

# BUDGET SUMMARY

*In his Second Inaugural Address, President Bush laid out the principles of liberty and democracy that now lead America into the world. The President set a bold mission for our nation, and to achieve it America needs an equally bold diplomacy – a diplomacy that not only reports about the world as it is, but seeks to change the world itself.*

*Dr. Condoleezza Rice  
Secretary of State*

## ***Overview***

America stands committed to a bold mission – the expansion of freedom and democracy in the world. This mission is consistent with our deepest principles and vital to our national interests. For freedom and democracy represent the best way to defeat the ideologies that use terror as weapons and the surest means to build peaceful societies on hope.

Today the greatest threats emerge more within states than between them, and the fundamental character of regimes matters more than the distribution of power. There are no hard lines between our security interests, our development interests, and our democratic ideals. American diplomacy must, therefore, integrate and advance all of these goals together. Our diplomacy must be transformational, with this clear objective: to work through partnerships to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system.

The Department of State continues to press this mission daily, engaging governments and publics around the world to promote human rights, international stability, and economic prosperity. Together with partners on every continent, we are working to create a balance of power that favors freedom. Afghanistan and Iraq have been liberated from brutal regimes, and elected leaders there are now establishing democratic institutions. In addition to coalition efforts to help reconstruct those two nations, we have forged a partnership to further reform and democracy in the broader Middle East and North Africa.

We can measure progress in the democratic revolutions that have stunned the world – the Rose Revolution in Georgia, Orange in the Ukraine, Purple in Iraq, Tulip in Kyrgyzstan, and Cedar in Lebanon. Such changes and free elections are exhilarating events. Yet we know from experience that they can be followed by moments of uncertainty and that the way to a free society is not always smooth. We need not only realistic policies to help nations secure their freedom, but also practical strategies to help them create democratic institutions.

In the FY 2007 budget, we have identified the resources required by the State Department to meet the challenges and seize the opportunities of this extraordinary time of transformation – the resources necessary to ensure that American diplomacy remains the front line of freedom.

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## *FY 2007 Budget Request*

The FY 2007 budget request for all State Department appropriations totals \$9.504 billion – an increase of \$555 million over the FY 2006 level. This funding supports the programs, operations, and infrastructure essential to the conduct of U.S. diplomatic and consular relations worldwide. Funding will also support vigorous U.S. engagement abroad through public diplomacy and international organizations to advance an integrated spectrum of national interests and ideals.

The requested resources will sustain ongoing initiatives for people, security, facilities, information technology, and management reform. They will also address new and increased requirements for transformational diplomacy. Among these requirements are a strengthened American presence in states making the transition to democracy and coordination of U.S. Government civilian efforts to help the world's newest democracies.

Full funding of the FY 2007 budget request will enable the Department to:

- **Develop the workforce for transformational diplomacy**

The request provides \$23 million for 100 new positions to carry out U.S. foreign policy in a changing world. These positions will strengthen the U.S. diplomatic presence on the ground in transition states and countries that are focal points of transformational diplomacy in Africa, East and South Asia, Latin America, and the Middle East. Matching these as part of a plan to change U.S. diplomatic posture, the Department will redistribute positions from Europe and Washington to countries like China, India, Nigeria, and Lebanon, where additional staffing will make a difference. Positions in the request will also support critical foreign language training and the reconstruction and stabilization program, constituting a trained corps to lead interagency response to international crises and conflicts. The request includes an additional \$32 million for the first step of transition to a performance-based pay system and global rate of pay for the Foreign Service.

- **Support the global war on terror**

The request provides \$795 million in Worldwide Security Upgrades to increase security for diplomatic personnel, facilities, and information in the face of international terrorism. This funding will extend the core program to upgrade security equipment and technical support, information and systems security, perimeter security, and security training. Increases will address the exceptional security demands of the U.S. Mission in Afghanistan and needs for chemical/biological protection and soft target security. Because people continue to be the single most important factor in deterrence and response to terrorist acts, the funding will add 50 security professionals.

- **Protect America's borders**

The FY 2007 budget provides \$1.139 billion for the Border Security Program. Emphasizing “secure borders and open doors,” this program protects U.S. borders against the illegal entry of terrorists and others who threaten homeland security, while facilitating the entry of legitimate foreign visitors and students. Revenue from Machine Readable Visa (MRV) fees, Enhanced Border Security Program fees, and visa fraud fees will help fund continuous improvements in systems, processes, and programs – protecting U.S. borders against the illegal entry of terrorists and others who threaten homeland security, while facilitating the entry of legitimate travelers. The budget anticipates additional revenue from the new passport surcharge applied to meet the rising passport demand associated with the Western Hemisphere Travel Initiative. Funding will add 135 consular positions, 89 of which are needed to meet

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that increased passport demand. The request also includes \$10 million in appropriated funds to pilot a 10-fingerprint collection system to support the national security requirement to collect biometric data for U.S. passports and visas.

