

ADMINISTRATION OF FOREIGN AFFAIRS

Resource Summary

(\$ in thousands)

Appropriations	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
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
Central Information Technology 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
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 and Cultural Exchanges	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)
F.S. Retirement & Disability Fund (mandatory)	132,600	131,700	126,400	(5,300)
Total, Administration of Foreign Affairs	7,688,386	6,595,723	6,932,436	336,713

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.

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- (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.

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Resource Summary

(\$ in thousands)

Appropriations	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Diplomatic & Consular Programs - 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
Subtotal, Diplomatic & Consular Programs	4,906,220	4,328,634	4,651,873	323,239
Capital Investment Fund	51,452	58,143	68,298	10,155
Central Information Technology Modernization Program	76,811	68,482	0	(68,482)
Subtotal, State Programs Appropriations	5,034,483	4,455,259	4,720,171	264,912
Border Security Program/MRV Fees	668,090	734,002	682,969	(51,033)
Enhanced Border Security Program Fees/Visa Fraud Fee/WHTI Surcharge (3)	71,488	255,300	445,800	190,500
IT Central Fund/Expedited Passport Fees	126,110	153,560	207,643	54,083
Other Fees	31,783	40,045	44,570	4,525
Total	5,931,954	5,638,166	6,101,153	462,987

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 Act, 2005 (P.L. 109-13).

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(3) FY 2006 Estimate and FY 2007 Request reflect the Western Hemisphere Travel Surcharge and other authority to administratively amend the Enhanced Border Security Program fees.

Overview

This is a time of global transformation – and it calls for transformational diplomacy. American diplomacy must and will integrate and advance together U.S. security interests, development efforts, and democratic ideals. In the demanding years ahead, American diplomats will be active in spreading democracy, reducing poverty, helping war-torn countries onto the path of stability and development, and protecting the U.S. homeland.

To succeed in America's bold mission, the Department of State will continue to project a vigorous American presence around the world. Through a network of more than 260 overseas posts, State will

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manage official relations with foreign governments and international organizations. Moreover, State will provide services to American citizens, support U.S. businesses, reach out to audiences abroad through public diplomacy, and develop the extensive local contacts necessary to conduct the business of foreign affairs.

The State Programs appropriations (Diplomatic and Consular Programs and the Capital Investment Fund) provide the critical operating resources and support necessary to fulfill the Department's range of mandates. These appropriations – together with Machine Readable Visa fees, Expedited Passport fees, Enhanced Border Security Program surcharges, visa fraud fees, and other fees and surcharges – fund the people, platform, and programs required to achieve the objectives of transformational diplomacy.

The FY 2007 budget request for State Programs appropriations totals \$4,720,171,000. Additional funding of \$1,380,982,000 is required from consular and other fee revenue.

Guided by the strategic framework of the Joint Performance Plan for State and the U.S. Agency for International Development, the Department continues to press initiatives on people, security, facilities, information technology, and management reform. The resources requested for State Programs are the amounts needed to reach the FY 2007 performance plan targets in these critical areas.

Request Highlights by Account

Diplomatic and Consular Programs - Ongoing Operations

The FY 2007 request of \$3,856,703,000 for Diplomatic and Consular Programs is a net increase of \$208,785,000 over the FY 2006 estimated level. The request provides resources to meet the requirements of transformational diplomacy; strengthen the security of U.S. borders; cover cost of living, including domestic and overseas inflation, and other mandatory increases; and provide for high priority increases. These include operating costs for the embassy in Afghanistan, public diplomacy programs, and regionalization and rightsizing investments.

Worldwide Security Upgrades

The FY 2007 request for Worldwide Security Upgrades is \$795,170,000 – an increase of \$114,454,000 over the FY 2006 estimated level. It provides funding to continue the core program of Worldwide Security Upgrades, including Afghanistan security. Resources will continue perimeter security upgrades, maintain the local guard program, and increase the number of special agents and other security professionals.

Capital Investment Fund

The FY 2007 request of \$68,298,000 for the Capital Investment Fund sustains the Department's program of investment in information technology. The FY 2007 Information Resource Management (IRM) Central Fund, which includes the Capital Investment Fund combined with \$207,643,000 in estimated Expedited Passport Fees, will provide a total of \$275,941,000 to support the Department's information technology and communications systems initiatives.

Border Security Program

The FY 2007 request for the Border Security Program, which is funded by Machine Readable Visa (MRV) and Enhanced Border Security Program fees, as well as Diplomatic and Consular Programs appropriations, is \$1,138,769,000 – an increase of \$103,794,000 over FY 2006 program levels of \$1,034,975,000.

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Other Fees

Diversity Lottery, Fingerprint Fees, and Affidavit of Support Fees – The FY 2007 program includes an estimate of \$7,500,000 for the Diversity Lottery Program. Section 636 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 provides that the State Department may collect and retain a fee that ensures the recovery of the cost to the Department of allocating and processing applications for visas to be issued under the Diversity Lottery Program. The Department's fee is collected from successful applicants for the Diversity Lottery Program to ensure that the costs of administering the lottery and allocating diversity visas are recovered from actual users. These fee collections are available to provide consular services and are used to recover the cost to the State Department of the Diversity Lottery Program. In addition, the FY 2007 program includes an estimate of \$1,500,000 for the FBI Immigrant Visa Fingerprint Fee program. The request also includes \$24,240,000 for the Affidavit of Support (AOS) Program that is funded from a fee collected from persons submitting AOS documentation.

Defense Trade Control Fees – The FY 2007 program includes an estimate of \$5,310,000 for Defense Trade Control Registration Fees in accordance with Section 45 of the State Department Basic Authorities Act of 1956, as amended. These fees are available without fiscal year limitation to pay expenses incurred for specified defense trade control license application processing and other functions.

Commercial Services Fees – The FY 2007 program includes an estimate of \$20,000 for fees charged for the cost of providing commercial services at posts abroad in countries where the Department of Commerce does not perform commercial services for which it collects fees. Pursuant to section 52 of the State Department Basic Authorities Act of 1956, as amended, these fee collections are available until September 30 of the fiscal year following the fiscal year in which the funds were deposited.

United States Information and Educational Exchange Fees – As authorized by section 810 of the United States Information and Educational Exchange Act, authority is requested to have not more than \$6,000,000 credited to the Diplomatic and Consular Programs appropriation from fees and other payments received from English teaching, library, motion pictures, and publications programs, and from fees from educational advising and counseling, and exchange visitor programs.

An accounting of the collections received by the Department of State is provided in the Appendix.

Request Highlights by Activity

Policy Formulation and Executive Direction (\$399,325,000) – Direction, policy formulation, and coordination are provided by the Secretary, the Deputy Secretary, the Under Secretaries, Assistant Secretaries and other bureau heads, chiefs of diplomatic missions, and their immediate staffs. They are assisted by legislative affairs and public affairs staffs who explain to the Congress and the American public the U.S. position on foreign policy issues and interests managed by the Department.

Diplomatic Relations (\$776,241,000 including \$770,240,000 from direct appropriations, \$671,000 from Machine Readable Visa Fees, \$5,310,000 from Defense Trade Control Registration Fees, and \$20,000 from Commercial Services Fees) – The conduct of diplomatic relations involves a wide spectrum of activities. Some examples are described below:

- In-depth knowledge and understanding of political and economic events in many nations are basic requirements of diplomacy. Achieving them requires quality reporting, analysis, and personal contact work at more than 260 missions abroad and by expert staffs in Washington. Management is required of

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U.S. participation in arms control, non-proliferation, disarmament negotiations, and other verification and compliance activities.

- International economic and trade diplomacy and in-country services to American businesses have become vital to the health of the American economy. The world continues to become more interrelated economically each year through initiatives such as Free Trade Agreements and work with international organizations such as the International Monetary Fund and the World Trade Organization.
- Promoting human rights internationally, supporting emerging democracies and economic development, improving the global environment, and meeting humanitarian emergencies that affect political and economic well-being and stability are vital to America's long-term interest.
- There is a continuous need to keep abreast of scientific and technological developments abroad and to assist cooperatively some nations in these fields by aiding two-way exchanges of information and expert personnel.

Public Diplomacy (\$357,001,000 including \$351,001,000 from direct appropriations and \$6,000,000 from U.S.I.E.E fees) – Public Diplomacy (PD) programs of the Department of State engage, educate, and empower foreign publics to advance U.S. national interests. They seek to increase mutual understanding and international cooperation by promoting dialogue between American citizens and institutions and their counterparts abroad. At this crossroads in international history, to defeat terrorists in the battle of ideas and lay the foundation for a lasting peace, the United States requires an aggressive PD effort to advocate U.S. policies and explain the institutions and principles that shape them. The strategic framework for this effort has three key objectives:

- To offer a positive vision of hope that is rooted in America's freedom agenda;
- To isolate and marginalize extremists and undermine their attempts to appropriate religion; and
- To foster a sense of common interests and values between Americans and people of different countries, cultures, and faiths.

Public Diplomacy information and cultural programs are carried out by overseas missions and supported by PD personnel in the Department's regional and functional bureaus, particularly the Bureau of International Information Programs. PD tools currently include: Internet websites; the Washington File, a daily electronic compilation of materials on U.S. policies; U.S. speakers and specialists; digital video conferences and teleconferences; electronic journals; and information resource centers, which provide reference and information support for U.S. missions. Educational and cultural exchange programs (funded from a separate appropriation) are closely aligned with PD and its strategic objectives.

Consular Relations (\$1,186,315,000 including \$82,817,000 from direct appropriations, \$624,458,000 from MRV fees, \$294,000,000 from Enhanced Border Security Program Fees, \$120,000,000 from a new Western Hemisphere Travel Initiative Surcharge, \$31,800,000 from Visa Fraud Fees, \$7,500,000 from Diversity Lottery Fees, and \$1,500,000 from FBI Fingerprint Fees and \$24,240,000 from the Affidavit of Support Fee) – The events of September 11 demonstrated the national security implications of having a robust and sophisticated system to process persons seeking visas to travel to the United States. Furthermore, the reaction of the traveling public to those events has combined with the continued international economic situation to decrease significantly the demand for international travel. At the same time, the Department of State is experiencing major increases in the cost of providing consular services as a result of enhanced security measures implemented to strengthen U.S. homeland security. All of these factors combine to place a heavy burden on Department of State operations:

- Non-immigrant visa requests from foreign tourists, students, business people, investors, and government officials undergo a rigorous adjudication process at missions abroad. In FY 2005, over 6.3 million persons applied for non-immigrant visas that generate an MRV fee. All of these applicants underwent a thorough screening to help ensure U.S. homeland security. The State Department expects that demand for non-immigrant visa services will remain at this same level in FY 2006 and FY 2007.

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- Persons seeking immigrant visas to the United States also undergo comprehensive screening during the adjudication process by Consular Officials overseas. In FY 2005, about 685,000 applied for immigrant visas. This workload is expected to remain at the same level in FY 2006 and FY 2007.
- Routine and emergency assistance must be provided to American citizens in distress. In FY 2006 and FY 2007, the Department projects that it will respond to two million citizen services requests worldwide each year.
- American travelers and the U.S. travel industry need to be kept aware of dangerous situations abroad. This is done through Consular Information Sheets, Travel Warnings, and helpful tips to travelers through the Consular Affairs World Wide Web Site available at the Internet Web address: <http://travel.state.gov>.
- Passport applications in the millions must be adjudicated, and passports must be issued or denied for U.S. citizens wanting to travel abroad. In FY 2005, passport demand was 10.2 million applications, with workload expected to grow to 12 million applications in FY 2006 and at least 15 million in FY 2007.
- The worldwide Border Security Program supports all areas of the President's Management Agenda through programs within Consular Relations, Diplomatic Security/Law Enforcement Cooperation, Information Resource Management and Training. These cross-cutting programs are required to secure the borders of the United States against travel here by terrorists, international criminals, or persons whose presence in the U.S. would violate United States immigration law. Border Security plans include continuing to enhance and refresh the equipment and systems that support worldwide consular activities. It also includes continuing modernization of the hardware and software systems that support visa name checks, operating the Border Crossing Card Program in Mexico, implementing biometric collection from visa applicants, strengthening cooperation between the consular and United States law enforcement and intelligence communities, enhancing American Citizen Services, and providing for the staff and operating costs of the Border Security Program. The Border Security Program relies on dedicated funding from increased MRV fees and the new Enhanced Border Security Fees – and in FY 2006 and FY 2007, the Western Hemisphere Travel Surcharge – as well as appropriated funds.

Supporting Multilateral Diplomacy (\$52,357,000) – The United States participates in international organizations because we have an interest in working with other nations to maintain stability, uphold laws, facilitate commerce, spur economic growth, maintain a healthy environment, address urgent humanitarian needs, and halt the spread of weapons of mass destruction. Organizations in which we play a leading role include the United Nations, regional bodies such as NATO and the Organization of American States, and a variety of more specialized and technical organizations. The Department monitors and participates in the organizations through both the headquarters staff and its missions to the larger organizations. The increasingly complex nature of world problems makes U.S. involvement in these multilateral organizations even more important to our future. This includes funding for State Department participation in international conferences.

Diplomatic Security/Counter-Terrorism/Worldwide Security Upgrades (\$1,093,336,000 including \$1,066,374,000 from direct appropriations [\$271,204,000 for Diplomatic Security/Counter-Terrorism and \$795,170,000 from Worldwide Security Upgrades] and \$26,962,000 from MRV Fees) – These activities provide resources, allocated by application of risk management principles, necessary to meet security responsibilities, both foreign and domestic. Included in these activities are:

- Protection of overseas U.S. government employees through local guards, technical security measures, residential security measures, and armored vehicles;
- Protection of the Secretary and visiting or resident foreign dignitaries;
- Counter-terrorism policy formulation, coordination, and research and development as well as investigations to detect passport, visa, and federal benefits fraud;
- Management of security operations at missions;

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- Protection of information at headquarters through domestic guards and physical security equipment and measures;
- Protection of information abroad through diplomatic couriers, electronic and security equipment, secure conference rooms, development and application of standards for information security, and security protection and inspection of construction property; and
- Counterintelligence investigations, background security investigations, and evaluations.

The State Department is the lead agency in U.S. Government efforts to reduce the terrorist threat to Americans overseas. The Department works closely with other governments to strengthen international counterterrorism cooperation, sends expert teams to augment U.S. embassies in crisis situations, and eliminates physical security vulnerabilities at our diplomatic missions.

Information Resource Management (\$806,733,000 including \$505,163,000 from Diplomatic and Consular Programs, \$68,298,000 from the Capital Investment Fund, \$25,629,000 from MRV Fees, and \$207,643,000 from Expedited Passport Fees) – This program provides the resources for the effective and efficient creation, collection, processing, transmission, dissemination, storage, and disposition of information required for the formulation and execution of foreign policy and for the conduct of daily business, including consular services. The information needs of the President, the Secretary of State, the Department and its overseas missions, and approximately 100 other government organizations drive the resource requirements. This activity includes:

- Corporate information systems and services such as: core foreign affairs systems supporting the Secretary and principal officers; consular systems for passport and visa issuance and reporting; financial systems; administrative systems for personnel and property; and information services provided by Departmental libraries and publishing, records, Freedom of Information Act, and historical offices;
- Infrastructure systems such as: the Diplomatic Telecommunications System; mainframe computer centers; Automated Data Processing, communication and message centers at headquarters and at missions abroad; mail and pouch services; and special communications support for the Secretary and the White House at meetings abroad; and
- Development and maintenance of software and hardware for classified and unclassified word processing, electronic mail, spreadsheets, graphics, and data base management.

Training Services (\$105,062,000 including \$99,813,000 from direct appropriations and \$5,249,000 from MRV fees) – Investments in training are vital to a changing and streamlining organization. Training programs provide the language, area, information technology, consular, and other professional skills needed for the conduct of foreign relations. The Department’s training program is the principal responsibility of the Foreign Service Institute, which has an innovative training strategy designed to support directly new and emerging policy and management priorities.

Medical Services (\$30,180,000) – The Medical Program promotes the health of all under its care by encouraging prevention of illness and facilitating access to health care. This activity encompasses medical programs for the Department of State and the Foreign Service as well as other U.S. Government departments and agencies overseas. Approximately 31,000 employees and their eligible family members receive medical care at about 190 overseas health units overseas and in Washington, DC.

Rental Payments to GSA (\$156,308,000) – GSA finances its real property management activities through user charges, set at commercially comparable rates, collected from agencies occupying GSA-controlled properties. This funding provides payment for domestic space occupied by the Department.

Overseas Program Support (\$545,838,000) – This activity includes administrative activities at more than 260 posts abroad, such as overseas administrative support for over 100 U.S. Government organizations;

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personnel and financial management services; and short-term lease property management and building maintenance staff, shipping and customs clearance, and motor pool services.

Domestic Infrastructure and Program Support (\$459,405,000) – This activity includes the infrastructure located in the United States that is dedicated to the administrative support of U.S. diplomatic activities and other U.S. Government agencies overseas, such as domestic personnel and financial management services, domestic building operations and routine maintenance, acquisition services, and other general administrative services.

Post Assignment Travel (\$133,052,000) – Post Assignment Travel funds the cost of travel, transportation, and related items in connection with the appointment, transfer, and separation of the Department's American full-time permanent staff and their families. The Department's general tour of duty policy (with some exceptions) is four years at most overseas posts, and two years at posts with extreme hardship conditions.

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Funds *Resource Summary* (\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Policy Formulation	338,065	369,651	399,325	29,674
Conduct of Diplomatic Relations	662,127	712,813	776,241	63,428
Public Diplomacy	319,890	335,734	357,001	21,267
Conduct of Consular Relations	828,369	1,065,390	1,186,315	120,925
Multilateral Diplomacy	47,956	50,229	52,357	2,128
Diplomatic Security/Counterterrorism /Worldwide Security Upgrades	923,949	960,605	1,093,336	132,731
Information Resource Management	753,968	784,512	806,733	22,221
Training Services	93,961	98,957	105,062	6,105
Medical Services	28,778	28,687	30,180	1,493
Rental Payments to GSA	133,279	149,088	156,308	7,220
Overseas Program Support	497,461	507,731	545,838	38,107
Domestic Infrastructure and Program Support	443,669	444,384	459,405	15,021
Post Assignment Travel	126,482	130,385	133,052	2,667
Supplemental	734,000	0	0	0
Total	5,931,954	5,638,166	6,101,153	462,987

FY 2005 Actual includes \$734.0 million provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005 (P.L. 109-13).

