional Budget Justification (CBJ) supports the achievement of the Department's Strategic Goals and U.S. foreign policy priorities. This budget request (CBJ Vol. 1), together with the Foreign Operations Congressional Budget Justification (CBJ Vol. 2), serves as the Department's FY 2014 Annual Performance Plan (APP) and FY 2012 Annual Performance Report (APR). Within the Foreign Operations FY 2014 CBJ, a description of the work conducted by the U.S. Agency for International Development (USAID) and the Department of State is presented to achieve foreign assistance goals. The APP/APR is organized by the joint State-USAID Strategic Goals and details the work conducted by the Department and USAID to achieve their joint mission to: *shape and sustain a peaceful, prosperous, just, and democratic world and foster conditions for stability and progress for the benefit of the American people and people everywhere.*

Like all international affairs agencies, programs funded under the Department of State Operations are adjusting strategies and plans, focusing programs, leveraging resources, and placing greater emphasis on demonstrating results. The Department is leveraging interagency funding structures such as Capital Security Cost Sharing (CSCS) and International Cooperative Administrative Support Services (ICASS) to

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consolidate costs while delivering a robust interagency platform. The Department is also reaching out to allies, donors, and private organizations to leverage investments for maximum impact.

The FY 2014 Request contains two components: funding in the enduring budget for ongoing worldwide responsibilities and core programs, and funding in a separate Overseas Contingency Operations (OCO) budget for extraordinary and temporary requirements associated with achieving key national security goals in the frontline states of Afghanistan, Pakistan, and Iraq.

The FY 2014 Request of \$14.4 billion for enduring State Operations appropriations supports the Department's overseas and domestic programs, Presidential initiatives, and the enduring costs for the U.S. civilian presence in Afghanistan, Pakistan, and Iraq. This represents a \$2.0 billion net increase over the FY 2012 Actual, including an increase of \$750 million to support a \$2.2 billion Capital Security Construction program consistent with the Accountability Review Board (ARB) recommendation #10; an increase of \$390 million to pay international organization and peacekeeping assessments; an increase of \$742 million for State Programs, including Diplomatic and Consular Programs (D&CP); and an increase of \$30.9 million for Other Administration of Foreign Affairs Programs. Funding for Related Programs and International Commissions includes a decrease of -\$24.6 million from the net FY 2012 Actual. In addition to appropriated funding, the FY 2014 Request includes \$3.0 billion in fee-funded activities, primarily supporting the Border Security Program. Consistent with the President's Budget, this request is compared to FY 2012, as the FY 2013 appropriation was enacted in late March 2013.

FY 2014 Budget Request

Increased Security Proposal

The Department continues through the FY 2014 Request to implement Increased Security Proposal (ISP) initiatives initially strengthening personnel and facility security at High Threat locations, funded in the FY 2013 Full-Year Continuing Resolution. The ISP also supports ARB recommendation #12 – additional DS personnel for high- and critical-threat posts and for additional Mobile Security Deployment teams. The FY 2014 Request, as further described in respective account chapters, includes additional ISP funding for Worldwide Security Protection, \$98.2 million over the FY 2012 Actual.

Frontline States

The FY 2014 Request includes \$610.6 million for Department's D&CP Ongoing Operations and Worldwide Security Protection for the Frontline States (FLS) in Afghanistan, Pakistan, and Iraq, an increase of \$277.4 million from the FY 2012 Actual. Enduring funding for Afghanistan supports core operations for Embassy Kabul, Herat, and Mazar-e-Sharif. The Afghanistan enduring request includes funding for staffing and operations, security, and educational and cultural exchange programs. Funding for Pakistan provides for ongoing embassy and consulate operations, and cultural exchanges. The Department continues to reduce the overall footprint in Iraq and this request reflects significant reductions from FY 2012. Afghanistan is the largest component of the enduring Frontline States request as U.S. foreign policy shifts towards a transition by normalizing operations in Kabul, and other locations.

Worldwide Security Protection

The FY 2014 Request for the Worldwide Security Protection (WSP) account totals \$1,791 million which covers security requirements at Posts around the world. This total includes previously noted funding for ISP and FLS, an increase of \$436.2 million over the FY 2012 Actual. The requested increase will support the ISP, Marine Security Guard Program, Enhanced Security Measures, training, and realignment of activity funded by D&CP.