- **Construct and upgrade secure diplomatic facilities**

The request provides \$1.540 billion to continue security-driven construction projects and address the major physical security and rehabilitation needs of U.S. embassies and consulates. This funding includes \$801 million for the on-going Capital Security Construction Program to replace diplomatic facilities at the most vulnerable posts. In FY 2007, the Department will begin construction of 10 “rightsized” facilities, including new embassy compounds in Addis Ababa, Belgrade, and Manila. In the third year of the Capital Security Cost Sharing Program, USG agencies with personnel overseas under Chief of Mission authority will contribute approximately \$363 million toward the costs of this construction program. The request also includes \$99 million to upgrade compound security at high-risk posts and increase protection for soft targets such as schools and recreation facilities.

- **Invest in information technology**

The request provides \$276 million, including revenue from fees, for Central Fund investments in information technology (IT). With every Department program now dependent on IT, from simple e-mail to specialized systems, these investments are essential for conducting the business of foreign affairs. The requested funding includes \$79 million for modernization of Local Area Networks and global IT infrastructure to provide reliable access to needed information and systems – anytime, anywhere. The funding also includes \$73 million to facilitate collaboration and data sharing internally and with other agencies. The Department’s request for IT in FY 2007 from all funding sources totals \$890 million.

- **Engage and influence through public diplomacy**

The request provides \$351 million in appropriations for public diplomacy to inform foreign audiences and win support for U.S. foreign policy goals. In addition to advocating U.S. policies, public diplomacy communicates the principles that underpin them and creates a sense of common interests and values. The public diplomacy strategy stresses outreach to younger and more diverse audiences. The strategy also seeks to improve rapid response capability to counter misinformation about U.S. policies and dangerous rumors in the same news cycle. Moreover, the strategy places increased emphasis on polling to target public diplomacy programs more effectively and on translating products into local languages to facilitate wider access.

- **Build strategic partnerships through exchanges**

The request provides \$474 million for educational and cultural exchanges to increase mutual understanding and engage the leaders of tomorrow. Aligned with other public diplomacy efforts, these people-to-people programs are uniquely able to address complex and difficult issues and lay foundations for international cooperation. Funding increases will raise the number of foreign and American participants in exchange programs of proven value and create new opportunities to educate and empower, particularly in Muslim world. The funding will support “key influencers” programs to bring to America opinion leaders, journalists, teachers, religious educators, and others who can shape the discourse about the United States and U.S. policies in their home institutions and communities. The funding will also institute Freedom Fellowships to reach talented students from outside traditional elites. Furthermore, the funding will help support the President’s National Security Language Initiative

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by promoting teaching and learning by Americans of critically needed foreign languages, such as Arabic, Farsi, Turkish, Mandarin, Hindi, and Urdu.

- **Meet U.S. commitments to international organizations**

The request provides \$1.269 billion to fund U.S. assessed contributions to 45 international organizations, including the United Nations. The request recognizes U.S. international obligations and reflects a commitment to maintain the financial stability and efficiency of those organizations. Multi-lateral diplomacy through such organizations advances key U.S. policy goals and interests, including promoting economic growth through market economies, settling disputes peacefully, encouraging non-proliferation and arms control, and strengthening international cooperation in agriculture and health.

- **Back international peacekeeping efforts**

The request provides \$1.135 billion to pay the U.S. share of costs for UN peacekeeping missions. This funding will help support peacekeeping efforts in Africa, Europe/Eurasia, the Middle East, and the Caribbean, including missions in Sudan/Darfur, Liberia, Cote d'Ivoire, the Democratic Republic of the Congo, and Haiti. Such peacekeeping activities further U.S. goals by ending conflicts, restoring peace, and strengthening regional stability. They also leverage U.S. political, military, and financial assets through the authority of the UN Security Council and the participation of other states that provide funds and peacekeepers for conflicts around the world.

### ***President's Management Agenda***

In addition to the resources required to support the American diplomatic platform and foreign affairs programs, the FY 2007 budget includes resources for the State Department to work more effectively and efficiently. These resources are needed to help further the Government-wide initiatives of the President's Management Agenda (PMA): budget and performance integration, improved financial performance, strategic management of human capital, competitive sourcing, and expanded electronic government. The Department is also the principal implementing partner – with the Office of Management and Budget the lead – of the PMA initiative on rightsizing the U.S. Government's overseas presence and is one of 14 agencies participating in the PMA initiative on Federal real property asset management.