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Positions Resource Summary

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Policy Formulation	1,999	2,008	2,008	0
Conduct of Diplomatic Relations	3,889	3,933	4,020	87
Public Diplomacy	2,663	2,663	2,663	0
Conduct of Consular Relations	4,429	4,645	4,780	135
Multilateral Diplomacy	306	304	304	0
Diplomatic Security/Law Enforcement Cooperation/Worldwide Security Upgrades	2,841	2,897	2,947	50
Information Resource Management	1,964	1,954	1,954	0
Training Services	584	584	599	15
Medical Services	75	75	75	0
Overseas Program Support	517	518	518	0
Domestic Infrastructure and Program Support	1,947	1,959	1,959	0
Total	21,214	21,540	21,827	287

Includes positions funded by direct appropriations and Border Security Program fees.

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Highlights of Budget Changes

(\$ in thousands)

	Diplomatic and Consular Programs	Worldwide Security Upgrades	Capital Investment Fund	Total
FY 2005 Actual (1) (2) (3)	4,256,316	649,904	128,263	5,034,483
FY 2006 Estimate (4) (5) (6)	3,647,918	680,716	126,625	4,455,259
Current Services				
Base Adjustments - Decreases	(63,573)	0	(58,327)	(121,900)
One-Time FY 2006 Regionalization Costs	(3,000)	0	0	(3,000)
Avian Flu Supplemental	(14,900)	0	0	(14,900)
Border Security Program Appropriated Funding	(45,673)	0	0	(45,673)
Centralized Information Technology Modernization Program/Capital Investment Fund	0	0	(58,327)	(58,327)
Base Adjustments and Annualization of 2006 Requirements	88,241	3,545	0	91,786
Iraq Base Operations	65,000	0	0	65,000
Increase INR Analytical Capability	232	0	0	232
Transfer from OIG: Annual Financial Audit/Terminal Leave Costs	1,100	0	0	1,100
Annualization of 2006 American COLA, Hiring, Benefits	21,909	3,545	0	25,454
Anticipated FY 2007 Wage Requirements	55,071	2,232	0	57,303
FY 2007 American Cost of Living Adjustment	31,345	2,232	0	33,577
FSN Wage Increases	23,726	0	0	23,726
Anticipated FY 2007 Price Requirements	37,428	38,192	0	75,620
Overseas Inflation	14,506	0	0	14,506
Domestic Price	10,167	6,418	0	16,585
GSA Rent	7,220	0	0	7,220
Local Guard Program and Other Global Inflation	4,388	31,774	0	36,162
Domestic Guard Program Inflation	727	0	0	727
Medical Inflation	278	0	0	278
Workers Compensation	142	0	0	142
Total Increases	180,740	43,969	0	224,709
Net Total, Built-In Changes	117,167	43,969	(58,327)	102,809
FY 2007 Current Services	3,765,085	724,685	68,298	4,558,068

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	Diplomatic and Consular Programs	Worldwide Security Upgrades	Capital Investment Fund	Total
Program Increases				
Transformational Diplomacy	67,768	35,019	0	102,787
Transformational Diplomacy Staffing	23,387	0	0	23,387
Foreign Service Modernization Transition	32,000	0	0	32,000
Afghanistan Operations and Security	8,381	35,019	0	43,400
Asia-Pacific Partnership	4,000	0	0	4,000
Security	0	35,466	0	35,466
High Threat Protection: Security Staffing (50 positions)/Protective Details	0	30,485	0	30,485
Chemical/Biological Protection	0	981	0	981
Soft Target Countermeasures	0	4,000	0	4,000
Global Support and Regionalization	3,850	0	0	3,850
Public Diplomacy	10,000	0	0	10,000
Border Security Program 10-Print Pilot	10,000	0	0	10,000
Total, Program Increases	91,618	70,485	0	162,103
FY 2007 President's Budget Request	3,856,703	795,170	68,298	4,720,171

(1) 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)

(2) FY 2005 Actual for Diplomatic and Consular Programs includes \$734.0 million provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005 (P.L. 109-13).

(3) FY 2005 Actual for the Capital Investment Fund includes the Capital Investment Fund (\$51,452,000) and Centralized Information Technology Modernization Program (\$76,811,000).

(4) FY 2006 Actuals 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).

(5) FY 2006 Estimate for Diplomatic and Consular Programs 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.

(6) FY 2006 Estimate for the Capital Investment Fund includes the Capital Investment Fund (\$58,143,000) and the Centralized Information Technology Modernization Program (\$68,482,000).

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Explanation of Current Estimate

The FY 2006 current estimate for State Programs appropriations of \$4,455,259,000 consists of the following amounts:

- \$3,647,918,000 estimated for Diplomatic and Consular Programs (D&CP) Ongoing Operations.
- \$680,716,000 estimated for Worldwide Security Upgrades (WSU).
- \$58,143,000 estimated for the Capital Investment Fund and \$68,482,000 estimated for the Centralized Information Technology Modernization Program.

Explanation of FY 2007 Built-In Changes – Decreases

Decreases (non-recurring costs and adjustments) total \$121,900,000 for Department of State Programs appropriations as follows:

- One-time FY 2006 Regionalization Costs: -\$3,000,000. This adjustment reflects one-time costs in FY 2006 in Diplomatic and Consular Programs Ongoing Operations related to the relocation of the Regional Program Office in Vienna to the New Consulate Office Complex in Frankfurt.
- Avian Flu Supplemental: -\$14,900,000. The FY 2006 current estimate for Diplomatic and Consular Programs Ongoing Operations includes \$14,900,000 provided by the FY 2006 supplemental for the costs associated with supporting avian influenza country coordination, development of an avian influenza response plan, diplomatic outreach, and health support of U.S. Government employees stationed abroad. This amount reflects the transfer of \$1,100,000 to Peace Corps as provided by the supplemental.
- Border Security Program Appropriated Funding: -\$45,673,000. This decrease, combined with a decrease in FY 2006, eliminates the stop-gap appropriation support for the Border Security Program, begun through supplemental funding in FY 2004. As a result, the Border Security Program will be fully funded by fees in FY 2007, with the exception of \$10,000,000 requested for a pilot 10-fingerprint collection program.
- Centralized Information Technology Modernization Program/Capital Investment Fund: -\$58,327,000. This reflects adjustments to funding sources for the IT Central Fund including a decrease in requested direct appropriations offset by an increase in the request for Expedited Passport Fee spending authority.

Explanation of FY 2007 Built-In Changes – Increases

The increases for FY 2007 built-in changes total \$224,709,000. This amount provides for the base adjustments detailed below, the anticipated 2.2 percent American pay increase, and overall FSN wage increases of 3.15 percent consistent with anticipated rates of overseas consumer price inflation, as well as a 1.02 percent increase for domestic inflation and an overall average 3.8 percent increase for overseas non-wage inflation. The breakdown of the total increase is as follows:

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Base Adjustments and Annualization of FY 2006 Requirements: \$91,786,000

This amount reflects the full-year cost of the following:

- Iraq Base Operations: \$65,000,000. This funding will establish a funding base for FY 2007 within the regular Diplomatic and Consular Programs appropriation for core embassy functions within the U.S. Mission, Baghdad.
- Increase INR Analytical Capability: 2 positions and \$232,000. This amount represents the net result of an increase of four positions for the Bureau of Intelligence and Research to enhance analytical capability, and a transfer of two positions from the Bureau to the National Counterterrorism Center (NCTC).
- Transfer from OIG: \$1,100,000. This amount represents transfer of funding responsibility for the Annual Financial Audit and certain Terminal Leave Costs previously funded by the OIG appropriation to D&CP appropriation funding responsibility.
- FY 2006 American Cost-of-Living Adjustment, Hiring, and Benefits: \$25,454,000 (\$21,909,000 for D&CP and \$3,545,000 for WSU). Additional funding is required to annualize the FY 2007 cost of the 2006 American Pay Raise and the annualization of the Department's cost of benefits increases during 2006.

Anticipated FY 2007 Wage Requirements: \$57,303,000

This amount is required for the following anticipated wage increases during FY 2007:

- American Cost-of-Living Adjustment: \$33,577,000 (\$31,345,000 for D&CP and \$2,232,000 for WSU). This amount reflects the anticipated 2.2 percent general American cost-of-living increase in FY 2007.
- FSN Wage Increases: \$23,726,000. This increase includes FSN salary adjustments consistent with local prevailing wage rates, needed to keep the Department competitive with other foreign countries' embassies and private firms in order to retain competent staff and to comply with local law, as required.

Anticipated 2007 Price Requirements: \$75,620,000

This amount is required for the following anticipated price increases during FY 2007:

- Overseas Price: \$14,506,000 (D&CP). This amount will fund an estimated average 3.8 percent increase in overseas utilities, supplies, and contractual services. The rates of overseas inflation are generally higher than experienced in the United States. Overseas posts purchase a relatively large proportion of items and services on the local economies which trend toward greater price increases for items such as utilities, communications, security, and information services and equipment.
- Domestic Price: \$16,585,000 (\$10,167,000 for D&CP and \$6,418,000 for WSU). This amount will fund an estimated 1.02 percent increase in domestic inflation for items such as:
 - GPO and other printing services;
 - Travel and per diem costs;
 - Transportation of equipment and other items;
 - Rents, communications, and utilities;
 - Leasing, service, and maintenance costs primarily in the Department's information management programs;
 - Payments for transit subsidy;
 - Supplies and materials; and

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- Equipment purchases.
- GSA Rental Payment: \$7,220,000. This increase results from estimated increases in rental rates for buildings occupied by the Department.
- Local Guard Program and Other Global Inflation: \$36,162,000 (\$4,388,000 for D&CP and \$31,774,000 for WSU). This amount represents the overseas wage and price increases including those required to maintain the Department's numerous contracts for local guard services at overseas posts.
- Domestic Guard Inflation: \$727,000. This amount will fund the estimated increase required for domestic guard services.
- Medical Inflation: \$278,000. This amount represents the price increase required for medical supplies and services worldwide.
- Workers Compensation: \$142,000. Funding is required to support the increase in the Department's bill from the Department of Labor for Worker's Compensation payment.

Explanation of FY 2007 Program Changes

The FY 2007 request includes \$162,103,000 for high priority initiatives and investments that are critical to achieving the objectives of transformational diplomacy. These resources include \$102,787,000 to support Transformational Diplomacy; \$35,466,000 for Security; \$3,850,000 for Global Support and Regionalization; \$10,000,000 for Public Diplomacy; and \$10,000,000 for the Border Security Program.

Transformational Diplomacy: 100 Positions and \$102,787,000

Transformational Diplomacy Staffing: 100 Positions and \$23,387,000

Transformational Diplomacy: 70 positions

To advance transformational diplomacy, the Department must continue to adjust its diplomatic posture overseas. In the 21st century, emerging nations like India, China, Brazil, Egypt, Indonesia, and South Africa are increasingly the focus of U.S. foreign policy. At the same time, the new front lines of our diplomacy are appearing more clearly in transitional countries of Africa, Latin America, and the Middle East. Our current global posture does not sufficiently reflect that fact. For instance, nearly the same number of State Department personnel are in Germany, a country of 82 million people, as there are in India, a country of one billion people. It is clear today that America must do more to reposition our diplomatic forces around the world, so over the next few years the United States will shift diplomatic positions to new critical posts for the 21st century. The Department will begin in Fiscal Year 2006 to redistribute 100 positions, mostly from Europe and Washington, to countries like China, India, Nigeria, and Lebanon, where additional staffing will make an essential difference. The internal redistribution using existing resources addresses only a portion of the need, however, to complete the Secretary's plan for Global Diplomatic Repositioning.

The 70 new positions herein requested would be used to strengthen and expand our diplomatic posture in transition states and other countries key to the objectives of transformational diplomacy. The essential point is that these additional positions reflect changes in our foreign policy priorities, not merely workload and other management considerations. The Department plan for Fiscal Year 2007 will build upon the objectives of the Fiscal Year 2006 changes. It is expected that the bulk of these 70 positions would go to missions with critical need in transitional countries in the Middle East, South

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Asia, and Africa. The Transformational Diplomacy objectives in these areas can not be achieved through internal redistribution alone.

Foreign Language Training: 15 positions

The FY 2007 request for Foreign Language Training is a product of three inter-related demands for foreign language skills. The first is the recently renewed emphasis on public diplomacy and telling America's story overseas, requiring that the Department place increased emphasis on language capabilities in order to better engage foreign audiences. The second, in direct response to the first, involves new requirements that Foreign Service personnel obtain broader foreign language skills and keep these skills fresh. Finally, due to projected retirements, the Department anticipates a significant exodus of language speakers, especially in critical languages and of the most proficient speakers. All 15 positions would be dedicated to language training in critical needs languages, particularly Arabic and Farsi.

Office of the Coordinator for Reconstruction and Stabilization: 15 positions

The Office of the Coordinator for Reconstruction and Stabilization (S/CRS) has a mandate from National Security Council (NSC) Principals and via a Presidential directive to lead, coordinate, and institutionalize U.S. Government civilian capacity to prevent or prepare for post-conflict situations and to help stabilize and reconstruct societies in transition from conflict or civil strife so they can reach a sustainable path toward peace, democracy and a market economy. S/CRS will coordinate interagency capacity and interoperability for Washington management of post-conflict operations ensuring coordinated and effective field responses. S/CRS staff manage conflict prevention efforts with Regional Bureaus and interagency and manage USG reconstruction and stabilization responses in 2-3 countries, providing management support to Regional bureaus and leading planning process to link USG programs and resources to overall strategies. S/CRS also distills and applies lessons learned; coordinates on capacity building with the international community, and leads interagency participation in military exercises focused on reconstruction and stabilization missions, providing support to scenario development and exercising civilian planning and deployment functions.

To continue to achieve its mission in FY 2007, S/CRS will further institutionalize office functions and support the Active Response Corps within the Department of State for rapid diplomatic response. Focus will be on recruitment and development of civilian surge capacity, "jointness" with military in planning and exercises, and organization and training of integrated interagency field teams.

Foreign Service Modernization Transition: \$32,000,000

The requested funding supports the first step of transition to a performance-based pay system and global rate of pay for Foreign Service personnel grade FS-01 and below. The forthcoming Foreign Service Modernization legislative proposal linked to this funding would amend Section 406 of the Foreign Service Act (22 U.S.C. 3966) to eliminate longevity-based pay increases and institute a strictly pay-for-performance system similar to that instituted for the Senior Foreign Service in P.L. 108-447. The proposal would establish a global rate of pay for the Foreign Service to attract and retain a labor market for worldwide-available personnel, based on the needs of the Service, consistent with other pay systems with similar worldwide availability requirements. This global rate addresses the increasing pay disincentive to overseas service from the loss of locality based payments under 5 USC 5304. The Modernization proposal would equalize the Foreign Service global rate at the Washington, D.C. rate, including locality pay, over two years. The requested funding supports the first step of this transition. Additional funding will be required in FY 2008 and FY 2009 to fully close the gap, in order to begin a new pay-for-performance system effective April 2008, under a uniform global rate pay system.

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Afghanistan Operations: \$43,400,000

As a critical element of the Global War on Terrorism, the United States has committed to assist the Government of Afghanistan (GOA) in its recovery process. To accomplish this, the Department is continually reassessing its capacity to provide the kind of assistance that is most useful to the host government, understanding that this is one of America's highest foreign policy priorities. The Department has major resource needs to operate in this environment and has been aided in the past by supplemental appropriations. The majority of this funding request for \$8,381,000 is driven by the need to build these costs into the Department's permanent funding base including funding for the Afghanistan Reconstruction Group (ARG), the Provincial Reconstruction Teams (PRTs) and the operations of the new embassy compound. Security requirements totaling \$35,019,000 for the U.S. Mission in Afghanistan are detailed in the Worldwide Security Upgrades section in this chapter.

Asia-Pacific Partnership: \$4,000,000

The Asia-Pacific Partnership on Clean Development and Climate (APP) is a voluntary partnership between the United States and Australia, China, India, Japan, and South Korea. The APP has been created to accelerate the development and deployment of cleaner, more efficient technologies to address national pollution reduction, energy security and climate change. The partnership will work through public-private partnerships and will be organized into up to eight key project areas: cleaner fossil energy; renewables and distributed generations; power generation and transmission; aluminum; steel; cement; buildings and appliances; and mining. The task forces will meet several times per year concentrating their work on action plans for programs that will produce results, transfer technology, improve efficiency, and reduce emissions in the countries forming the partnership. The Department of State leads the coordination of the U.S. Government policy and programmatic engagement in the partnership. The Department will also create an informal secretariat that will organize partnership meetings. This request supports policy coordination, travel and administrative oversight for the partnership.

The requested increase will fund the Policy Coordination and Program Development group, which will support the development and implementation of U.S. participation in up to eight task forces. This group will develop proposals and establish frameworks for project reviews. This group will also work with business leaders to incorporate their views, programs and innovations in all eight areas of task forces. In addition, the increase will fund the Secretariat, which will support high level meetings and coordinate efforts of eight task forces, including technical meetings, document preparation, public outreach, and program tracking. The development of a website will serve as a communications medium, project clearinghouse and tracking and public outreach.

Security: 50 Positions and \$35,466,000

A separate justification for the 50 positions and increases totaling \$35,466,000 is included in the Worldwide Security Upgrades section in this chapter.

Global Support and Regionalization: \$3,850,000

In support of transformational diplomacy, the Department is aggressively pursuing regionalization of administrative support services and rightsizing administrative support staffs overseas with the goals of moving more of the delivery of administrative support services to safe locations and of re-engineering and automating the processes to contain costs. The Department is developing a plan that can lead to greater centralization and regionalization of functions for all critical danger posts in FY 2006, medium sized posts

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in FY 2007, and large posts through FY 2008. Working within regional and functional bureaus, the Department plans to fund pilot projects to identify effective new approaches to service delivery, building the business case for change and creating a flexible administrative support platform to support transformational diplomacy. The pilots will lay the groundwork for new regional or central support architecture that will support posts more effectively and efficiently while establishing and standardizing best practices for overseas operations.

Public Diplomacy: \$10,000,000

This is a critical time in international history and a critical time for U.S. Public Diplomacy. To win the global war on terror, the United States must defeat the terrorists not only on the battlefield, but also in the battle of ideas. And in the long run, the only way to achieve lasting peace is to offer a hopeful alternative to terrorist ideologies of hatred and fear. To succeed in both requires an aggressive effort to communicate and share America's fundamental values.

The Under Secretary for Public Diplomacy and Public Affairs has developed a strategic framework to ensure that America's ideas and ideals prevail. This framework has three key objectives: (1) to offer a positive vision of hope that is rooted in America's freedom agenda; (2) to isolate and marginalize extremists and undermine their attempts to appropriate religion; and (3) to foster a sense of common interests and values between Americans and people of different countries, cultures, and faiths.