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Overseas Infrastructure

The request includes \$2.4 billion for investments in, and sustainment of, the Department's overseas infrastructure which includes funding for Iraq, an increase of \$862 million over the FY 2012 Actual. Facilities managed by the Bureau of Overseas Building Operations (OBO) for safety and security of U.S. Government personnel. Recognizing the importance of maintaining the \$48 billion in shared overseas infrastructure, the request includes \$130 million for the Department contribution to the Maintenance Cost-Sharing Program, a decrease of \$5 million from the FY 2012 Actual. A total of \$1,950 million is requested for Capital Security Cost-Sharing Construction, an increase of \$750 million over the FY 2012 Actual. This will continue support implementation of ARB recommendation #11 – expansion of Marine Security Guard program. When combined with other agency contributions, plus OCO-funded construction, this brings embassy construction total to \$2.2 billion.

Regional and Functional Bureaus

The FY 2014 Request provides \$3,012 million for overseas programs and diplomatic policy and support which includes funding for FLS, an increase of \$228.4 million over the FY 2012 Actual. Due to fiscal constraints, the requested increase focuses on current services, and strengthening current capabilities and mission and enables sets in oversight of international cyber issues and information resource management.

Public Diplomacy and Exchanges

Public Diplomacy (PD) supports the achievement of U.S. foreign policy goals, enhances national security by influencing foreign publics, and strengthens people-to-people relationships. The FY 2014 Request includes \$1.1 billion for PD and exchange programs which includes funding for FLS, a net decrease of \$4 million from the FY 2012 Actual, supports the Department's strategic realignments, maximizing outreach to emerging powers and demographic groups.

International Organizations

The FY 2014 Request of \$3.7 billion for assessed Contributions to International Organizations (CIO) and Contributions for International Peacekeeping Assessments (CIPA) supports \$1.6 billion in U.S. dues for membership in over 40 international organizations, and U.S. assessments of \$2.1 billion for 17 active peacekeeping missions. This level supports priorities set by the National Security Council, which has made robust peacekeeping operations in Somalia, Darfur, and Sudan a top national security priority. The FY 2014 Request reflects normalization of funding for the United Nations Assistance Mission in Iraq (UNAMI) and UN Assistance Mission in Afghanistan (UAMA), as well as more robust peacekeeping mission efforts throughout Africa.

Conflict Stabilization Operations

The FY 2014 Request provides \$45 million for Conflict Stabilization Operations, an increase of \$23 million over the FY 2012 Actual. Funding for this appropriation will enable the Department to continue to build a civilian capability to prevent and respond to crisis and conflicts in emerging conflict areas. In recent years, the bureau has become to be more agile and expeditionary, emphasizing a flexible response capacity with smaller staff and less overhead.

Enabling Ongoing Operations

The request completes the Consular Realignment Initiative for regional bureaus by shifting support of U.S. direct hire consular staff from appropriations to fee-based funding, factoring in the establishment of the OCO accounts and limiting the increases for current services. Increases to support current services were constrained by holding domestic inflation to 1.6 percent and American pay increases to one percent. Overseas wage adjustments are held to 4.29 percent, assuming the three-year civilian pay freeze ends in December 2013, and overseas inflation is held to 3.4 percent. Efficiency savings applied in FY 2012 are recurred in the FY 2014 Request.

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Overseas Contingency Operations

State Operations funding for Overseas Contingency Operations (OCO), totaling \$1.5 billion, is addressed in a separate chapter. OCO funding is of critical importance in planning for the ongoing national security challenges in Afghanistan, Pakistan, and Iraq. The FY 2014 State Operations OCO request retains the same concepts as included in the FY 2013 budget, but reflects the continued augmenting trajectories of our transition efforts in Afghanistan and Iraq as well as a new facility construction in Erbil

Campaign to Cut Waste

In support of this White House Initiative, the Department is implementing cost saving efficiency measures for information technology, electronic signatures, and freight consolidation. When fully implemented, these may save the Department up to \$27 million through FY 2015. Also, in support of the President's Executive Order 13589, "Promoting Efficient Spending", the Department is actively pursuing other efficiency initiatives in order to reallocate funds to higher priorities. Specifically, the Department has identified over \$100 million in FY2012-FY2013 administrative savings including more efficient procurement, and reduced travel spending.