### ***Performance Plan and Performance Discussions***

The foundation of the Department's performance management system is the Joint Performance Plan (JPP) for State and the U.S. Agency for International Development (USAID). Submitted as part of the FY 2007 budget, this plan is built upon the long-term State and USAID strategic planning framework and reflects the Administration's efforts to better integrate foreign policy and development assistance. The JPP lays out the joint mission and values, benefits of programs to the American public, and major cross-cutting efforts. The JPP also elaborates a coherent, hierarchical strategic planning framework, with strategic goals, performance goals linked to resources, selected initiatives and programs, selected indicators with targets, and lead bureaus and partners.

Substantive discussions of program performance and results, including current ratings by the Program Assessment Rating Tool (PART), can be found in the relevant account justification sections of this volume. This volume also includes a pilot performance presentation in support of the PMA budget and performance integration initiative. This presentation substitutes for the traditional narrative under Worldwide Security Upgrades in the State Programs section.

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### ***Budget Request Details***

Details of the FY 2007 budget request for State Department appropriations – with specific resource requirements for the programs, activities, and management initiatives summarized above – are provided in the following sections of this volume.

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## SUMMARY OF FUNDS

(\$ in thousands)

Appropriations	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
<b>Administration of Foreign Affairs</b>	<b>7,688,386</b>	<b>6,595,723</b>	<b>6,932,436</b>	<b>336,713</b>
State Programs	5,034,483	4,455,259	4,720,171	264,912
Diplomatic & Consular Programs	4,906,220	4,328,634	4,651,873	323,239
Ongoing Operations (1)(2)	4,256,316	3,647,918	3,856,703	208,785
Worldwide Security Upgrades	649,904	680,716	795,170	114,454
Capital Investment Fund	51,452	58,143	68,298	10,155
Centralized IT Modernization Program	76,811	68,482	0	(68,482)
Embassy Security, Construction & Maintenance	2,095,644	1,489,726	1,539,529	49,803
Ongoing Operations (3)	603,510	591,152	640,161	49,009
Supplemental (4)	592,000	0	0	0
Worldwide Security Upgrades	900,134	898,574	899,368	794
Capital Security Construction	774,831	799,852	800,559	707
Compound Security	125,303	98,722	98,809	87
Office of Inspector General	30,028	29,645	32,508	2,863
Educational & Cultural Exchange Programs	355,932	426,275	474,288	48,013
Representation Allowances	8,525	8,175	8,201	26
Protection of Foreign Missions & Officials	9,762	9,270	9,288	18
Emergencies in the Diplomatic & Consular Service (5)(6)(7)	877	24,872	4,940	(19,932)
Repatriation Loans Program Account (8)	1,313	1,302	1,285	(17)
Payment to the American Institute in Taiwan	19,222	19,499	15,826	(3,673)
Foreign Service Retirement & Disability Fund (mandatory)	132,600	131,700	126,400	(5,300)
<b>International Organizations</b>	<b>2,279,667</b>	<b>2,173,592</b>	<b>2,403,850</b>	<b>230,258</b>
Contributions to International Organizations	1,166,212	1,151,317	1,268,523	117,206
Contributions for International Peacekeeping Activities (9)	1,113,455	1,022,275	1,135,327	113,052
<b>International Commissions</b>	<b>63,273</b>	<b>66,478</b>	<b>63,928</b>	<b>(2,550)</b>
International Boundary & Water Commission - S&E	26,880	27,642	28,453	811
International Boundary & Water Commission - Construction	5,239	5,232	5,237	5
International Fisheries Commissions	21,688	23,693	20,651	(3,042)
American Sections	9,466	9,911	9,587	(324)
Border Environment Cooperation Commission	2,021	2,083	2,175	92
International Joint Commission	6,214	6,417	6,127	(290)
International Boundary Commission	1,231	1,411	1,285	(126)
<b>Related Appropriations</b>	<b>99,410</b>	<b>113,397</b>	<b>103,625</b>	<b>(9,772)</b>
The Asia Foundation	12,826	13,821	10,000	(3,821)
National Endowment for Democracy	59,199	74,042	80,000	5,958
East-West Center	19,240	18,994	12,000	(6,994)
Center for Middle Eastern-Western Dialogue - Trust Fund	6,660	4,936	0	(4,936)
Center for Middle Eastern-Western Dialogue - Program	622	740	750	10
Eisenhower Exchange Fellowship Program	493	494	500	6
Israeli Arab Scholarship Program	370	370	375	5
<b>Total, State Department Appropriations Act</b>	<b>10,130,736</b>	<b>8,949,190</b>	<b>9,503,839</b>	<b>554,649</b>
Migration and Refugee Assistance (10)	884,240	783,090	832,900	49,810
U.S. Emergency Refugee and Migration Assistance	29,760	29,700	55,000	25,300
<b>Other State Department Authorization Act</b>	<b>11,044,736</b>	<b>9,761,980</b>	<b>10,391,739</b>	<b>629,759</b>

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All FY 2005 Actuals reflect the rescission of 0.54% to Commerce, Justice, State appropriated accounts and the general rescission of 0.80% provided through the Consolidated Appropriations Act, 2005 (P.L. 108-447).