An increase of \$10,000,000 is requested for Public Diplomacy to support these three objectives through engagement, empowerment, and evaluation.

Engagement and Empowerment

Speaker Program Expansion: \$1,265,000 – The Department will create a new youth speaker program, modeled after the U.S. Speakers Program, in which Americans from a variety of walks of life are recruited to travel and participate in programs developed especially to engage younger groups. The Department will also expand the Speakers Program to recruit American experts from diverse walks of life to travel to one or more foreign countries to engage audiences, often skeptical of US foreign policy, through lectures, workshops, and seminars. This proposal will provide a more strategic focus for the U.S. Speaker program to sustain and reinforce interaction with targeted overseas audiences using a mix of communication tools, including videoconferencing and web-based techniques.

Arabic and Chinese Language: \$1,700,000 – This funding will expand the Department's Arabic and Chinese language services by providing a more complete offering of policy statements, texts and transcripts and contextual materials, in formats that intended audiences are most comfortable with, for example, web sites, listservs, webcasting, text messaging, etc. Expanding Arabic will be in support of the President's charge to spread democracy in the broader Middle East – an important step in the fight against terror. Expanding Chinese language services will allow the Department to reach audiences in one of the fastest growing regions of the world.

American Corners: \$3,200,000 – The President has charged the public diplomacy community to engage with international audiences – to tell America's story and also listen to the stories of others. American Corners provides the logistical foundation for interactive dialog – and in most countries, the only source for that dialogue. American Corners make use of interactive technology and provide visitors access to material about the U.S. in a multi-media format. The Department maintains the central repository for information on the status of the worldwide American Corner initiative and provides content development, information resource expertise, help in the development of the information component, training and workshops for American Corners and Mission staff. Expansion of American Corners will provide an opportunity to

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explore life and culture in the United States and in many localities will provide one of the best places to obtain accurate and current information about economic, cultural, political, educational and social trends in the United States.

Countering Disinformation and Discrediting Terrorists: \$2,000,000 – The Department will use a proactive approach to an effort to discredit terrorists and diminish their appeal to win the war on terror. IIP has created a program to debunk false stories about the United States. In continuing the program, it will expose un-Islamic behavior by terrorists; support partners in their campaigns to de-legitimize extremists in their midst; partner with foreign community leaders for rolling public education campaigns to decrease Arab and Muslim tolerance for terrorist organizations and their messages of hatred and violence; and create a more aggressive counter-disinformation capability. This program will draw on the expertise of embassies and Middle East specialists inside and outside government to devise ways for U.S. policy makers to more effectively address extremism. Through partnerships with moderate, credible host country institutions and interests in the Muslim world, the Department will conduct professional, intensive issue advocacy-type campaigns to offer an alternative to extremist appeals and expose those appeals for what they really are. The program will use focus groups, polling research, and all the professional tools that would be used in a U.S. issue advocacy campaign, adapted to local conditions.

Television (TV) Co-Operatives and Media Broadcast Projects: \$585,000 – Television and video broadcasting products continue to be powerful strategic tools for bringing America's foreign policy message to worldwide audiences. Television broadcasting can deliver messages instantly anywhere in the world at any time. The TV Co-Op program has proven to be one of the most integral components to the Department's overseas media outreach. TV Co-Ops offer foreign audiences a positive view of U.S. culture, democracy and societal issues through the eyes of a local newscaster. The Department is seeking to implement additional TV Co-Ops that will target Arab and Muslim audiences in order to build closer relationships, counter extremists, enhance the credibility of the United States and re-establish the image of the U.S. as a partner for positive change.

Evaluation

Evaluation and Polling: \$1,250,000 – The Department will establish a fully effective, performance-based executive direction and evaluation capability. The Evaluation Unit will continue to develop a "culture of measurement" by training Public Diplomacy program managers on program planning, including needs assessments and audience research, and early planning for monitoring and evaluation; design and implement outcome assessments; and create a centralized program planning, management and performance database that will include planning guidelines, needs assessment information, audience analysis data and evaluation findings. The Department will also expand its polling and survey program in Arab and Muslim-majority countries. The primary long-term challenge for U.S. public diplomacy is to address negative views of the United States, U.S. policy, and the war on terrorism in Muslim-majority and Arab countries. Results of annual polls will provide critical information on the causes of negative opinion and the segments of the public whose views are open to change.

Border Security Program 10-Print Pilot: \$10,000,000

The request includes a \$10,000,000 increase in appropriated funds for the Border Security Program for pilot deployment of the collection of 10 fingerprints as the Department continues working to achieve full and real-time interoperability across biometric screening systems for a 10 fingerprint collection standard from foreign travelers, as part of the U.S. Visit Program. The funding will cover facility expansion, technology development, and advanced interoperability. In the future, first-time visitors to the United States will be

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enrolled in the program by submitting ten fingerprints, allowing the U.S. Government to be able to identify visitors with even greater accuracy.

WORLDWIDE SECURITY UPGRADES

Resource Summary

(\$ in thousands)

Appropriations	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Staff	1,201	1,256	1,306	50
Funds	649,904	680,716	795,170	114,454

FY 2005 Actual reflects 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).

FY 2006 Estimate reflects 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).

FY 2005 and FY 2006 funding levels do not include supplemental appropriations for security costs in Afghanistan.

Explanation of Request

The Worldwide Security Upgrades (WSU) Program provides core funding for the protection of life, property, and information of the Department of State and for Homeland Security matters such as visa and passport fraud criminal investigations. Since the bombings of U.S. embassies in Africa in 1998 and the attacks of 9/11, the U.S. Government has actively engaged in diplomacy in high conflict environments. At the same time, conventional threats are increasing in number and new threats are emerging rapidly. The threat of international terrorism remains at a dangerous level, raising the minimum-security requirements for all diplomatic missions worldwide. The 1998 East African bombings demonstrated that diplomatic facilities can be targeted even in low threat environments. Technical threats to gain access surreptitiously to computer networks and national security information have multiplied and grown in sophistication.

The FY 2007 request is summarized in the following table:

(\$ in thousands)

Activities	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Request
Ongoing Security Activities	607,084	637,870	681,839
Guards - Worldwide Protection	251,811	259,930	280,765
Physical Security Equipment	18,412	21,150	22,845
Technical Support/Infrastructure	75,752	82,513	89,127
Information/Systems Security	48,618	51,880	56,039
Armored Vehicles	21,090	22,143	23,918
Personnel/Training	166,325	173,161	179,881
Chemical/Biological Program	17,052	18,991	20,513
Radio Program	8,024	8,102	8,751
Perimeter Security Enhancements	42,820	42,846	42,846
Security Initiatives	0	0	70,485
Security Staffing/High Threat Protection	0	0	30,485
Afghanistan Security	0	0	35,019
Chemical/Biological Preparedness	0	0	981
Soft Target Countermeasures	0	0	4,000
Total, Worldwide Security Upgrades	649,904	680,716	795,170

WORLDWIDE SECURITY UPGRADES

Maintaining Ongoing Security Activities: \$681,839,000

The amount required to maintain ongoing activities is \$681,839,000 and reflects an increase of \$43,969,000 to fund FY 2006 annualized and FY 2007 anticipated wage and price increases.

Perimeter Security: \$42,846,000

The Department is requesting \$42,486,000 to continue the second phase of this program to address critical vulnerabilities in perimeter security at facilities worldwide. This is the fourth year of a seven-year effort to strengthen technical security capabilities at buildings outside of primary embassy or consulate compounds as well as to sustain the life-cycle replacement program for the installations completed under the initial program.

In FY 2006, 30 non-chancery buildings (large office annexes and other key facilities) received technical security upgrades. The scheduled life-cycle replacement and state-of-the-art upgrades for equipment such as vehicle barriers, cameras, and recording devices will keep them technically effective to provide the highest possible level of protection for our personnel and facilities around the world. The same level of effort continued in the third year of this initiative, using the funding received in the FY 2006 appropriation.

The FY 2007 request will fund technical security upgrades at a fourth group of 30 annexes and other high priority buildings not included in the original program, but which remain at significant risk. This funding will also continue the program to provide upgrades of 210 non-chancery buildings to be achieved over the next 5 years. Finally, the FY 2007 request will provide for the further life-cycle replacement of explosive detectors, perimeter x-ray screening machines, walk-through metal detectors, backup power systems, and closed circuit television control and recording upgrades for an additional portion of the 243 original installations.

Security Staffing/High Threat Protection: 50 positions and \$30,485,000

Diplomatic Security (DS) Special Agents and other security professionals are on the front lines in the Global War on Terrorism protecting American lives and property overseas and in the United States.

- Regional Security Officer/High Threat Protection Support: Thirty-five Special Agents will increase protection for U.S. Government personnel and American citizens overseas. These personnel are required to respond to increased threat levels and rapidly changing terrorist tactics.
- Security Engineering Officers: Fifteen Security Engineering and Technical Support personnel will deploy, evaluate, and maintain physical security systems for the protection of life, facilities, and information overseas.

Afghanistan Security: \$35,019,000

Afghanistan remains a national security priority. The requested funding will provide for embassy protective details, compound security, and operational support for the guard compound. The conduct of Transformational Diplomacy in this extremely high threat environment places exceptional demands on Diplomatic Security personnel. Operations in Afghanistan have been previously funded through supplemental funding. This increase establishes the funding in the base to protect U.S. Government personnel in Kabul and provincial locations.

WORLDWIDE SECURITY UPGRADES

Chemical/Biological Preparedness: \$981,000

Initial deployment of escape masks was completed in FY 2005. The requested funding provides increased sustainment training and lifecycle replacement of chemical/biological escape masks for overseas missions.

Soft Target Countermeasures: \$4,000,000

The Department must respond to the current security threat environment and increase protection for personnel outside the mission. An increase in FY 2007 of \$4,000,000 will support increased training for Chiefs of Mission and Diplomatic Security personnel, training for all individuals residing overseas through distance learning courses, expanded dissemination of threat information to unofficial Americans overseas through increased operations of the Overseas Security Advisory Council (OSAC), and advanced support costs for security operations at the 2008 Beijing Olympics. The requested funding supports implementation of recommendations from the Government Accountability Office.

Program Description

Worldwide Security Upgrades supports the Department's performance goals for diplomatic security, regional stability and assisting American citizens to travel, conduct business and live abroad securely. Key initiatives and programs are described below:

Performance Goal: Diplomatic Security

Worldwide Protection, including Facilities and Physical Security Measures: The FY 2007 request represents a full re-evaluation of requirements for the protection of life and facilities and of personnel support including the protection of 260 overseas and 100 domestic facilities and over 50,000 persons on Chief of Mission authority. Major improvements considered in this request include:

- Strengthening the Regional Security Officers program worldwide;
- Increased local guard presence at embassies and residences worldwide and lifecycle improvements of mission safe-haven facilities;
- Life-cycle replacement programs for many categories of physical facility measures and equipment, including vehicle barriers, agent bulletproof vests, and local guard force equipment;
- Incorporation of increased protection needs of the Secretary of State in the execution of Transformational Diplomacy;
- Expanded use of key technologies, such as the continued implementation of alarms, security cameras, and lock-and-leave facilities worldwide;
- Increased travel and resources for emergency support to fortify missions temporarily in emergencies;
- Protection of new missions, such as the new Gaza interest section in Jerusalem; and
- Strengthening DS Command Center operations to ensure optimal 24/7 support to posts worldwide.

Cyber Security and Sensitive Information Security: The FY 2007 request includes resources to address increases in cyber security threats and fortifies the Regional Computer Security Officer program to strengthen controls over information security at posts, including access by locally engaged staff.

Personnel Clearances: The number of security clearance investigations performed by the Department has increased in recent years, and DS expects comparable growth into FY 2007. Growth will be driven by issues such as continued involvement in Afghanistan and in other conflict resolution and reconstruction efforts, the construction of the new embassy compound in China, and the Electronic Passport Program Initiative. Consistent with the Intelligence Reform and Terrorism Prevention Act, DS is required to reduce the time necessary to perform overseas investigations on behalf of all federal agencies.

WORLDWIDE SECURITY UPGRADES

Training and Competence: The FY 2007 request includes funds for updated training for DS Special Agents on safety equipment, information on various security threats and techniques used by terrorists and defenses against them, and instruction on the operation of new intrusion detection systems.

Technology and Infrastructure Support: The FY 2007 request includes funding to make effective use of technologies in DS protection efforts. Examples are the Security Management System enterprise and Blue Force Tracker. SMSe is a worldwide network designed to link cameras, alarms, and access control systems at posts to allow real-time monitoring from the DS Command Center. Blue Force Tracker provides identification, location, and tracking information of users in theater. Blue Force Tracking, using a national communications architecture and infrastructure, gives DS continuous locations of users and transmits immediate notification of distress calls to DS customers and Quick Reaction Forces worldwide.

Initiative/ Program	Diplomatic Security	
Description	Worldwide protection of life and property at Department of State domestic and overseas facilities	
Indicator	Worldwide protection of life and property at Department of State domestic and overseas facilities	
Targets	FY 2007	<ul style="list-style-type: none"> • Implement phase 1 of new standards for worldwide protection, including guard coverage, lifecycle replacement of physical facility equipment, and technical requirements. • Right-size Secretary of State protective details without impact to other areas. • Cover volume increases in the protection of information, including cyber security and security clearances. • Strengthen training programs and implement refresher/new threats training.
	FY 2006	<ul style="list-style-type: none"> • Address critical needs in worldwide protection in terms of guards, facilities, and equipment. • Support increased travel of the Secretary of State by reassigning resources from non-critical areas.

Performance Goal: Regional Stability

Initiative/ Program	Regional Stability	
Description	Security support to US diplomatic efforts in high conflict areas such as Afghanistan, Haiti, Sudan, and Gaza.	
Indicator	Indicator #1: Ability of US Government to Continue to Operate in High Conflict Environments	
Targets	FY 2007	Continue operations in Afghanistan and support to Special Diplomatic Envoys and national priority conflict resolution/reconstruction efforts.
	FY 2006	Continue operations in Afghanistan, Gaza, and Haiti.

Performance Goal: Assist American citizens to travel, conduct business and live abroad securely

WORLDWIDE SECURITY UPGRADES

Soft Targets: The FY 2007 budget request includes funding to strengthen threat information dissemination to the private sector, especially those conducted by the OSAC. The budget also considers evaluation of the security framework of the Pan American Games in 2007 and advance lodging costs for the 2008 Beijing Olympics.

Initiative/ Program	Assist American citizens to travel, conduct business, and live abroad securely	
Description	Disseminate information about threats to the American public and create a more secure environment for public events with a significant volume of Americans	
Indicator	Indicator #2: Number of constituents and web page hits	
Targets	FY 2007	Increase the number of constituents and associates by 200 and web page hits by 5% over FY2006.
	FY 2006	Increase the number of constituents and associates by 200 and web page hits by 5% over FY2005.
Indicator	Indicator #3: Major events	
Targets	FY 2007	Validate security of the Pan American Games and provide advance security coordination for the 2008 Beijing Olympics.
	FY 2006	Support the Turin Winter Olympics, Paralympics, and World Cup.

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IT CENTRAL FUND

Summary Statement

(\$ in thousands)

Appropriations	FY 2005 Estimate	FY 2006 Estimate	FY 2007 Request
Capital Investment Fund	51,452	58,143	68,298
Centralized Information Technology Modernization Program	76,811	68,482	0
IT Investment/Expedited Passport Fees	126,110	153,560	207,643
Total, IT Central Fund	254,373	280,185	275,941

FY 2005 Actual reflects 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).

FY 2006 Estimate reflects 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).

Overview

U.S. diplomacy and overseas operations have grown increasingly dependent on information technology. Carrying out United States foreign policy and promoting US interests require ready access to relevant information at a moment's notice. Information and IT systems and services must be available around the world, around the clock to US personnel in Washington and at over 300 locations. Recent events throughout the world have emphasized the importance of IT services in providing rapid and reliable communications. The future will demand even more - more rapid exchange of high quality information, more effective collaboration among all agencies operating overseas, greater efficiency in delivery of services, and enhanced security in protecting personnel and assets. The State Department has made great strides in modernizing its IT infrastructure and systems, and must now continuously improve its ability to provide modern anywhere/anytime access to vital information needed for successful diplomacy.

Four top business drivers for IT in FY 2007 are (1) promoting greater integration and collaboration among the more than 40 civilian agencies with overseas operations; (2) rightsizing our overseas embassies and missions to promote efficiency and security; (3) promoting interagency e-government solutions for lines of business wherever practical; and (4) comprehensive planning and investment to ensure global continuity of operations (COOP) in the event of disasters or crises. These drivers will require the Department to fine-tune many of its IT programs and are reflected in this request.

The FY 2007 IT Central Fund request, which is comprised of the Capital Investment Fund and Expedited Passport Fees, provides the IT tools and programs needed to support the Department's mission. Central Fund resources are invested to build effective, secure, and integrated IT systems supporting U.S. diplomacy worldwide, and to provide for the safeguarding and upkeep of the global IT infrastructure that is the foundation for the Department's operations.

The State Department has been implementing the IT Strategic Plan published in 2000, covering goals, objectives, and initiatives that have been substantially accomplished. This plan has produced significant results in delivering IT services throughout the world. All eligible overseas posts are fully connected via the Department's classified and unclassified networks, providing reliable connectivity to even the most remote locations. Internet access is provided from the desktop. A centralized IT refresh and modernization program has been put in place to ensure that the IT infrastructure remains fully maintained and highly

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standardized. Application modernization is in progress, with most applications now being re-tooled to provide web-based access and greater levels of integration. IT staff skills have been upgraded and hiring and retention issues have been addressed. Of perhaps greatest importance, an effective e-governance process has been put in place to oversee major IT investments and ensure consistency with priorities.

In April 2004, the Department published a strategic IT goals paper, a management-level blueprint for the IT program for the balance of this decade. In the nearly 2 years since publication of the goals paper, the Department has conducted an intensive discussion of the vision and goals, ensuring broad understanding and support by management and staff at all levels. The end result of this process will be publication of a comprehensive IT Strategic Plan (ITSP) for 2006-2010.

As the plan was developed and discussed internally and with external partners such as OMB, it became clear that it would be highly valuable to transform it into a Joint ITSP addressing the needs of State and the US Agency for International Development (USAID). The intent is to seek out opportunities to promote interagency collaboration in furthering joint mission objectives and to capitalize on economies of scale in delivering services. The Joint ITSP will mirror the *FY 2004–2009 Department of State and USAID Strategic Plan*. In addition to the immediate benefits the two agencies will realize from the joint ITSP, the Plan will also provide a platform for expanding interagency collaboration and global rightsizing to all agencies operating overseas.