Delivering an Efficient, Effective, and Accountable Government

The Department is actively working to implement the Government Performance and Results Act Modernization Act. To this end, the Department has worked with USAID to develop joint Agency Priority Goals (APGs), per OMB Memorandum M-11-31. The APGs are measurable, near-term goals that align with the long-term strategic goals and priorities of the Department and USAID. These eight APGs are outcome-based and reflect the Secretary's and Administrator's highest priorities through FY 2013.

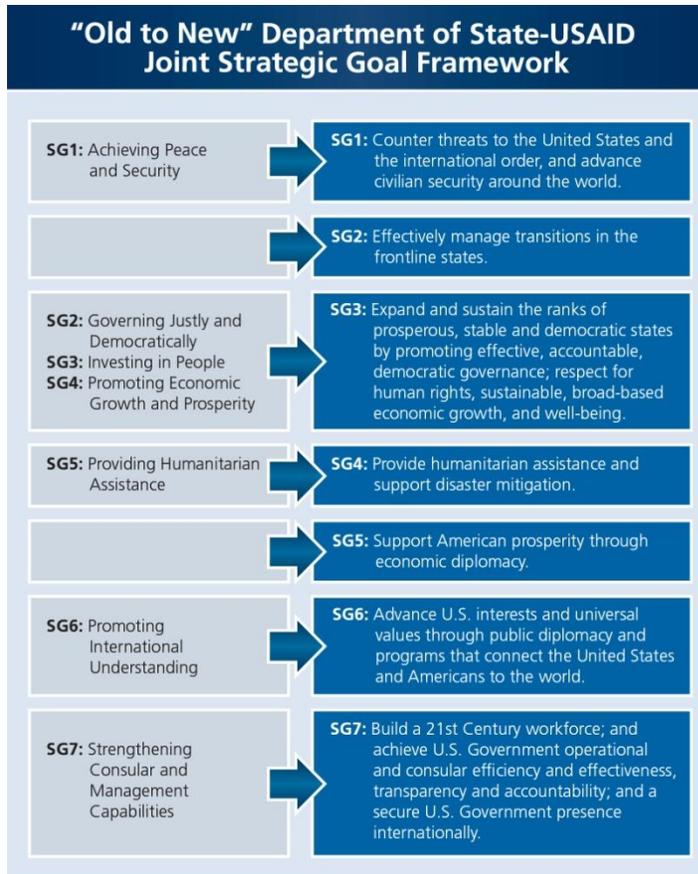
Linking Resources to Foreign Affairs Outcomes

The Department of State and USAID are the lead U.S agencies for carrying out the President's foreign policy agenda, which includes developing and executing U.S. foreign policy and interacting with foreign governments and international organizations. American diplomacy and development in the 21st century are based on three fundamental beliefs: freedom is best protected by ensuring that others are free; security relies on a global effort to secure the rights of all; and prosperity depends on the prosperity of others. The Department of State and USAID is comprised of diplomats and development experts who work alongside the U.S. military to prevent conflict, protect national security, promote economic growth, and values in virtually every country in the world. The State Department and USAID budgets amount to only one percent of total federal budget outlays, an investment on the part of the American people that pay excellent returns and constitute an integrated strategy for renewing America's global leadership.

Budget and Performance Management

Strategic planning and performance management are guided in the Department by the National Security Strategy, the Quadrennial Diplomacy and Development Review (QDDR), and the Government Performance and Results Act Modernization Act of 2010 (GPRAMA). In addition, the Department and USAID share a Joint Strategic Goal Framework organized around seven strategic goals. Presently, the QDDR serves as the Joint Strategic Plan and sets institutional priorities and provides strategic guidance as a framework for the most effective allocation of resources. Effective with the FY 2013 strategic planning and budget formulation processes, the Department and USAID implemented a new Joint Strategic Goal Framework. This new joint Strategic Goal Framework is depicted below, with a crosswalk from the strategic goals of the previous strategic plan.

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As depicted in the image entitled “Old to New Department of State-USAID Joint Strategic Goal Framework” the Department and USAID have seven strategic goals against which funding are allocated. Presently, State is in the process of developing strategic objectives as requested by OMB. Per GPRAMA, the Department will develop the next agency strategic plan to cover the period from FY 2014 through FY 2017 and deliver it to Congress in conjunction with the Congressional Budget Justification (CBJ) in February 2014. The Department and USAID are utilizing this opportunity afforded by developing the updated strategic plan and to develop strategic objectives.