All FY 2006 Estimates reflect the rescission of 0.28% provided through the Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006 (P.L. 109-108) and the general rescission of 1.0% provided through the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148).

- (1) FY 2005 Actual includes \$734.0 million provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L. 109-13).
- (2) FY 2006 Estimate includes \$16 million provided through the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148) and reflects \$1.1 million transferred to the Peace Corps. The same act provided a rescission to the account of \$10 million, which will be taken from prior-year unobligated balances.
- (3) The Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148) provided a rescission to the account of \$20 million, which will be taken from prior-year unobligated balances.
- (4) FY 2005 Actual includes \$592.0 million provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L. 109-13).
- (5) FY 2005 Actual reflects \$0.11 million transferred to the Repatriation Loans Program Account.
- (6) FY 2005 Actual excludes \$2.904 million made available by the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L. 109-13).
- (7) FY 2006 Estimate includes \$15 million provided through the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148).
- (8) FY 2005 Actual includes \$0.11 million transferred from the Emergencies in the Diplomatic and Consular Service account.
- (9) FY 2005 Actual includes \$680.0 million provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L. 109-13) and reflects \$50.0 million transferred to the Peacekeeping Operations account for support of the efforts of the African Union to halt genocide and other atrocities in Darfur, Sudan.
- (10) FY 2005 Actual includes \$120.4 million provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005 (P.L. 109-13).

## SUPPLEMENTAL APPROPRIATIONS

***Emergency Supplemental Appropriations Act for  
Defense, the Global War on Terror, and  
Tsunami Relief, 2005  
(P.L. 109-13)  
(\$ in thousands)***

Appropriations	FY 2005 Actual
<b>Administration of Foreign Affairs</b>	<b>1,328,904</b>
Diplomatic & Consular Programs: Ongoing Operations	734,000
Embassy Security, Construction & Maintenance: Supplemental	592,000
Emergencies in the Diplomatic & Consular Service	2,904
<b>International Organizations</b>	<b>630,000</b>
Contributions for International Peacekeeping Activities (1)	630,000
<b>Foreign Assistance</b>	<b>120,400</b>
Migration and Refugee Assistance	120,400
<b>Total, Department of State</b>	<b>2,079,304</b>

(1) FY 2005 Actual reflects \$50.0 million transferred to the Peacekeeping Operations account for support of the efforts of the African Union to halt genocide and other atrocities in Darfur, Sudan.

***Emergency Supplemental Appropriations Act to Address  
Hurricanes in the Gulf of Mexico and  
Pandemic Influenza, 2006  
(P.L. 109-148)  
(\$ in thousands)***

Appropriations	FY 2006 Estimate
<b>Administration of Foreign Affairs</b>	<b>29,900</b>
Diplomatic & Consular Programs: Ongoing Operations (1)	14,900
Emergencies in the Diplomatic & Consular Service	15,000
<b>Total, Department of State</b>	<b>29,900</b>

(1) FY 2006 Estimate reflects \$1.1 million transferred to the Peace Corps.

## SUPPLEMENTAL APPROPRIATIONS

Appropriations	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
<b>Administration of Foreign Affairs</b>	<b>20,033</b>	<b>20,013</b>	<b>20,185</b>	<b>172</b>
State Programs	18,502	18,453	18,605	152
Diplomatic & Consular Programs Ongoing Operations	17,301	17,197	17,299	102
Worldwide Security Upgrades	1,201	1,256	1,306	50
	0	0	0	0
Embassy Security, Construction & Maintenance	879	898	898	0
	0	0	0	0
Other Administration of Foreign Affairs	652	662	682	20
Office of Inspector General	314	318	318	0
Educational and Cultural Exchange Programs	338	344	364	20
	0	0	0	0
<b>International Commissions</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>0</b>
International Boundary & Water Commission - S&E	295	295	295	0
International Boundary & Water Commission - Construction	18	18	18	0
American Sections	32	32	32	0
International Boundary Commission	8	8	8	0
International Joint Commission	24	24	24	0
	0	0	0	0
<b>State Appropriations Act</b>	<b>20,378</b>	<b>20,358</b>	<b>20,530</b>	<b>172</b>

Diplomatic & Consular Programs Ongoing Operations position levels do not include 2,712 positions that were funded by MRV fees in FY 2005; 3,087 positions that are being funded by MRV fees in FY 2006; and 3,222 positions that are being funded by MRV fees in FY 2007.