The Department's budget request for FY 2007 reflects the transition to the goals structure embodied in the FY 2006-2010 Goals Paper and will serve as the basis for subsequent allocation and management of IT resources. This and the upcoming Joint ITSP is based on a clear vision for IT: *Empowering diplomacy with tools and information available anytime, anywhere.*

- Goal 1: The Right Information: *Knowledge Leadership For Diplomacy*
- Goal 2: Anytime/Anywhere Computing: *Diplomats On The Move*
- Goal 3: External Partnerships: *Diplomacy Through Collaboration*
- Goal 4: Risk Management: *Mission Effectiveness and Security*
- Goal 5: Work Practices and Workforce: *Leading Change*

These goals build on the current IT Strategic Plan and will ensure that State continues an IT program that provides excellent and innovative support to all aspects of modern diplomacy.

The Department's highest priorities for FY 2007 respond directly to the business drivers noted above. They include (1) sustaining and improving the infrastructure to provide increased accessibility to the full range of IT services from all kinds of end user devices (e.g., laptops, cell phones, thin clients) regardless of location; (2) business applications that are broadly accessible to authorized end-users via web-based tools and e-government solutions; (3) improved knowledge management tools for content management, customer relationship management, and intelligent search, retrieval, analysis, and presentation; and (4) interagency collaboration and coordination, with particular emphasis on joint efforts with USAID.

The Department continues to rely on its effective and broadly representative e-Gov IT governance process; this process has driven the FY 2007 budget request. The Assistant Secretary-level e-Gov Program Board, whose members represent the broad interests of the Department, has overseen and approved the new IT Goals Paper. This Board and senior executives from USAID will approve the new ITSP as well.

The following table summarizes the FY 2007 investment funding needed by the Department to achieve its strategic IT goals and objectives:

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Investments Summary

(\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Goal 1: The Right Information: Knowledge Leadership for Diplomacy	40,761	52,668	19,288	(33,380)
State Messaging and Archive Retrieval Toolset (SMART)	32,066	39,672	3,870	(35,802)
Electronic Medical Record (EMR)	2,875	2,500	2,500	0
Content Management System	2,324	2,446	4,557	2,111
Other Goal One Initiatives	3,496	8,050	8,361	311
Goal 2: Anytime/Anywhere Computing: Diplomats on the Move	135,863	143,837	169,511	25,674
Global IT Modernization	61,038	61,478	79,359	17,881
Department Bandwidth Costs	38,541	40,000	40,000	0
Enterprise Network Management	10,056	10,056	11,000	944
Enterprise Software - Licensing & Maintenance	11,220	10,348	15,639	5,291
Enterprise Server Operations Centers	3,313	3,000	3,313	313
Other Goal Two Initiatives	11,695	18,955	20,200	1,245
Goal 3: External Partnerships: Diplomacy Through Collaboration	63,240	69,156	73,158	4,002
Joint Financial Management Systems	7,857	12,545	9,067	(3,478)
Global Financial Management System (GFMS)	3,643	0	0	0
Consolidated American Payroll System (CAPPS) and Interagency ePayroll Migration	5,487	5,487	1,463	(4,024)
Travel Manager Program	1,073	3,499	3,500	1
Worldwide Agency-wide Locally Engaged Staff Payroll (WALES)	0	950	2,000	1,050
A/LM Integrated Logistics Management System (ILMS)	20,182	18,000	20,450	2,450
Integrated Personnel Management System (IPMS)	11,267	11,267	7,940	(3,327)
Joint Assistance Management System (JAMS)	0	500	5,320	4,820
Other Goal Three Initiatives	13,731	16,908	23,418	6,510
Goal 4: Risk Management: Mission Effectiveness and Security	8,102	7,718	7,139	(579)
Public Key Infrastructure (PKI) /Biometrics	8,102	7,718	7,139	(579)
Goal 5: Work Practices and Workforce: Leading Change	6,407	6,806	6,845	39
Total, IT Central Fund	254,373	280,185	275,941	(4,244)

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Goal 1: The Right Information: Knowledge Leadership for Diplomacy

The Department must leverage its investment in reliable global IT infrastructure by expanding direct support for the mission-driven processes of diplomacy, interagency foreign affairs, development, and disaster assistance. This entails developing an information environment, including value-added knowledge bases focused on areas of interest; deploying effective, user-oriented tools for discovering and analyzing useful information; and establishing a Department-wide solution for content management and information publishing and dissemination. It also entails establishing a process and IT support for management to monitor activities, performance, and results. Specific initiatives to be pursued in FY 2007 include:

State Messaging and Archive Retrieval Toolset (SMART): \$3,870,000

The FY 2007 request provides program management support for SMART. The SMART program is a vital and essential building block of the Department's overarching e-Diplomacy strategy, which includes effective knowledge management as well as inter-agency information sharing and collaboration.

SMART will replace the fragmented collection of outmoded manual and automated systems that currently support foreign policy activities on a worldwide basis. Message creation, exchange, and management will be achieved via desktop client or web access for users accessing from remote locations. SMART will have many of the characteristics of systems that people use at home, notably web portals, remote access, and powerful search and retrieval.

Electronic Medical Record (EMR): \$2,500,000

The Electronic Medical Record (EMR) System establishes the essential medical record infrastructure that the Department of State must have to provide quality health care services for all U.S. Foreign Affairs agencies worldwide. The EMR provides a single, electronic, authoritative source of information that is retrievable by multiple providers for patient care, medical evacuations and hospitalizations, medical clearance decisions, medical record release actions, and medical program planning and management. The EMR also provides a standard, rapid and secure way to enter new medical record information into a patient's Department of State medical record. The EMR is an integration of commercial off-the-shelf (COTS) medical record software; unique State Department medical applications (e.g. medical clearances); and scanned medical records, which are currently being integrated with web-based development software.

EMR is being developed and deployed in three phases, including both domestic and overseas deployments. Currently, Version 1.0 is in operation domestically and overseas. During FY 2006, development of Overseas Version 2.0 will be completed and some components will be deployed at overseas posts. Deployment of the remaining modules will begin in FY 2007. Version 2 will permit overseas health units to view scanned medical records and enter mental health patient notes, medical clearance exam information, and patients' primary care information in a centralized system.

Content Management System (CMS): \$4,557,000

The CMS project provides centralized content management, web hosting, search and web reporting tools for Embassies and the Department of State's public diplomacy websites to get the right information to the right people at the right time. The CMS provides the delivery platform and infrastructure to develop, maintain, and host centralized multilingual content to streamline the creation and delivery of high quality information for both print and web content for Embassy and international audiences. The CMS will improve the efficiency of embassy operations by streamlining and providing automated support for content development, workflow, and publishing. More important, it will improve the ability of the Department to

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deliver highly effective, custom-tailored messages to audiences around the world, thus furthering the diplomatic mission.

Although the CMS project focused initially on public diplomacy, the Department of State and USAID will consider expanding the scope of the effort to cover the comprehensive content management needs specified under Goal 1 of the IT Goals Paper, which calls for establishment of a central information management service/virtual library. The CMS is an important tool supporting this effort.

CMS Phase 1 has been successfully deployed at over 100 overseas locations and is in use for central management of all public diplomacy content. In FY 2005, new public diplomacy web site capabilities were implemented in additional languages (e.g., Spanish, Farsi). Phase II, which is currently in progress and 48% complete, will carry out site migration and new product implementations to all USINFO websites, 20 embassy websites, additional language websites, and new products. The CMS has also hosted new products from the Bureau of Public Affairs, which includes their new Spanish site and Kids site, and the special project Persian Site in Farsi. In FY 2006, the CMS project will extend digital products and content through Print Publication Integration, and will add new posts/consulates into the CMS. In FY 2007, CMS will be deployed to an additional 100 overseas locations, and new technology advances will be implemented to stay current with modern content management practices.

Other Goal 1 Initiatives: \$8,361,000

The Department will pursue other initiatives to promote knowledge management in support of diplomacy, including the Department's web site, Enterprise Information Portal, customer relationship management, Bureau of Intelligence and Research systems, Public Affairs Database Support, and records disposition. State and USAID will explore pilot deployments of innovative technologies for interagency information management and sharing. The overarching focus for FY 2007 will be to determine how best to provide end users with the information and tools they need to further the U.S. diplomatic mission.

Goal 2: Anytime/Anywhere Computing: Diplomats on the Move

Under Goal 2, the Department will provide an IT infrastructure that supports reliable access to needed information and systems from anywhere via standard end-user devices such as laptop and desktop computers, PDAs, and cell phones. Users will have access while working at home (telecommuting and telework), while on travel, and while out of the office. To accomplish this goal, the Department will continue to maintain its global IT infrastructure, and will explore technology extensions that enable secure mobile access. The Department is working with USAID and other agencies to capitalize on technologies that have proven successful in meeting similar functional and security requirements. Specific initiatives that support Goal 2 are summarized below.

Global IT Modernization: \$79,359,000

In FY 2007, the Department will continue the Global IT Modernization (GITM) program to ensure that its global IT infrastructure is kept current. Through this program, the Department centrally manages the periodic replacement and modernization of classified and unclassified desktop computers, servers, network equipment, and circuits at the Department's domestic facilities and at all overseas posts on a four-year life cycle. As equipment is replaced, infrastructure is re-engineered, as appropriate, taking into account newer technology, security and best practices. GITM allows the Department to sustain a true global infrastructure, ensuring compliance with standards, full interoperability, and cost-effective administration. To enable the Department to take the next step and provide anytime/anywhere access, the infrastructure must be sufficiently robust and reliable.

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The GITM plan for FY 2007 is to modernize 157 sites, comprised of 71 overseas OpenNet sites, 73 overseas ClassNet sites, and 13 domestic facilities.

Department Bandwidth: \$40,000,000

This request funds the Department's FY 2007 requirements for bandwidth, which enables the exchange of information between the Department's headquarters and American diplomatic and consular posts around the world. As the demand grows to transmit a wide-variety of electronic information, including large sound and graphics files in support of U.S. foreign policy objectives, funding for expanded bandwidth circuits of sufficient volume and speed must be available. This request funds costs for bandwidth and related services provided by the Diplomatic Telecommunications Service Program Office (DTS-PO), as well as special circuits for individual embassies, internet service provider costs, and very small aperture terminal (VSAT) services.

Steady increases in demand for network capacity, availability, and reliability will continue and will be managed through the Department's strategic plan. Business drivers such as rightsizing, interagency collaboration, telework, and anytime/anywhere access will drive network needs.

Virtual Private Network (VPN) sites and commercial Internet Service Providers (ISPs) will be used to meet the increases in the Department's network bandwidth requirements for FY 2006 and beyond. This approach will permit management to rightsize DTS-PO bandwidth based on cost and other factors.

Enterprise Network Management: \$11,000,000

This request supports the Department's on-going management and improvement of its networks – a critical step toward increasing the security and integrity of the Department's IT infrastructure. Priority activities planned for FY 2007 are:

- Bringing alternate communications capability to all overseas posts - a VPN provides encrypted communication tunnels through the public Internet, thus reducing the cost per bit of bandwidth and improving performance and reliability;
- Continuing integration of State and USAID networks, creating a seamless networking environment supporting both agencies as well as interagency collaboration;
- Voice-over-Internet Protocol (VoIP), permitting cost-effective, secure world-wide telecommunications;
- Developing and implementing a revised architecture for the global classified network;
- Improving network availability to 99.7% enterprise-wide; and
- Increasing the application of remote management processes to software distribution and patch management.

Enterprise Software -- Licensing and Maintenance: \$15,639,000

The Department has entered into centralized software licensing arrangements for critical software. The goals of enterprise licensing include cost savings, standardization, and internal efficiencies in negotiating with vendors. Centralizing the licensing process ensures that all software is kept current and secure. The Department is committed to leveraging economies of scale for large software acquisition and works closely with the GSA Smart-Buy program and is a member of the Smart-Buy steering committee.

In FY 2007, the Department will support additional enterprise-wide requirements through enterprise license agreements. Among the items to be addressed are file compression, disk wiping, and a reporting toolkit. Although these particular types of software are currently in use at the Department, there are no existing

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enterprise agreements covering them. The FY 2007 request also provides coverage for the increased number of users at the Department.

Enterprise Server Operations Centers (ESOCs): \$3,313,000

For several years, the Department has operated Enterprise Server Operations Centers to consolidate data processing centers. The ESOCs promote central management of Department servers, yielding efficiency gains and ensuring a critical mass of data center management expertise. Centralization of data processing centers is one step in rightsizing IT support provided around the world. This funding will allow the Department to make steady progress in the centralization of servers.

Other Goal 2 Initiatives: \$20,200,000

Other initiatives that focus directly on achieving the goals of anytime, anywhere access include the FEMA backup and recovery facility, which serves as an Alternate Communications Site (ACS) for the Department in the event of a major interruption of service due to terrorist attacks, natural disasters, or catastrophic failure; anti-virus software; post telephone system upgrades; secure voice communications; and secure video/data services throughout the Department.

Goal 3: External Partnerships: Diplomacy Through Collaboration

The Department is committed to electronic Government with resulting improvements in citizen services, mission effectiveness, and efficiency. The focus is in three areas: (1) participating in government-wide e-Gov initiatives; (2) streamlining administrative operations; and (3) enhancing interagency and external collaboration, especially overseas and with the intelligence and foreign affairs communities. An important ongoing priority is to provide a suite of effective and efficient application systems that ensure diplomatic readiness. The Department has been working to provide diplomatic readiness and management functions in a more streamlined, consolidated, and cost-effective manner. This request will also facilitate the use of web-enabled applications, create more useful reporting tools, and improve the Department's ability to share data, both internally and with other agencies. It will also position the Department for greater participation in government-wide administrative solutions as they emerge and become available.

Financial Management

The Department will continue to integrate and upgrade its global financial management systems in FY 2007. Goals include high levels of data consolidation, web-enablement, coordination with USAID, and positioning for government-wide e-Gov efforts.

Key initiatives for FY 2007 in financial management include:

- Joint Financial Management Systems (JFMS) (\$9,067,000) -- Provide State and USAID with a common financial management platform to support overseas and domestic worldwide financial management and reporting. JFMS is the follow-on project to the Global Financial Management System, which consolidated and improved State financial systems.
- Consolidated American Payroll System (CAPPS) and Interagency ePayroll Migration (\$1,463,000) -- This request will support a smooth transition from the current CAPPS system to an OPM/OMB approved ePayroll platform, the one operated by the National Finance Center (NFC). The NFC unit that provides the ePayroll service is now completing a gap analysis to serve as a basis for a migration plan and cost estimate. Subsequently the Department will negotiate a

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performance-based, long-term Service Level Agreement (SLA) with fixed fees to mitigate risks that might otherwise require a life cycle cost adjustment.

- Travel Manager Program (\$3,500,000) -- Consistent with the President's Management Agenda (PMA), the Department will migrate to the new government-wide eTravel service (eTS), while continuing to provide a modern, standard and streamlined travel program during the transition. The Department has selected one of GSA's approved eTravel service providers as its eTS vendor. In FY 2007 the Department will continue overseas deployment and complete all migration by September 2008.
- Worldwide Agency-wide Locally Engaged Staff Payroll (WALES) (\$2,000,000) -- OPM and OMB have designated the Department as an ePayroll provider for civilian agencies (USAID and 40 other agencies) that employ Foreign Service Nationals (FSNs) outside the United States. FSNs are local residents who provide essential support for many functions performed at overseas posts and missions. The focus in FY 2007 is on application development.

Integrated Logistics Management System (ILMS): \$20,450,000

ILMS is a major reengineering and development effort to create a modern, user-oriented system for all logistics functions, including purchasing, supply, transportation, and warehouse/inventory management. ILMS emphasizes operations streamlining and self-service.

The FY2007 request will fund system documentation, knowledge transfer and activities associated with implementing a new, performance based, systems integration contract. An intermediate version upgrade is scheduled in FY2007. ILMS will work in tandem with the Post Administrative Support System (PASS). Also, the Department plans to continue working with USAID to align requirements, software versions and hardware configuration consistent with the goals specified in the IT Goals Paper. Source selection activities are scheduled for completion by December 2007 with a new contract vehicle in place by mid FY 2008.

Integrated Personnel Management System (IPMS): \$7,940,000

The State Department will continue work on IPMS, the key corporate application supporting the Department's overall strategic human resources goal. IPMS is instrumental in ensuring that State has the right people, with the right training, in the right place, at the right time. The long-term mission of IPMS is to provide the Department with superior human capital management in support of its diplomatic mission.

During FY 2007, the Department will continue operations and maintenance of IPMS and its components, and will focus on key upgrades, including: upgrading the underlying software platforms; planning for increasing State/USAID integration in support of HR processes; leveraging best practices of other agencies; and reengineering data warehouse capabilities and web portal functionality.

Joint Assistance Management System (JAMS): \$5,320,000

The Joint Assistance Management System (JAMS) is a cooperative effort by USAID and State to modernize the acquisition and assistance process. The JAMS program is led by USAID. The program will develop and implement a joint solution that will facilitate core grant and assistance systems needs across both organizations. The business case for this initiative will provide the administrative details and checkpoints required for JAMS to receive funding through State's eGov process. This request represents the Department's share of the FY 2007 estimated cost.

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Other Goal 3 Initiatives: \$23,418,000

Other initiatives in this area will aid in business process streamlining, interagency communication, and e-Government/Lines of Business (LoB) initiatives. They include the Humanitarian Information Unit (HIU); E-Allowances; Promoting Interagency Connectivity through existing inter-agency networks (e.g. Secret Internet Protocol Router Network (SIPRNET) and Open Source Information System (OSIS)), and other mechanisms; Post Administrative Software Suite (PASS); Enterprise Application Integration (EAI); Joint Planning and Performance System (JPPS) (formerly CFPS); Joint State/USAID Enterprise Architecture; and IT Capital Planning. The Department currently participates in 20 e-Government programs including E-Authentication; E-Grants; and Integrated Acquisition, as well as 3 LoB initiatives: Financial Management; Grants Management; and Human Resources.

Goal 4: Risk Management: Mission Effectiveness and Security

Under Goal 4, State and USAID will adopt a comprehensive and unified approach to all aspects of IT security. Such a joint IT security program is essential for accomplishing the other joint goals in the new IT Strategic Plan. The intent is to enable broad access to information and systems; secure internal and external collaboration; rapid and secure introduction of new technologies; and comprehensive business continuity plans that can be relied upon to work in the event of a disaster.