The Department and USAID carry out their joint mission in a worldwide workplace, focusing their energies and resources wherever they are most needed to best serve the American people and around the world. Headquartered in the Washington DC, the Department has an extensive global presence, with more than 270 Embassies, consulates, and other posts in more than 180 countries. To view the organizational structure of the Department of State, see <http://www.state.gov/r/pa/ei/rls/dos/99494.htm>

Since FY 2009 the Department has made significant efforts to focus on more outcome-oriented and quantitative performance indicators. While many complex diplomatic issues lend themselves to qualitative analysis, the Department works to develop quantitative indicators whenever possible because they offer the opportunity to analyze important trends and examine empirical evidence when reviewing policy, planning strategy, and setting resource levels. This budget justification includes a sample of key performance indicators with measures and milestones in various CBJ chapters to show agency-level progress and challenges towards the joint strategic goals. These key indicators are presented by CBJ chapters and not sequentially by strategic goals. At the end of this volume, a Performance Overview and Analysis chapter (Performance chapter) presents and discusses State Operations resources supporting the strategic goals sequentially. The performance chapter summarizes and analyzes relevant performance

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information from 71 indicators featured throughout Volume 1 of the FY 2014 CBJ. More information on the Department’s selection of these indicators is presented in the Performance chapter. Highlights from the Performance Overview and Analysis chapter at the end of this volume include:

- The Department’s FY 2014 budget request for State Operations for each strategic goal;
- A list of active and discontinued performance indicators by Strategic Goals; and
- A comparison of actual performance with target levels and a sample of seven illustrative indicators for six strategic goals that represent the majority of the State Operations budget.

In both CBJ Vols. 1 and 2, historical performance trend is displayed for five preceding fiscal years. FY 2007 marked the first year of program planning and implementation under the foreign assistance reform announced in 2006. FY 2012 will be the last year the Department will be reporting against the old strategic goal structure. In mid-February 2013, State-USAID released a *Joint Summary of Performance and Financial Information report* available to the public on the respective agency’s website.

To view State’s see: <http://www.state.gov/s/d/rm/rls/perfrpt/2012performancesummary/pdf/index.htm>

To view USAID’s see: <http://www.usaid.gov/results-and-data/progress-data/summary>

State-USAID Agency Priority Goals

The Department of State and USAID developed a new strategic approach to accomplishing their shared mission, focusing on robust diplomacy and development as central components to address global challenges. State and USAID submitted eight outcome-focused Agency Priority Goals (APGs) that reflect the Secretary’s and USAID Administrator’s highest priorities. These near-term goals advance the Joint Strategic Goals, reflect USAID and State strategic and budget priorities, and will continue to be of particular focus for the two agencies through FY 2013. In FY 2014, the Department and USAID will develop new APGs that are outcome-based goals that reflect the Secretary’s and Administrator’s highest priorities through FY 2015.

The short title of each APG is identified below by the Strategic Goal it supports. The full APG language, goal leads, collaborating partners, and additional information on the goals can be found in the Performance chapter of this document.

Strategic Goal	Agency Priority Goals
Strategic Goal 2: Effectively manage transitions in the frontline states.	Afghanistan
Strategic Goal 3: Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights; sustainable, broad-based economic growth; and well-being.	Democracy, Climate Change, Food Security, Global Health
Strategic Goal 5: Support American prosperity through economic diplomacy.	Economic Statecraft
Strategic Goal 7: Build a 21 st Century workforce; and achieve U.S. government operational and consular efficiency and effectiveness, transparency and accountability; and a secure U.S. government presence internationally.	Management, Procurement Management/Local Development Partners

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Cross-Agency Goals

Per the GPRA Modernization Act requirement to address Cross-Agency Priority Goals in the agency strategic plan, the annual performance plan, and the annual performance report please refer to www.Performance.gov for the agency contributions to those goals and progress, where applicable. The Department of State currently contributes to the following Cross-Agency Priority Goals:

- Closing Skills Gap
- Exports
- Cybersecurity
- Sustainability
- Real Property
- Data Center Consolidation
- Strategic Sourcing

Program Evaluation at the Department of State

Since the implementation of its new evaluation policy in February 2012, the Department has aggressively moved forward on efforts to build a foundation for the use of evaluation findings to inform: a) the establishment or revision of the Agency's strategic objectives; b) budgetary and programmatic decisions; and c) strategies that support the use of evaluations and performance data (e.g., indicators) to improve Agency decision-making. More information on Evaluation and Evidence Based Initiatives is discussed in the Performance chapter at the end of Vol. 1.