State and USAID will apply the best practices of each agency, as well as industry and government innovations in IT security. Security risk management will be based on a partnership model, through which system sponsors, IT professionals, and security experts will collaborate to make risk management decisions and ensure that IT assets are protected commensurate with risk. Security will be designed and built into all IT projects and programs from the earliest stages. Innovative security approaches, such as biometrics, will be in place to monitor and control user access to IT systems and information, thus enabling anytime, anywhere access, and secure extranets for internal and external collaboration

Public Key Infrastructure and Biometrics: \$7,139,000

Public Key Infrastructure (PKI) supports user authentication and biometrics to control access to State Department information resources on ClassNet and OpenNet Plus; improves IT security against external and internal threats; and supports digital signature requirements enumerated in the Electronic Signatures in National and Global Commerce Act (E-SIGN). PKI will also help satisfy provisions set forth by the Government Paperwork Elimination Act (GPEA) by reducing the amount of paper produced for physical signature. Other uses include exchange of contractor information between overseas secure embassy construction sites and the Department; investigative reports by Diplomatic Security; and protection of sensitive and personal medical records to serve the Foreign Service and others stationed overseas.

The Department's PKI program has completed 99.9 percent of its domestic deployment, and approximately 30 percent of its overseas deployment as of 31 March 2005. The target date for full Department-wide deployment is December 2006, at which point the program will enter the Operations and Maintenance phase.

Goal 5: Work Practices And Workforce: Leading Change: \$6,845,000

Goal 5 focuses on ensuring that end-user staff have the skills necessary to use the new IT tools, systems, and information being made available under the other four goals; continuously enhancing the skill base of the Department's IT staff; and creating and sustaining an efficient and effective IT support organization. The latter will focus on ensuring that the Department promotes continuous innovation in use of IT in support of the diplomatic mission.

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In FY 2007, this request will be used for innovative training management, distance learning, and technology at the Foreign Service Institute (FSI).

BORDER SECURITY PROGRAM

Resource Summary

(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request
Machine Readable Visa (MRV) Fees	668,090	734,002	682,969
Diplomatic and Consular Programs	73,998	45,673	10,000
Western Hemisphere Travel Surcharge	0	48,000	120,000
Enhanced Border Security Program Fees	71,488	175,500	294,000
Passport Security Surcharge	54,488	144,000	262,500
Immigrant Visa Security Surcharge	9,000	16,400	16,400
Diversity Fee	8,000	15,100	15,100
Fraud Prevention Fee	0	31,800	31,800
Total, Border Security Program Expenses	813,576	1,034,975	1,138,769

FY 2005 Actual reflects 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).

FY 2006 Estimate reflects 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).

Overview

The Department of State plays a critical role in protecting U.S. citizens as they travel or reside abroad and in securing our nation's borders through the proper adjudication of passports and visas. The Bureau of Consular Affairs (CA) is the lead bureau in the Department's Border Security Program, which emphasizes efforts to secure borders and open doors. CA is responsible for denying entry into the United States of individuals who pose a threat to this country and for facilitating the entry of legitimate foreign visitors and students; protecting Americans citizens abroad; researching, developing and deploying automated systems; and implementing policies, procedures and processes in coordination with other federal agencies in support of homeland security goals. The State Department's Border Security Program encompasses all consular activities and provides funds to all regional bureaus and seven other bureaus which support domestic and consular operations. CA has five specific objectives for border security.

Information Technology:

Develop, maintain and enhance information systems and ensure their interoperability with other agencies. Deploy the latest software releases to consular users on a timely basis for use in processing passports, adjudicating visas, issuing travel documents, and improving name check systems. Consolidate disparate databases to foster exchange of information for quick, complete decision-making. Expand the use of facial recognition and other biometrics that are major components of exit/entry programs to include US VISIT. Expand and enhance name-check and case-tracking systems.

Connectivity:

Ensure worldwide, redundant connectivity in support of passport and visa processing, including sufficient bandwidth to support data sharing and transmission of electronic images, biometric information, and

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passport and visa applications round-the-clock. Manage an internet site offering a growing menu of on-line assistance for those seeking consular services worldwide.

Infrastructure

Ensure that consular staff worldwide have the most modern equipment and software to support their operations. Key elements are an effective replacement and refresh schedule, adequate numbers of systems administrators and support personnel, and development of software programs to meet legislative requirements.

Integrity

Strengthen consular processes and services that comprise key elements of an interlocking network of border security. Safeguard the security of consular documents, expand professional development, and utilize fully automated processes in passport and visa fraud detection and deterrence. Maintain an active schedule of Consular Management Assistance Team (CMAT) visits to overseas posts to review management controls and standard operating procedures used in the implementation of critical security-related requirements.

Human Resources

Provide sufficient qualified staff, trained in consular processes and anti-fraud techniques, to fill both vacant and new consular positions. Work with the Department to meet additional program growth domestically and overseas, and to hire, train and assign enough personnel to meet increasing workload demands.

BORDER SECURITY PROGRAM

The following chart summarizes the costs of the major activities of the Border Security Program:

(\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Consular Project Initiatives	336,474	427,470	453,674	26,204
Consular Systems Install and Operations	40,885	45,000	36,000	(9,000)
Consular Systems Modernization and Support	71,898	74,786	82,514	7,728
Automated Namecheck Systems: CLASS	16,000	17,000	16,000	(1,000)
MRV Administrative Support	61,667	55,903	54,835	(1,068)
Public Information Support	8,250	9,574	10,574	1,000
Document Integrity/Fraud Programs	750	32,550	32,550	0
Consular Training (FSI)	4,480	5,195	5,249	54
Passport Operations	70,473	110,111	130,878	20,767
Passport Facilities	3,900	4,684	6,895	2,211
Passport Systems	33,520	41,455	47,605	6,150
Visa Processing	15,905	23,350	22,422	(928)
American Citizen Services	2,600	2,323	2,323	0
Intelligence Support Unit (INR)	1,320	648	671	23
Facilities Management (A)	4,826	4,891	5,158	267
Diplomatic Security	10,745	11,127	11,658	531
Investigative Support/Guards	10,745	11,127	11,658	531
Technology Backbone – IRM	18,900	18,000	18,500	500
IRM Computer Systems and Operations /Diplomatic Telecommunications Support	18,900	18,000	18,500	500
Border Security Staff (American Salaries)	226,749	243,384	258,176	14,792
Consular Affairs	90,649	103,292	113,886	10,594
Bureau of Administration	89	89	89	0
Information Resource Management	3,039	3,039	3,039	0
Diplomatic Security	14,434	14,434	14,434	0
Overseas Staff	118,538	122,530	126,728	4,198
Border Security Support	220,708	334,994	396,761	61,767
Consular Affairs	76,042	182,599	241,193	58,594
Diplomatic Security	870	870	870	0
Information Resource Management	4,090	4,090	4,090	0
Western Hemisphere Affairs (BCC)	2,000	2,000	2,000	0
Overseas Support	137,706	145,435	148,608	3,173
Total, Border Security Program	813,576	1,034,975	1,138,769	103,794
<i>DHS Reimbursement</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>0</i>

BORDER SECURITY PROGRAM

FY 2007 Initiatives

The Department of State, working through the Bureau of Consular Affairs, is a key border security agency. CA plays a crucial role in border security by protecting and assisting Americans abroad, by ensuring the integrity of the passport issuing process, and by working with the Department of Homeland Security (DHS) to strengthen the visa process. It provides consular personnel worldwide with the policies, tools, and training to facilitate legitimate international travel while denying entry to those foreigners who would do us harm. Key initiatives for FY 2007 include database integration with the FBI and other agencies involved in the processing of electronic Security Advisory Opinions (SAO), with the goal of an entirely electronic SAO process by FY 2007. Other data sharing initiatives that support homeland security and reduce fraud include a data link with the Social Security Administration, enabling transfer of data between SSA and the Department of State. Through an agreement with the Department of Justice, Interpol now has access to the Consular Lost and Stolen Passport database. CA is negotiating with DHS for an umbrella Memorandum of Understanding that will provide CA with access to even more DHS data. Consular Affairs also plans to expand visa biometric collection from the current two-fingerprint to 10-fingerprint collection with a pilot program in FY 2006.

CA will continue to strengthen homeland security by ensuring that the consular function has appropriate facilities and is staffed at sufficient levels by consular officers who are trained to screen out terrorists, criminals and others who would do us harm. CA will also provide training to consular employees and other offices and agencies that have joined with us in efforts to protect our country and fellow citizens. CA will work closely with the Foreign Service Institute (FSI) to expand and improve courses that better prepare consular officers to identify terrorists and others who should not receive visas. Instruction also focuses on giving officers tools that will help them assist victims of crime, terrorism and natural disasters, as well as assist U.S. citizens wishing to vote abroad. CA will continue remote and computer-based training on consular systems to supplement hands-on training by visiting experts. It will maintain support desks to provide key links between employees and the development and support elements in the Consular Systems Division.

The Department's implementation of the Western Hemisphere Travel Initiative (WHTI) will be a major initiative in FY 2007. This program, enacted through Section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA), requires the Secretary of Homeland Security, in consultation with the Secretary of State, to develop and implement a plan by January 2008 that requires U.S. citizens and previously exempted foreigners to present a passport or other secure documentation proving identity and citizenship when entering the United States. Implementing the WHTI will require the Department to significantly expand its passport productive capacity, including additional staff, systems support and facilities. Between regular projected workload increases and WHTI, CA expects workload to almost double from the 9 million applications received in FY 2004 to 17 million applications in FY 2008. Total costs through FY 2008 are anticipated to be approximately \$301.6 million, including the salaries of 219 new employees that need to be hired between Fiscal Years 2006 and 2008: 130 employees planned for FY 2006 and 89 new hires in FY 2007. This is in addition to 105 new positions added at the end of FY 2005. Authorities to collect and retain fees to support increased WHTI requirements were provided through the Passport Security Enhancement Act of 2005 (P.L. 109-167).

The Department will also continue expanded efforts to detect visa fraud. The Department estimates receiving \$31.8 million in FY 2007 through the H-1B/L Visa Fraud Detection Fee to combat fraud by applicants for those types of visas. The Department will seek expanded authority to use funds generated from this fee to cover fraud detection efforts related to all other visas.

The following paragraphs summarize the major activities of the Border Security Program:

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Consular Systems Installation and Operations: \$36,000,000

The Congressional mandate to incorporate biometric technology into all visas as well as expand means of data capture and interagency sharing requires new hardware procurement and increased levels of installation/training, technical support beyond the regular 12-18 month refresher training and 36 – 48 month hardware replacement programs at overseas posts and domestic offices. Regular training in modernized systems requires coordination with FSI, increased computer-based training, and hands-on training by visiting experts in consular automated systems.

Consular Systems Modernization and Support: \$82,514,000

This funding covers development of new or redesigned consular systems with emphasis upon visa, American Citizens Services (ACS) and other applications that support Consular Operations abroad. Key initiatives in FY 2007 include expansion of on-line data collection for visa applicants; fine-tuning the FY 2006 deployed ACS-Plus system, visa systems consolidation, support and expansion of the biometrics checking program, and continual support/expansion of database and interagency data sharing operations. This funding also supports consular systems support life cycle tasks, including Configuration Management and the security certification and accreditation processes. Equipment used to collect visa biometric collection (i.e., fingerprint collection) is included in this budget, as is funding for initial deployment of 10 fingerprint collection.

Automated Name Check Systems CLASS: \$16,000,000

The consular namecheck systems form the centerpiece of the border security program. The effectiveness of name checks through the Consular Lookout and Support System (CLASS) on persons seeking U.S. passports or visas must constantly be improved. Accomplishing this goal requires continual refinement to cultural name analysis, and training to field officers to improve their understanding of linguistics and name check results. The process of lookout data exchange with other agencies is continuously improving just as international sharing of name checks is being expanded to include lost and stolen travel document information. CA will continue to migrate from a mainframe-based technology to a server-based technology known as eCLASS. In addition, the capacity of CLASS is being expanded to incorporate Interpol and deportation lookout system, lost and stolen passport data, and a revised name check algorithm to better handle Asian names.

MRV Support Costs: \$54,835,000

The program will continue to use Machine Readable Visa (MRV) fee revenues to support overseas consular operations. Funds will be used for such overseas expenses as fees paid to banks to collect the MRV fee from applicants, the salaries of locally engaged consular employees, and the salaries, benefits and equipment of consular agents. The program will also continue to fund minor requests for office equipment, renovations and furniture in consular sections worldwide. As in prior fiscal years, CA will continue to provide peak season staffing, TDY assistance to posts overseas, and underwrite the cost of Consular Management Assistance Teams engaged in overseas management reviews.

Public Information Support: \$10,574,000

CA's website for international travelers and consular services (www.travel.state.gov) continues to set records for the number of inquiries received. In order to enhance the usability of the web site, the Bureau now has an updated site with improved navigation and features. CA continues to rely on two call centers to provide the public with the most responsive information available in the most cost-effective manner. One center deals with routine passport information; the other offers non-Privacy Act-protected information regarding the safety and welfare of American citizens abroad.

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Document Integrity/Anti-Fraud Programs (FPP): \$32,550,000

Maintaining its emphasis on enhanced U.S. border security, CA will continue its efforts to improve the integrity of consular documents such as visas and passports. The requested funds will provide for improved information sharing, publications, coordination with other offices and agencies, and training and operational support for consular sections abroad, passport agencies and the two national visa centers. CA's goal is to ensure that overseas consular officers and domestic passport agency employees have the necessary tools and skills to uncover and combat fraud.

The immigrant visa fraud unit at the National Visa Center (NVC) has shown great success in identifying fraudulent immigrant visa petitions. New procedures permit NVC to return fraudulent petitions to DHS/USCIS detected at consular sections abroad.

To better assist consular personnel in the detection and prevention of non-immigrant visa fraud, CA will apply the Department's portion of the H-1B/L Visa Fraud Detection Fee, anticipated to be \$31.8 million in FY 2007, to support fraud prevention and detection programs through expansion of the Consular Consolidated Database (CCD), and through augmentation of the non-immigrant visa fraud program at the Kentucky Consular Center (KCC), where petition-based NIV applications are carefully screened before transmission to posts overseas. Currently, funds received through the H-1B/L Visa Fraud Detection Fee are restricted to use in detecting fraud related to just those types of visas. The Department will seek expanded authority to use funds generated from this fee to cover fraud detection efforts related to all other visas.

FSI – Consular Training: \$5,249,000

Consular training is provided for domestic and overseas personnel in classes, conferences, workshops, and on-line. The training targets consular officers, consular agents, Foreign Service National employees, and systems staff that support automated consular systems. The courses cover the protection of U.S. citizens abroad, including crisis planning, assistance to victims of crime, the Hague Convention on Intercountry Adoptions, and the Hague Convention on the Legal Aspects of International Child Abduction; immigrant and non-immigrant visa adjudication policies and procedures; consular systems applications and other consular computer resources; name checking and identity recognition techniques; and anti-fraud and counter-terrorism techniques. CA and FSI have collaborated to make major changes in consular training courses, enhancing training on counter-terrorism, security issues, and fraud detection. Funding also provides administrative support for FSI's growing number of consular training programs.

Passport Operations: \$130,878,000

Section 7209 of the Intelligence Reform and Terrorism Prevention Act of 2004 requires the Department of Homeland Security and the Department of State to implement a plan by January 1, 2008, that requires U.S. citizens (and non-U.S. citizens) to present a passport or other authorized travel document that denotes identity and citizenship when entering the United States. This requirement will result in dramatic increase in passport workload, well above CA's current passport adjudication and production capacity. FY 2005 passport demand was 10.2 million applications with workload expected to grow to 12 million applications in FY 2006 and 15 million by the end of FY 2007.

Rising passport demand, coupled with the new requirement for biometric identifiers in U.S. passports, will require innovative techniques such as remote issuance capability. To enhance efficiency, passport adjudication will take place at an expanded Charleston Passport Center and a contractor-operated facility will personalize the books and return them to the applicants.

Passport Facilities: \$6,895,000

Funds will be used to maintain the infrastructure of domestic passport agencies located nationwide, and Passport Services headquarters located in Washington, D.C. Items funded from this budget include certain

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rents, maintenance services, renovations, telephone systems, utilities, furniture and office equipment. These funds also include the facilities expenses for the new adjudication center opening in FY 2006.

Passport Systems: \$47,605,000

During FY 2007, CA will continue operational support, equipment replacement plans and the Help Desk for 17 passport facilities and centers. The Bureau will provide systems support, including records management for an estimated passport workload of 15 million books in FY 2007. In addition, the program will continue to improve and refine the biometric process and the passport chip technology which begins in FY 2006. CA will introduce a Passport Card designed as a secure, easy to use identity document to facilitate travelers crossing our land borders, consistent with the Intelligence Reform and Terrorism Prevention Act of 2004. CA will also begin the design and development of a re-engineered and integrated Passport software application system to replace the current legacy 15-year-old production system.

Visa Processing: \$22,422,000

As part of the Bureau's ongoing strategy to better manage worldwide visa operations, including fraud detection and prevention, the Visa Office has identified several types of work processes that are appropriate for centralization in the U.S.-based, contracted operations at the Kentucky Consular Center (KCC) and the National Visa Center (NVC). Centralization of these functions enables the Department to utilize resources more effectively and improve service to U.S.-based petitioners and agents. The KCC manages the Diversity Immigrant Visa Program, supports petition-based non-immigrant visa operations, provides secure storage and imaging of visa records, and manages other visa processes. By FY 2007, NVC will process all security advisory opinions and fingerprints of immigrant visa applicants electronically and have a web-based information system in place that allows interested parties to review case status on-line.

American Citizen Services: \$2,323,000

The Office of Overseas Citizens Services acts for the Department of State as the central authority for both the Hague Convention on International Adoptions and the International Adoption Act. Resources provided through this function help to promulgate regulations, designate and monitor accrediting entities, develop a Convention Complaint Registry, and provide outreach and training to entities and individuals involved in inter-country adoption. CA, as the central U.S. Government authority on the Hague Convention on the Civil Aspect of International Child Abduction, has undertaken an aggressive training program to inform U.S. judges and attorneys of the convention obligations, and in training foreign judges who hear cases involving American children abducted abroad.

CA will continue to provide specialized assistance to U.S. citizens who are the victims of crime or terrorism while living or traveling abroad. Assistance includes coordinating with other Federal agencies and victims' services agencies to ensure that appropriate services are available to help victims and their families cope with the physical, psychological and financial impact of terrorism and violent crime. Training programs, both in Washington and abroad, provide the specialized knowledge and resources to better equip consular officers to deal with these challenging cases.

In FY 2007, the Office of Overseas Citizen Services will continue to implement voter assistance programs, provide emergency support to destitute American citizens, and provide information to travelers through its web site and Internet-based registration system (IBRS).

INR – Intelligence Support Unit: \$671,000

Funding provided to the Bureau of Intelligence and Research (INR) will support programs that seek to identify individuals who pose potential threats to the United States and prevent their entry into the country. These programs include the CA Watch that provides support and guidance on visa issues and organized crime, and acts as point of contact for the Terrorist Screening Center (TSC) and National Counter-terrorism Center (NCTC) to transmit new lookouts, hits, alerts and proposed visa revocations to CA.

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Bureau of Administration - Facilities Management: \$5,158,000

This funding provides for facilities maintenance, custodial services and utilities at the National Visa and National Passport Centers in New Hampshire; the Kentucky Consular Center; and the Charleston Passport Center in South Carolina. These funds also include GSA rent for some CA office space in Washington, D.C.

Diplomatic Security: \$11,658,000

The Bureau of Diplomatic Security (DS) hires and assigns protection officers to guard all domestic CA facilities using funding provided through the Border Security Program. In addition, DS plays an important role in border security by investigating and assisting in the prosecution of passport and visa fraud worldwide, and by combating organized crime activities linked to passport and visa fraud. Funding will also be used to enhance surveillance equipment capabilities, fund travel of Department employees to testify in Federal and overseas courts, and to expand the use of databases used in fraud investigations.

IRM - Technology Support: \$18,500,000

Funds for the Bureau of Information Resource Management (IRM) will be used to provide support for the mainframe-based CLASS name check system. This function includes around-the-clock systems monitoring, contingency operations, technical support, and systems software programming as required for consular operations worldwide. It also includes infrastructure support for the server-based distributed eCLASS platform and redundancy, and backup contingency and disaster recovery for both CLASS and eCLASS to comply with Homeland Security and Critical Infrastructure Protection (CIP) Requirements.

Border Security Staff – American Salaries: \$258,176,000

During FY 2005, the Border Security Program funded the salaries and benefits of 2,902 full-time positions that include consular staff, both Civil Service and Foreign Service, as well as some Diplomatic Security and Information Resource Management employees. The 2,902 position base reflects additional passport staff hired to meet workload increases as well as the consolidation of the Consular Associate Replacement Program (CARP) into the Border Security Program. Under the CARP program, 190 new consular officers were hired over a three-year period and funded under the Department's regular appropriations.

For FY 2006 the Department plans to increase staff by 185 positions (28 overseas and 157 domestic), and by another 135 positions in FY 2007 (40 overseas and 95 domestic). These increases will result in a total of 3,222 Border Security Program positions by the end of FY 2007. Included in these numbers are 130 positions in FY 2006 and 89 in FY 2007 that are necessary to meet the demands for passport adjudication associated with the Western Hemisphere Travel Initiative. This is in addition to the 105 new positions added at the end of FY 2005.

Border Security Support: \$396,761,000

Requested funds for this program activity cover basic expenses of the Border Security Program. Funds for this activity cover the start-up and recurring expenses associated with overseas consular positions, with funding to the regional bureaus to pay the salary and benefits (e.g., cost of living allowances, educational allowances and danger pay) of full-time consular officers. These funds also pay for consumables and supplies for the visa and passport programs, including visa foils and passport books. The FY 2007 estimated cost of passport books with an embedded contactless chip is \$185,598,000.

BCC Reimbursement to DHS: \$12,000,000

The Department continues to reimburse the Department of Homeland Security for expenses related to the Border Crossing Card program. Since the program began in April 1998, DHS/USCIS (formerly INS) has been responsible for production of the BCC. The reimbursement is a direct transfer of revenue to the DHS.

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Resource Summary

(\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Worldwide Security Upgrades	900,134	898,574	899,368	794
Security Construction	774,831	799,852	800,559	707
Compound Security	110,503	83,914	83,988	74
Soft Targets	14,800	14,808	14,821	13
Operations	596,801	582,288	629,353	47,065
Planning and Development	8,880	9,378	10,682	1,304
Real Estate and Property Management	6,068	6,540	6,923	383
Project Execution	86,333	84,866	85,935	1,069
Operations and Maintenance	447,174	426,707	469,791	43,084
Information Management and Support	25,653	32,394	33,215	821
Harry S Truman Building and Domestic Renovations	22,693	22,403	22,807	404
Headquarters	6,709	8,864	10,808	1,944
Supplemental Appropriations	592,000	0	0	0
Appropriation Total	2,095,644	1,489,726	1,539,529	49,803

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).

FY 2005 Actual for Supplemental Appropriations includes \$592.0 million provided through the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief Act, 2005 (P.L. 109-13).

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).

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 ESCM account of \$20 million, which will be taken from prior-year unobligated balances.

Explanation of Request

The Bureau of Overseas Buildings Operations (OBO), funded through the Embassy Security, Construction, and Maintenance (ESCM) appropriation, is responsible for managing the Department of State's (DOS) real property assets providing U.S. diplomatic and consular missions with secure, safe, and functional facilities. This mission is critical to the Secretary's "Transformational Diplomacy" effort, providing the Department's

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employees with tools essential to achieving U.S. foreign policy objectives.

This request seeks sufficient resources to maintain OBO's progress in replacing non-secure diplomatic facilities. OBO has delivered 27 new facilities since 2001 and has an additional 40 under design or construction. These 67 new facilities represent 35% of the 195 identified for replacement – setting a record pace for delivering modern and secure diplomatic facilities on-time and within budget. In FY 2006, the Department expects to award contracts for 14 new facilities and is requesting funding in FY 2007 for the design and construction of 10 new facilities.

The innovative strategies employed by OBO have resulted in significant dividends. In FY 2005, OBO executed the first year of the Capital Security Cost Sharing program designed to accelerate the replacement of diplomatic compounds that do not meet security standards. This program increases the resources available to fund the replacement of new embassy compounds by levying a per capita charge on those agencies occupying diplomatic facilities, providing an incentive for agencies to “rightsize” their overseas staffing – a major initiative of the President's Management Agenda. OBO is also using a “Build-to-Lease” strategy to acquire quality housing and unclassified office facilities worldwide at a faster pace by having qualified contractors build safe and functional structures that can be leased by the U.S. Government. This increases OBO's flexibility to meet post requirements and leverages private sector funds to improve the Department's security and safety posture.

While the capital construction program will replace the most vulnerable facilities, over a quarter of overseas posts will not receive a new embassy compound (NEC) under the current program. The value of the Department's real estate assets exceeds \$12 billion and includes over 15,000 properties – a large and challenging portfolio to maintain. With a robust and successful capital construction program in place, OBO is shifting more focus to the operations and maintenance (O&M) activities required to keep the Department's existing inventory of facilities operational. With this renewed focus, management will apply the same results-based process and lessons learned from the capital construction programs to improve the effectiveness of the O&M programs and reduce the backlog of maintenance requirements. These new initiatives and associated funding request are critical to protecting the Department's long-term investment in new facilities and extending the useful life of facilities not scheduled for replacement.

Capital Construction and the Capital Security Cost Sharing Program

OBO continues to work with partners throughout the Federal Government and private sector to plan and implement a comprehensive program that addresses the security, safety, and operational issues that confront overseas facilities. The Department is incorporating rightsizing efforts with a construction program that uses industry best practices to achieve efficient and effective results for U.S. taxpayers.

The FY 2007 request includes funding for the third year of the five-year phase-in of the Capital Security Cost Sharing Program (CSCSP). This program, together with the Capital Security Construction Program, will provide \$1.2 billion in FY 2007 for the planning, design, and construction of NECs. The CSCSP was established to accelerate the replacement of unsafe, unsecure, and outdated diplomatic facilities that are used overseas by U.S. Government agencies. Additionally, the program creates incentives within all agencies of the Government to scrutinize and rightsize their overseas presence to avoid unnecessary costs and security risks by charging each agency for projected, as well as existing, authorized positions. Each agency with staff overseas under Chief of Mission authority will pay a fair share towards construction of new diplomatic facilities based on the number of authorized positions and the type of space occupied. After the five-year phase in, the program will be funded at a level of approximately \$1.4 billion per year.

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Functional Programs

In addition to the capital construction program that serves to replace overseas diplomatic facilities, OBO manages a number of ongoing functional programs that are vital to the execution of the worldwide security program and the maintenance of an aging and largely unsafe inventory of facilities. Failure to meet recurring maintenance and repair needs would add to the existing maintenance backlog; diminish the value of these government assets, including the newly constructed NECs; and result in higher maintenance and rehabilitation costs in future years.

Program Description

The FY 2007 budget request of \$1.54 billion and 898 positions for ESCM is an increase of \$49.8 million over the FY 2006 estimate. An increase of \$54.4 million, including an \$0.8 million increase for the Capital Security and Compound Security, will maintain operations at current services levels. These increases are offset by a net reduction of \$4.6 million for program activities.

Worldwide Security Upgrades - \$899.4 million

This request includes \$800.6 million for the Capital Security Construction Program that, when added to \$363 million in funds contributed by other agencies through the CSCSP and other reimbursements, will provide a total of approximately \$1.2 billion for the planning, design, and construction of NECs. These funds will allow the Department to meet its key goal of constructing secure facilities at high-risk overseas posts to protect employees from terrorists and other security threats. The FY 2007 plan includes:

- Construction of NEC facilities in Addis Ababa, Ethiopia; Antananarivo, Madagascar; Asuncion, Paraguay; Belgrade, Serbia and Montenegro; Kinshasa, Democratic Republic of the Congo; Lusaka, Zambia; Manila, Philippines; Ouagadougou, Burkina Faso; Riga, Latvia; and Tijuana, Mexico.
- Acquisition of sites for future NEC projects and planning activities.

In addition, \$98.8 million is requested to continue the Department's compound security program. As described in the Long-Range Overseas Buildings Plan, the FY 2007 request will fund compound security upgrades, installation of forced entry/ballistic resistant doors and windows, maintenance of shatter resistant window film, and environmental security protection, and setback properties should they become available for acquisition. This program includes \$14.8 million for security enhancements to soft targets such as overseas schools, residential compounds, and other locations where Americans gather.

Operations – \$640.2 million

The Operations request provides funding for the six major program areas within OBO: Planning and Development, Real Estate, Project Execution, Operations and Maintenance, Information Management and Support, and Main State and Domestic Renovations. Funding of these operational needs is critical for the support of the Capital programs as well as to ensure adequate stewardship of the Department's existing facilities.

Planning and Development - \$10.7 million

Proper planning is the critical component of OBO's philosophy of "getting it right." The Planning and Development Office provides the central focus for overseas facility planning efforts and is the linchpin in OBO's efforts to continue the change from a "budget drives planning" mindset to one of "planning drives the budget." This office, which is responsible for producing the Long-Range Overseas Buildings Plan (LROBP) and Asset Management Plan (AMP), conducts business case analyses and

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provides the detailed Long Range Facility planning, space requirements planning, project development, and cost management support necessary to design and construct new facilities or renovate existing ones, as well as manage any new initiatives. The FY 2007 request includes \$1.3 million for mandatory wage and price increases

Real Estate - \$6.9 million

Site selection and acquisition are critical steps in the success of any new construction project, but they can be the most difficult to negotiate and complete. This program supports all aspects of real property acquisition, management, and disposal. The FY 2007 request includes \$0.4 million for mandatory wage and price increases.

Project Execution - \$85.9 million

The Project Execution Office is the single point of responsibility and accountability for design, construction, and the commissioning of all facilities. This funding will allow the Department to reach its goal of completing one hundred percent of construction projects on time and within budget. The request comprises several different programs responsible for different aspects of execution.

- Construction and Commissioning - \$26.3 million This program funds expenses for the domestic and on-site construction management staff that oversee the work of the general contractors building and renovating the Department's overseas facilities. Beginning in FY 2005, OBO discontinued the practice of budgeting for project supervision costs for non-capital projects in the Construction and Commissioning account. These costs are now included as part of the individual project budgets. As a result, the FY 2007 request reflects a net decrease of \$0.2 million, consisting of the realignment of \$2.8 million of project supervision to individual projects; and an increase of \$2.6 million to offset mandatory wage and price increases.
- Design and Engineering - \$29.6 million The Design and Engineering Division provides assistance in soliciting and negotiating architectural and engineering services contracts and reviewing project drawings, specifications, and associated documents. Program funding includes the salary and support costs for OBO's Design and Engineering Division. The staff resolves design problems and changes during the construction process, and assists with procurement of U.S. Government furnished equipment. In addition to participating in the project planning and programming phases (including project definition and engineering support), staff members assist the Facility Management Division in determining criteria and standards governing operations, maintenance, and repair requirements. The FY 2007 request includes an increase of \$3.2 million to expand the Department's efforts to identify emerging building innovation technologies, implement energy conservation measures, promote strategies to reduce vulnerability to natural hazards, address the backlog of facilities in the Department's inventory that do not meet the Uniform Federal Accessibility Standards, and offset mandatory wage and price increases.
- Security Management - \$18.2 million This program provides security measures that safeguard overseas construction projects from potentially hostile terrorist acts and intelligence efforts. Beginning in FY 2005, OBO discontinued the practice of budgeting for security management costs for non-capital projects in the Security Management account. These costs are now included as part of the individual project budgets. The FY 2007 request reflects a net decrease of \$2.4 million, consisting of the realignment of \$3.3 million of construction security costs to individual projects; and an increase of \$0.9 million to offset mandatory wage and price increases.
- Interiors and Furnishings - \$11.8 million This program provides interior planning and design for new office and support buildings, existing office facilities under rehabilitation, and new lease fitout

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projects. In addition, it formulates policy, standards, and procedural guidance for interiors of office facilities and provides for the maintenance and replacement of furniture, furnishings, and equipment in representational spaces. The FY 2007 request includes an increase of \$0.5 million to offset mandatory wage and price increases.

Operations and Maintenance - \$469.8 million

The Operations and Maintenance (O&M) Office is the Department's single point of responsibility and accountability for operations and maintenance of U.S. Government-owned or leased structures. Inherent in this mission is the responsibility to ensure compliance with all O&M-related aspects of the President's Management Agenda initiative on Federal Real Property Management. The Leasehold, Maintenance and Repair of Buildings, Facility Management, Facility Rehabilitation, Fire Protection, Safety, Health, and Environmental Management, Art in Embassies, and Post Communications programs reside within this office.

- Leaseholds - \$288.5 million Leasehold funds are used to acquire functional and residential properties for foreign affairs agencies through lease, lease-purchase, and build-lease agreements. The decision to lease or purchase a property is based on economic analysis of the cost alternatives and the availability of funds. This program funds all activities associated with leasing overseas properties, including market assessments, legal expenses, and fee recording. It also provides living quarters allowance payments to Department employees at selected posts where U.S. Government provided housing is not available.

The Leasehold Program funds long-term leased (i.e., lease terms of ten years or longer) residential and non-residential properties overseas supporting all foreign affairs agencies under the supervision of the Chief of Mission. The Department also funds short-term leased residential and non-residential space for its own personnel. In cases where the Department leases shared office facilities on a short-term basis, the costs for such leases are distributed among all tenant agencies through the International Cooperative Administrative Support Services (ICASS) system. Under a Memorandum of Agreement with the Department of Defense, the Department is reimbursed for the cost of housing Marine Security Guards that are deployed overseas.

The FY 2007 request of \$288.5 million is necessary to ensure that the Department can meet current lease commitments and provide safe, secure and functional facilities (both office and residential) for overseas staff where government owned facilities or a NEC are not an option. OBO continues to review internal business practices and implement process improvements to limit cost growth and identify inefficiencies in the pool of leased facilities. OBO hopes to limit future funding requests with the savings achieved through these management initiatives.

The request includes an increase of \$37.8 million to cover overseas inflation and anticipates \$72.0 million in reimbursements from other Federal agencies.

- Maintenance and Repair of Buildings - \$57.1 million The core business of this program is to provide for the upkeep of the Department's existing inventory of U.S. Government-owned and long-term leased overseas properties. Proper stewardship of this inventory, which includes the Department's recently completed NECs, requires a continuing investment in maintenance and repair to retain asset value, retard deterioration, and ensure facilities are appropriate for conducting diplomacy.

The Department allocates maintenance and repair of buildings funding by two major activities: Routine Maintenance and Repair, and Special Maintenance and Improvement Projects. Routine Maintenance and Repair includes preventive maintenance of building systems, as well as recurring

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activities such as painting, weather-stripping, termite control, minor repairs, replacement of fixtures, and the acquisition of building supplies used for recurring maintenance requirements. Special Maintenance and Improvement Projects restore, alter, and modernize existing facilities.

The FY 2007 request includes an increase of \$0.6 million for routine maintenance, \$0.3 million for Special Maintenance and Improvement projects, and \$0.3 million for mandatory wage and price increases.

- Major Rehabilitation - \$41.1 million This program rehabilitates, upgrades, or replaces worn out building systems that can no longer be physically or economically maintained by routine, preventative, and unscheduled maintenance and repair activities. System rehabilitation, replacement, and upgrade is done to extend the life of the building and ensure continued serviceability, provide a secure and safe environment for U.S. Government employees, and capitalize on efficiencies from new technologies. The request of \$41.1 million supports projects planned for FY 2007 in accordance with the LROBP. This entire request is required to fund ongoing requirements for projects already started.
- Facility Management - \$62.1 million This program provides technical assistance and support to overseas posts in maintaining major building systems, as well as all maintenance-related activities associated with the planning and execution of the NEC program. This includes performing maintenance inspections, developing preventive maintenance programs specific to post requirements, and offering hands-on technical support and materials necessary where such assistance is not otherwise available. The FY 2007 request increase of \$3.7 million will cover mandatory wage and price increases.
- Fire Protection - \$8.7 million This program provides a variety of services to the Department's overseas posts including: conducting fire inspections, promoting and presenting training programs, installing fire detection alarm systems, and supplying posts with critical fire and life safety equipment. The FY 2007 request is an increase of \$0.2 million to cover mandatory wage and price increases.
- Safety, Health, and Environmental Management - \$3.7 million The Safety, Health, and Environmental Management (SHEM) program mission is to protect the life, health, and safety of U.S. Government employees and family members stationed overseas, minimize the environmental impact of Department activities, and provide occupational health and environmental services to Department of State domestic facilities. This is done by providing technical expertise and support to overseas managers to help them avoid accidents, eliminate workplace hazards and environmental contaminants, and meet with Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) standards. The FY 2007 increase of \$51.0 thousand provides funding for mandatory wage and price increases.
- Art in Embassies Program - \$1.7 million The Art in Embassies program administers loans and donations of American works from museums, institutions, corporations, galleries, and individual artists and collectors to communicate American values and cultural diversity through the display of these works at overseas posts. The \$0.2 million increase supports programs that contribute directly to the Department's "Transformational Diplomacy" initiative.
- Post Communications - \$6.9 million The Post Communications program provides funding for the life-cycle replacement of all telephone systems located in U.S. Government-owned and long-term leased, non-residential facilities overseas. The goal of this program is to replace obsolete telephone

EMBASSY SECURITY, CONSTRUCTION & MAINTENANCE

systems with modern, reliable, digital systems capable of delivering a full range of services. This funding will provide for the replacement of systems at 5 posts in FY 2007, in accordance with the LROBPP.

Information Management and Support – \$33.2 million

The request for Information Management and Support seeks funding for all information technology (IT) and management support to OBO program offices. This request reflects increases necessary to maintain current systems and facilities, which will ensure adequate support for a growing program.

Harry S Truman Building and Domestic Renovations - \$22.8 million

The Department of State owns or operates and maintains numerous facilities in metropolitan Washington, D.C. and in other U.S. locales. To protect these real property investments and to ensure adequate working conditions for employees, the Department developed a Capital Improvement Program to upgrade building systems and to correct long identified deficiencies in these facilities. This request reflects funding necessary for the continuation of the Harry S Truman (HST) headquarters building renovation and maintenance and repair projects to Department of State owned property.

Headquarters - \$10.8 million

This request provides for the salaries and support costs of the 75 positions providing executive direction, resource management, and developmental training for the entire OBO staff. In addition to the funds required to meet the salary requirements for currently authorized positions, OBO is requesting funding for initiatives directly linked to the President's Management Agenda and designed to improve OBO flexibility and effectiveness in addressing the Department's unique facilities requirements.

Performance in OBO's Results Based Organization

The mission of OBO is to provide U.S. Diplomatic and Consular missions with secure, safe, and functional facilities to assist them in achieving U.S. foreign policy objectives. To achieve this mission, OBO is focused on four priority goals that advance diplomatic readiness, are aligned with Department of State objectives, and reflect the priorities outlined in the President's Management Agenda. These goals are:

- Capital Security Construction – Award capital security construction projects which have been listed in the LROBP after consultation with other agencies, and complete the construction on time and within budget. The program will provide NECs that are secure, safe, and functional for U.S. Government employees to pursue the national interests of the United States through transformational diplomacy.
- Compound and Physical Security – Provide physical security upgrades and compound security to Department overseas facilities to protect employees from terrorist and other security threats. This also includes security upgrades for soft targets such as schools, recreational facilities, and residences.
- Maintenance of Assets – Maintain, repair, and rehabilitate overseas Diplomatic and Consular facilities in an effective manner that enhances the quality of life of employees while allowing them to perform their duties in secure, safe, and functional facilities.
- Asset Management – Acquire, dispose of, and manage the Department's overseas real property in a professional manner that meets Department needs; is performed on terms favorable to the U.S. Government; and is defensible to OMB, the Congress, and the American public.

EMBASSY SECURITY, CONSTRUCTION & MAINTENANCE

In support of these four goals, each component of the OBO organization has established performance targets that benchmark critical functions. Management reviews performance against these targets monthly to identify potential problems and ensure effective performance. OBO management also meets quarterly with its Industry Advisory Panel to review and discuss issues, with the aim of maximizing the free exchange of ideas and best practices between the Government and private sector. This request includes a budget and performance summary linking funding, positions, and performance targets for each significant component.

Performance Targets and Results

OBO has demonstrated that its organization, culture, and processes have resulted in outstanding performance. Since 2001, OBO has consistently delivered and the following metrics reflect this transformation:

- Completed construction of 27 new facilities since 2001:

Abu Dhabi, United Arab Emirates	Abidjan, Cote D'Ivoire	Abuja, Nigeria
Baghdad, Iraq (IOB)	Bogota, Colombia (IOB)	Cape Town, South Africa
Dar es Salaam, Tanzania	Dar es Salaam, Tanzania (USAID)	Dili, East Timor (IOB)
Doha, Qatar	Frankfurt, Germany	Istanbul, Turkey
Kabul, Afghanistan	Kabul, Afghanistan (ARG/USAID)	Kampala, Uganda
Lima, Peru (USAID)	Luanda, Angola	Nairobi, Kenya
Phnom Penh, Cambodia	São Paulo, Brazil	Sofia, Bulgaria
Tashkent, Uzbekistan	Tbilisi, Georgia	Tunis, Tunisia
Yaounde, Cameroon	Yerevan, Armenia	Zagreb, Croatia

- Continued to manage the on-going construction/design of 40 new facilities:

Accra, Ghana	Accra, Ghana (USAID)	Algiers, Algeria
Astana, Kazakhstan	Athens, Greece	Baghdad, Iraq
Bamako, Mali	Bamako, Mali, (USAID)	Beijing, China
Belmopan, Belize	Berlin, Germany	Bogota, Colombia
Bridgetown, Barbados	Ciudad Juarez, Mexico	Conakry, Guinea
Conakry, Guinea (USAID)	Dushanbe, Tajikistan	Freetown, Sierra Leone
Jerusalem, Jerusalem	Kampala, Uganda (USAID)	Kathmandu, Nepal
Kathmandu, Nepal (USAID)	Khartoum, Sudan	Kigali, Rwanda
Kingston, Jamaica	Kingston, Jamaica (USAID)	Lome, Togo
Managua, Nicaragua	Managua, Nicaragua (USAID)	Moscow, Russia
Mumbai, India	Nairobi, Kenya (USAID)	Quito, Ecuador
Panama City, Panama	Phnom Penh, Cambodia (USAID)	Port au Prince, Haiti
Rangoon, Burma	Skopje, Macedonia	Taipei, Taiwan, (Design)
Tirana, Albania		

- Anticipate awarding contracts for 14 new facilities in FY 2006:

Abuja, Nigeria (USAID)	Beirut, Lebanon	Brazzaville, Republic of the Congo
Djibouti, Djibouti	Guangzhou, China	Harare, Zimbabwe (NEC and Annex)
Johannesburg, South Africa	Khartoum, Sudan (Annex)	Libreville, Gabon
Sarajevo, Bosnia-Herzegovina	Skopje, Macedonia (Annex)	Surabaya, Indonesia
Suva, Fiji	Tbilisi, Georgia (USAID)	

EMBASSY SECURITY, CONSTRUCTION & MAINTENANCE

- Anticipate awarding contracts for 10 new facilities in FY 2007:

Addis Ababa, Ethiopia	Antananarivo, Madagascar	Asuncion, Paraguay
Belgrade, Serbia and Montenegro	Kinshasa, Dem. Republic of the Congo	Lusaka, Zambia
Manila, Philippines	Ouagadougou, Burkina Faso	Riga, Latvia
Tijuana, Mexico		

OBO continues to look for ways to its improve cost-effective performance. Continuous improvement is important since a majority of facilities still need to be repaired, rehabilitated, rebuilt, restored, or replaced. Proper funding is critical to the success of OBO initiatives in order to sustain this progress, as well as to ensure compliance with the President’s Management Agenda initiative on Federal Real Property Management (Executive Order 13327).

PART / Program Evaluation

Using the Program Assessment Rating Tool (PART), the Office of Management and Budget has examined the Capital Security Construction and Strategic Capital programs. On this last PART assessment, the OBO Capital Security Construction Program received a 97% rating, ranking it within the top 1% of all scores in the entire Federal Government and the Strategic Capital Program was also rated highly with an effective score of 86%. The entire OBO organization was found to be well managed, with strong planning and evaluation processes in place to monitor program progress and address any deficiencies in a timely fashion.

As the PART reviews indicate, the management changes and performance initiatives begun by OBO in FY 2001 have produced dramatically improved performance and outstanding results, most notably in the Capital Security Construction Program, where ambitious performance targets are met or exceeded. In addition, OBO has incorporated the recommendations from these PART exercises to build upon the already successful OBO management practices.

In light of the current evaluation by PART and the demonstrated achievements of OBO management, the FY 2007 request includes increased funding for the Capital Security Construction Program in the Embassy Security, Construction, and Maintenance account.

Key indicators used by the program managers include: number of new sites acquired for Capital Security Construction projects, number of Capital Security Construction projects awarded in accordance with the LROBP, ratio of construction management costs to total LROBP construction project costs for projects in excess of \$25 million, and percent of Capital Security Construction projects within schedule and budget based on the construction contract.

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OFFICE OF INSPECTOR GENERAL

Resource Summary

(\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Administration and Staff Activities	5,740	5,878	6,454	576
Inspections, Audits, Investigations	22,536	21,955	24,189	2,234
Policy Formulation	1,752	1,812	1,865	53
Appropriation Total	30,028	29,645	32,508	2,863

FY 2005 Actual reflects 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).

FY 2006 Estimate reflects 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).

Explanation of Request

This request funds the activities of the Office of Inspector General (OIG), including audits, inspections, investigations, and security and intelligence reviews of the worldwide operations and programs of the Department of State (Department) and the Broadcasting Board of Governors (BBG). OIG will continue to focus its work on Department and BBG progress in the four strategic areas detailed in its five-year strategic plan: implementation of foreign policy; protection of people, facilities, and information; effectiveness of financial and administrative support systems and controls; and accountability and integrity in programs and operations. The requested funding will increase OIG's capability and flexibility to meet the expanding demands for reviews of programs, operations, and foreign affairs activities related to mission-critical issues such as security, transformational diplomacy, border security, information technology, and public diplomacy. In addition, the funding will permit OIG to undertake critical work related to Iraq and Afghanistan, increase capabilities in audit and investigative activities, and improve efficiency and effectiveness through the use of information and other technology.

The request of \$32,508,000 is an increase of \$2,863,000 above the FY2006 enacted level. The increase provides \$1.6 million for a senior coordinator position and other staff to oversee and perform work related to Department and BBG operations and U.S. foreign policy interests in Iraq and Afghanistan; \$1.2 million for ten positions to begin restoring OIG's audit and investigation oversight capacity, which has been significantly eroded during a decade in which the resource and program growth of the Department and BBG have significantly outpaced that of OIG's oversight capability; \$0.8 million for wage and price increases; and \$0.4 million for information and other technology, including video conferencing and data imaging, storage, and retrieval software and hardware to improve efficiency.

These increases are offset by a \$1.1 million base transfer to the Department, primarily for the costs associated with the annual financial statement audit.

OFFICE OF INSPECTOR GENERAL

Program Description

The OIG monitors the Department and the BBG operations and promotes positive change to improve their management, strengthen their integrity and accountability, reduce their risks and vulnerabilities, and ensure the most efficient, effective, and economic use of their resources. OIG's work with the Department and BBG extends to more than 50,000 Department and BBG employees and 265 missions and other facilities worldwide funded through combined annual appropriations of approximately \$9.5 billion. OIG's work identifies problems and vulnerabilities and makes recommendations to correct them, investigates allegations of misconduct and violations of law and regulation, and reviews grants, contracts, financial operations, and other resource-intensive programs to identify cost savings and efficiencies, including resources that can be put to better use.

As mandated by the Inspector General Act of 1978, as amended, and the Foreign Service Act of 1980, as amended, and other governing legislation, OIG conducts audits, inspections, and investigations that provide independent, objective, and professional assessments of Department and BBG operations and activities and recommends ways to strengthen and improve their economy, efficiency, and effectiveness; to detect and prevent fraud, waste, abuse, and mismanagement; and to investigate activities that may violate law and regulation. OIG also assesses the implementation of U.S. foreign policy, primarily through inspection of overseas posts and domestic offices, to ensure that their activities are consistent with the goals established by the President and the Secretary of State; and independently evaluates the formulation, applicability, and implementation of security standards at all U.S. diplomatic and consular posts and BBG overseas operations that fall under chief of mission authority.

Benefits

OIG contributes to the Secretary's transformational diplomacy goals by assessing how missions around the world are succeeding in promoting democracy and supporting other transformational diplomacy initiatives. OIG's activities focus on the most risk-prone and mission-critical operations of the Department: protection of people and facilities, counter-terrorism and border security, human resources, information security, financial management, and the U.S. Missions in Iraq and Afghanistan. This work provides a substantial return on investment in terms of cost savings to the government and improvements to the effectiveness, efficiency, economy, and integrity of Department and BBG operations and the safety, quality of life, and accountability of their personnel.

Audits, inspections, and other reviews identify vulnerabilities that may threaten the integrity and security of Department and BBG operations, as well as improvements needed to strengthen program integrity and accountability, eliminate waste, and ensure resources are used as intended. The results of OIG reviews and investigations provide the Department, BBG, OMB, Congress, and the American taxpayer with assurance that Department and BBG programs and operations are managed effectively, efficiently, and with integrity; and that government managers, employees, and contractors are held accountable for their performance and conduct. OIG oversight also provides assurance to the Office of Management and Budget (OMB) and Congress on progress made by the Department and BBG in addressing the management improvement initiatives mandated by the President's Management Agenda and in demonstrating the effectiveness of Department programs evaluated through OMB's Performance Assessment Review Tool and other means.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Resource Summary

(\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Academic Exchanges	200,704	241,550	258,278	16,728
Professional and Cultural Exchange Programs	118,478	145,652	162,618	16,966
Exchanges Support	42,407	48,000	49,777	1,777
Program and Performance	-	-	3,615	3,615
Total Direct Obligations	361,589	435,202	474,288	39,086
Balances/Recoveries Applied From Prior Years	(14,584)	(8,927)	-	8,927
Balances Carried Forward	8,927	-	-	-
Appropriation Total	355,932	426,275	474,288	48,013

FY 2005 Actual reflects 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).

FY 2006 Estimate reflects 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).

In addition to the direct appropriated amounts shown, the U.S. Agency for International Development (USAID) provided funds for Economic Support Fund (ESF) and Support for East European Democracy Act (SEED) activities in FY 2005. In FY 2005, a total of \$32,660,000 was available for obligations from ESF and SEED including FY 2004 balances of \$800,000 and FY 2005 transfers of \$31,860,000. A total of \$26,703,348 was obligated; \$48,596 lapsed; and \$5,908,056 in balances will be available in FY 2006. Additional transfers from USAID for ESF and SEED are anticipated in FY 2006 and FY 2007.

Explanation of Request

Exchange programs initiate and maintain critical dialogue that builds and sustains partnerships between America and the rest of the world in the war against terrorism. Citizen diplomacy develops and spreads mutual understanding between nations and, as a key element of the President's Freedom Agenda, works across geographical and social boundaries to dispel false notions concerning America, its values, and its intentions while increasing the capacity of Americans to understand foreign societies and engage with foreign counterparts.

The Department's public diplomacy strategy hinges on three goals: providing a positive vision of hope that is rooted in the President's Freedom Agenda; isolating and marginalizing the extremists and undermining their appropriation of religion; and fostering a sense of common interests and common values between Americans and people of different countries, cultures and faiths, including women and underserved sectors of society.

The FY 2007 request of \$474,288,000 reflects a net increase of \$48,013,000 over the FY 2006 enacted level, an increase that will strengthen the exchanges component of public diplomacy by raising the number of participants in programs of proven value and by creating new opportunities to engage, educate and empower foreign and American participants in exchanges, particularly in the Muslim world. The educational power of these programs transforms attitudes over lifetimes and from one generation to the

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

next. Their potential to advance the development of civil societies, to build Americans' international knowledge of other countries, and to increase other countries' understanding and cooperation with the U.S. is central to America's campaign against terrorism and extremism and to the long-term U.S. national interest.

The request includes funding for the newly created National Security Language Initiative (NSLI) that will expand the linguistic skills of Americans in a number of critical foreign languages, such as Arabic, Russian, Turkish, Chinese, Hindi and Urdu through the Fulbright Program, Youth Exchanges and Gilman scholarships. At the same time, Freedom Fellowships, a new academic exchange initiative, will engage populations that have not traditionally been addressed by exchange programs.

In addition, the "Key Influencers" and "Freedom Agenda" initiatives will combine to advance democratic and civil reform by focusing on key figures of influence and building long-term institutional relationships. The request will enable the International Visitor Leadership Program to expand the Edward R. Murrow Journalism Program and the Fortune 500 project for women entrepreneurs. Both these efforts target key influencers and emphasize the importance of public private sector partnerships. The Freedom Agenda initiative will move communities forward by engaging key influencers and institutions as they work to understand and develop democracy, respect for individual rights and good governance by forging strong and lasting links between American and foreign counterpart institutions.

Further, the request institutionalizes Alumni and Evaluation programs, recognizing the critical programmatic and policy roles these activities represent. The initiatives will amplify the experience of opinion leaders who have participated in the Department's exchange programs after their return home, extending the impact of the funds expended on the initial exchange activity. Creating a permanent evaluation program will ensure that this widely recognized and highly successful function will be able not only to continue, but to expand the evaluation of programs, providing policymakers with specific measures of impact and useful tools for planning and adjusting programs.

Finally, the request will ensure that sufficient staffing and administrative support are provided to properly manage and maintain the high quality of these programs, which have increasingly become essential components of U.S. foreign policy.

Program Description

ECA programming falls under the broad categories of Academic Programs, Professional and Cultural Exchanges, Program and Performance, and Exchanges Support.

Academic Exchanges – Academic exchanges between the United States and foreign countries include the following programs: J. William Fulbright Educational Exchange Program for the exchange of scholars, students, and teachers (and mid-career professionals from developing nations through the Hubert H. Humphrey Fellowships, a Fulbright activity); programs to promote English learning overseas; projects for the professional development of teachers; activities to advise foreign students about the value of educational opportunities in the United States (a major service sector with positive foreign trade activity); undergraduate scholarships such as the Benjamin Gilman program which funds foreign study for economically disadvantaged Americans, and similar programs for foreign undergraduates to study in the U.S.

Professional and Cultural Exchanges – These exchanges include the International Visitor Leadership Program, which supports travel in the United States by current and emerging foreign leaders to obtain first-hand knowledge about American people, politics, and culture. Working in partnership with non-profit non-governmental organizations and the private sector, the Citizen Exchanges Office sponsors professional,

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

cultural and youth exchanges, such as the Future Leaders Exchange Program (FLEX) and the Youth Exchange and Study Program (YES), cultural and sports envoys, and citizen ambassadors.

Program and Performance – This includes special crosscutting programs conducted outside of the major program accounts directed at establishing and maintaining Alumni networks, and determining the effectiveness of programs through a comprehensive schema of evaluation. This includes the performance measurement of programs in accordance with the Government Performance and Results Act of 1993.

Exchanges Support – Exchanges support includes staff costs, information technology cost, and support for exchange programs management, increasing cooperation among U.S. government agencies that administer international exchange and training programs, and support for the U.S. Cultural Property Advisory Committee that acts on requests from foreign governments to the United States to assist in cultural preservation and the prevention of the theft of cultural heritage material.

Benefits

In an age of instant global communication, public perceptions of U.S. policies and motivations have an untold impact on the conduct of American foreign policy. International relations are no longer defined primarily by policies and ideologies, but by perceptions of culture, traditions, values, and beliefs.

Exchanges create opportunities for U.S. and foreign publics to understand each other's societies and cultures directly, and create respected individual ambassadors who can explain our country and convey American values.

To build support for U.S. policy abroad, the United States must go beyond governments to inform people and organizations that influence policy and frame public discussion directly. ECA's unique contribution to foreign policy is its ability to engage key individuals and institutions through exchanges that change perceptions and attitudes. These experiences provide participants representative of all segments of societies with firsthand knowledge of American culture, politics, and values, as well as increase U.S. understanding of other countries and peoples, and help build trust and the long-term interpersonal relationships needed to counter stereotypes and address political, economic, and social issues that fuel hostility and conflict. Rarely has the need for a sustained effort to ensure foreign understanding of the country and society been so clearly evident, or so directly related to U.S. long-term national security.

PART / Program Evaluation

Using its Program Assessment Rating Tool (PART), the Office of Management and Budget evaluated exchanges in all regions of the world and reevaluated the Department's exchange programs in the Near East and South Asia regions for the FY 2006 budget. Global exchanges were rated effective with a score of 97 percent, and exchanges in NEA and SA were again assessed as effective and given a score of 98 percent. Both scores place exchanges within the top one percent of all government programs assessed with the PART.

OMB's reviews noted that exchanges addressed a strategic goal of U.S. foreign policy: the need to increase mutual understanding between Americans and citizens of other countries. Moreover, the programs were judged to be well managed, with strong planning and evaluation processes and tools in place.

The reviews found the exchange programs successful at achieving or exceeding annual targets. For example, exchanges programs are on course to meet or better FY 2005 percentages of participants who increased their understanding of the United States following their program experience, and of participants

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

who effected positive change in their organization or community based on knowledge gained from their exchange. Other key outcome indicators used by program managers include the percentage of exchange participants who report a more favorable view of the United States one year or longer after their exchange experience and the percentage of participants who continue professional collaborations with people in the United States more than five years after their exchange. An important efficiency measure is the ratio of total administrative cost to program cost.

The Bureau of Educational and Cultural Affairs (ECA) worked diligently to revamp the way that it monitors and evaluates programs and effectively links budget to performance, including the deployment of an on-line performance measurement system. Recognizing ECA's success, OMB recommended that ECA policy and evaluation staff work with other offices and bureaus of the Department to provide advice, guidance and expertise. ECA evaluation staff now serves as the foundation for a newly created Public Diplomacy Evaluation Office and has taken the lead in performance planning for public diplomacy.

REPRESENTATION ALLOWANCES

Resource Summary

(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Appropriation Total	8,525	8,175	8,201	26

FY 2005 Actual reflects 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).

FY 2006 Estimate reflects 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).

Explanation of Request

Representational events provide an essential tool for diplomatic staff to personally engage government, business, academic and cultural leaders in host countries. A broader base of contacts is one method to improve understanding between the United States and the people of the world. By providing resources for representational events at the more than 260 embassies, missions, and consulates worldwide, the FY 2007 request will continue to support U.S. national interests, economic activities, and other diplomatic functions. With the FY 2007 request the Department will be able to stage appropriate representation events and apply this vital diplomatic tool to enhance the effectiveness of U.S. national and foreign policy interests.

Program Description

This appropriation enables diplomatic and consular personnel to engage in official representational activities overseas and at missions to international organizations.

The activities funded by this appropriation typically include:

- interaction with influential individuals and organizations, including the local media, key political elites, academics and members of non-governmental organizations to assess the overseas public affairs climate and convey and reinforce acceptance of U.S. policies and values;
- promotion of peaceful relations between the U.S. and other countries by fostering mutual understanding through academic, professional, and cultural activities;
- promotion of U.S. national interests through formal and informal interactions with knowledgeable foreign officials and long-term residents, usually at receptions, small working luncheons, and informal dinners;
- protection of U.S. citizens' interests by developing and maintaining personal relationships with foreign officials, which facilitates providing assistance and solving problems of Americans abroad;
- promotion of economic activities by establishing and maintaining relationships with foreign and American officials, business persons, labor leaders, and others who may be helpful in performing duties connected with promoting and protecting American trade; and
- fulfillment of commemorative and ceremonial requirements such as Fourth of July celebrations or the laying of a wreath at the tomb of a local national hero.

REPRESENTATION ALLOWANCES

Benefits

Activities performed under this appropriation facilitate the effective conveyance of U.S. foreign policy goals and objectives, the gathering of information central to the formulation of our bilateral and multilateral foreign policy, and the cultivation of and support for U.S. policies and values.

PROTECTION OF FOREIGN MISSIONS & OFFICIALS

Resource Summary

(\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Extraordinary Protection of Foreign Missions/Officials New York	7,810	7,509	7,527	18
Extraordinary Protection of Foreign Missions/Officials Rest of U.S.	1,952	1,761	1,761	0
Appropriation Total	9,762	9,270	9,288	18

FY 2005 Actual reflects 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).

FY 2006 Estimate reflects 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).

Explanation of Request

The FY 2007 request of \$9,288,000 (to remain available for two fiscal years) funds requirements for the extraordinary protection of international organizations and foreign missions and officials in the United States. This level allows the Department to meet protection requirements across the country.

Program Description

Under section 214 of the State Department Basic Authorities Act, and 3 USC 202(8), 202(10), and 208, the Department of State provides for the extraordinary protection of international organizations, foreign missions and officials, and foreign dignitaries (under certain circumstances) throughout the United States. The Bureau of Diplomatic Security administers this program in the following manner:

- Extraordinary Protection of International Organizations and Foreign Missions and Officials in New York** - Extraordinary protection of foreign missions and officials, including those accredited to the United Nations and other international organizations, and visiting foreign dignitaries under certain circumstances is arranged when deemed necessary by the Secretary of State either at the request of a foreign mission or international organization, at the initiative of the Department of State, or in response to a request by state or local law enforcement authorities. In those instances where the Secretary of State determines that the required level of protection exceeds that which local law enforcement agencies can reasonably be expected to provide, the Department is authorized to use its own resources to reimburse other federal agencies, including the U.S. Marshals Service and the Bureau of Alcohol, Tobacco, and Firearms; contract for the services of private security firms; or reimburse state or local authorities for extraordinary protective services.

PROTECTION OF FOREIGN MISSIONS & OFFICIALS

- **Extraordinary Protection of International Organizations, Foreign Missions and Officials Elsewhere in the United States** - Throughout the rest of the United States, extraordinary protection of international organizations, foreign missions and officials, and visiting foreign dignitaries under certain legally prescribed circumstances is arranged when deemed necessary by the Secretary of State either at the request of a foreign mission or international organization, at the initiative of the Department of State, or upon a request by state or local law enforcement authorities. In those instances where the Secretary of State determines that the required level of protection exceeds that which local law enforcement agencies can reasonably be expected to provide, the Department is authorized to use its own resources to reimburse other federal agencies, including the U.S. Secret Service and the U.S. Park Police; contract for the services of private security firms; or reimburse state or local authorities for extraordinary protective services.

Benefits

This program is used by the United States Government to fulfill its obligation under the Vienna Convention and other international treaties to ensure reasonable security for foreign missions and officials in the United States.

Examples of the protection given to foreign missions and officials include:

- permanent protection for certain foreign missions, consulates, and chanceries throughout the United States;
- intermittent protection for certain other consulates in the United States;
- protection for foreign officials and certain other distinguished foreign visitors during the annual United Nations General Assembly; and
- protection of foreign government officials while in the United States to conduct official business with the United States Government and while visiting metropolitan areas where there are 20 or more full-time consular or diplomatic missions.

These benefits help ensure reciprocal treatment of our diplomats and officials abroad.

EMERGENCIES IN THE DIPLOMATIC & CONSULAR SERVICE

Resource Summary

(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Appropriation Total	877	24,872	4,940	(19,932)

FY 2005 Actual reflects 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).

FY 2005 Actual reflects \$0.11 million transferred to the Repatriation Loans Program Account.

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).

FY 2006 Estimate reflects 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).

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).

Explanation of Request

The FY 2007 request of \$4,940,000 is \$19,932,000 below the FY 2006 level. These resources will allow the Department to meet emergency requirements, and other needs in the conduct of foreign affairs, including:

- payments for rewards related to terrorism, narco-terrorism and war crimes, as well as ongoing or new rewards publicity campaigns;
- travel, per diem, and other related expenses for evacuation of American government employees and their families from troubled areas to the United States and/or “safe haven” posts;
- allowances granted to State Department employees and their dependents evacuated in such emergencies;
- travel, per diem and other related expenses for the emergency response teams that provide immediate medical and administrative assistance to posts that have undergone a terrorist incident or natural disaster;
- reimbursement to Department of Homeland Security of travel, per diem, equipment, and salaries of the International Medical Surgical Response Team (IMSuRT) physicians who provide emergency medical services to assess, treat, and prepare for evacuation of injured American personnel and their families in the event of natural or manmade disaster;
- reimbursement to Department of Defense for hostage rescue contingencies;
- investigations and apprehension of groups or individuals involved in fraudulent issuance of U.S. passports and visas;
- representation expenses for senior domestic officials related to the conduct of foreign affairs; and
- other purposes as authorized under this appropriation.

EMERGENCIES IN THE DIPLOMATIC & CONSULAR SERVICE

Program Description

The Emergencies in the Diplomatic and Consular Service appropriation is a no-year account utilized to meet unforeseen emergencies and other requirements that arise in the conduct of foreign affairs.

The appropriation is available to:

- Meet emergency situations in the conduct of foreign affairs, such as the evacuation of USG employees and their families from areas of political unrest or natural disaster.
- Assist host governments with quick transportation of specialized equipment to locations where American citizens and U.S. interests are in jeopardy due to terrorist incidents overseas. This fund will expedite payments for airlifting specialized equipment to locate hostages.
- Pay rewards for information concerning acts of international terrorism, international narco-terrorism, drug trafficking, and war crimes. There are standing offers which cover numerous terrorist incidents carried out by Al-Qa'ida operatives and close affiliates, such as the September 11, 2001, World Trade Center/Pentagon terrorist attacks; the bombing of the Saudi Residential Compounds; the bombing of American Diplomatic Convoy in Gaza; the bombings in Bali, Indonesia; the Bwindi murder in Uganda; the United Texas Petroleum (UTP) murders in Karachi; the U.S. Consulate murders in Karachi; the Daniel Pearl case; the bombings of the USS Cole, the embassies in Nairobi and Dar Es Salaam, and the World Trade Center (1993); the truck bombing of the U.S. Marine Barracks in Beirut; the Embassy Islamabad killings; the Revolutionary Armed Forces of Colombia (FARC) kidnappers of the downed American pilots in Colombia; the targeting of major international drug lords operating internationally; and the arrest of war criminals in the Former Republic of Yugoslavia, Rwanda, and the Congo. There are also standing reward offers for several members of the former regime of Saddam Hussein.
- Support certain representational activities, such as those incurred during visits of official foreign dignitaries, peace talks, and at international summits.
- Support reimbursements for hostage rescue contingencies.

Benefits

In FY 2005, funds were used to:

- Provide for the evacuation and related support of USG employees and their families. Evacuations due to threats of terrorism occurred in Sanaa, Yemen and Tashkent, Uzbekistan. Evacuations due to civil unrest occurred in Abidjan, Cote d'Ivoire; Lome, Togo; La Paz, Bolivia; and, on two separate occasions, in Port au Prince, Haiti. Evacuations due to natural disaster occurred in Kingston, Jamaica (hurricane); and Georgetown, Guyana (floods).
- Provide for rewards payments totaling \$18.6 million; publicize the rewards program overseas for information leading to the apprehension, effective prosecution, and punishment of individuals responsible for terrorist activities; for the prevention of acts of international terrorism outside the territorial jurisdiction of the United States against U.S. citizens or property; and increase the publicity campaign in Colombia and Mexico targeting major narcotics traffickers.

REPATRIATION LOANS PROGRAM ACCOUNT

Resource Summary

(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Appropriation Total	1,313	1,302	1,285	(17)

FY 2005 Actual reflects 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).

FY 2005 Actual includes \$0.11 million transferred from the Emergencies in the Diplomatic and Consular Service account.

FY 2006 Estimate reflects 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).

Explanation of Request

The FY 2007 request will allow the Department of State to subsidize and administer the Repatriation Loans program consistent with the 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.

FY 2007 subsidy request of \$695,000 (60%) will provide a loan level of \$1,158,333. The subsidy appropriation represents the estimated costs to the U.S. Government of loans that are unlikely to be repaid. For FY 2007, the Department is requesting continuation of authority within the Emergencies in the Diplomatic and Consular Service account to allow the transfer of up to \$1 million into this account if loan requirements exceed the requested level.

The FY 2007 administration request of \$590,000 will provide for operation and management of the loan program consistent with the Credit Reform Act. 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.

Program Description

As authorized by section 4 of the State Department Basic Authorities Act of 1956, as amended, the Department of State's Repatriation Loans program provides emergency loans to assist destitute Americans abroad with no other source of funds to return to the United States in times of crisis. 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 individuals 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

REPATRIATION LOANS PROGRAM ACCOUNT

destitution. Repatriation loans are provided for temporary subsistence and transportation to the nearest U.S. port of entry.

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.

Benefits

The Repatriation Loan Program directly benefits American citizens by providing them with the means to return to the United States if destitute or otherwise in need of such assistance. The program also serves U.S. foreign policy interests where exigent circumstances require an individual's return to the U.S. to respect host country laws or preserve public safety. In FY 2005, 860 repatriation loan cases were processed abroad in the following regions: Africa, 80 cases; the Americas, 301 cases; Asia (including Near East and South Asia), 195 cases; Europe, 240 cases; and Oceania, 44 cases.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Resource Summary

(\$ in thousands)

Activities	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Agriculture Services	518	525	425	(100)
Commercial Services	1,665	1,687	1,220	(467)
Consular Services	4,348	4,323	2,600	(1,723)
Economic Services	1,733	1,744	1,243	(501)
Other Services	7,536	7,763	6,860	(903)
Public Affairs Services	1,812	1,836	1,822	(14)
Washington Headquarters	1,610	1,621	1,656	35
Appropriation Total	19,222	19,499	15,826	(3,673)

FY 2005 Estimate reflects 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).

FY 2006 Estimate reflects 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).

Explanation of Request

The FY 2007 request funds a contractual agreement between the American Institute in Taiwan (AIT) and the Department of State in accordance with the Taiwan Relations Act, Public Law 96-8. This request of \$15,826,000 assumes operations will continue at the current FY 2006 level with the balance of \$3,673,000 derived from visa fee revenues.

Funding From Other Sources

The American Institute in Taiwan, a nonprofit corporation, has historically received reimbursement for services performed. In FY 2007, AIT anticipates collecting a total of \$34 million. This includes approximately \$20 million in visa processing fees and \$14 million in reimbursements from other agency contracts as well as compensation associated with supporting the Foreign Service Institute's Chinese Language School. Of the estimated \$20 million in visa processing fees, approximately \$18 million will be needed to cover direct and indirect operating expenses in addition to the appropriation provided. The remaining \$2 million will be set aside for the capital projects account and consular service upgrades.

Program Description

Since its inception in 1979 under the Taiwan Relations Act (Public Law 96-8), the American Institute in Taiwan has been committed to strengthening relations between the people of the United States and the people of Taiwan. Under the Taiwan Relations Act, the USG conducts unofficial relations with the people of Taiwan through AIT. AIT was established to carry out the Act by providing economic and commercial

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

services, cultural and information programs, and travel services for Americans and the people on Taiwan. To support U.S. interests in Taiwan, AIT promotes U.S. exports; participates in cultural, scientific, and information exchange programs; analyzes and reports on political and economic events of importance to the U.S. and Taiwan; provides consular services (non-immigrant, immigrant, and American citizen); and performs liaison functions on behalf of the Department of State and various USG agencies with their Taiwan counterpart organizations.

The Institute maintains an office in Taipei, a small Washington headquarters office, and a branch office in Kaohsiung that handles matters related to commercial promotion, consular services, cultural affairs, and the Container Security Initiative.

Pursuant to Section 6(a) of the Taiwan Relations Act, "Programs, transactions, and other relations conducted or carried out by the President or any agency of the United States Government with respect to Taiwan shall, in the manner and to the extent directed by the President, be conducted and carried out by or through the American Institute in Taiwan...." Under contract with the U.S. Department of State, AIT is reimbursed for the Department's share of salaries, benefits, rents, representation, and other expenses associated with operations in Taiwan and in the United States. The broad range of contractual responsibilities is described below:

- Economic Services includes reporting on economic developments in Taiwan, negotiations on trade barriers to U.S. products and services, resolution of trade disputes, and negotiations on other trade and investment policy matters. The primary areas covered in bilateral consultations and negotiations include general market access for goods and services such as telecommunications, pharmaceuticals, financial and investment services, and textiles and apparel; investment; intellectual property rights protection; and environmental issues.
- Commercial Services activities include a strong trade promotion program for U.S. exporters. Activities include one-on-one counseling on business conditions, the issuance of credit reports on Taiwanese companies, searches for representatives for U.S. business organizations, bulletins on specific export conditions, and market research on generic lines of business. AIT also serves the large resident U.S. business community in Taiwan.
- Consular Services functions include processing of immigrant and non-immigrant visas, notarial services, reports of births of Americans, interrogatories on behalf of Americans in legal processes, and passport services. AIT assists Americans in cases involving death, arrest, welfare and whereabouts, and voter registration.
- Public Affairs Services encompasses outreach to Taiwan's aggressive and influential media, the coordination of visitor programs to the U.S., presentations on American history, culture and society through exhibits and programs, contributions to the Foundation for Scholarly Exchange, and maintenance of an electronic library of English language materials and books.
- Agricultural Affairs identifies new trade opportunities, analyzes agriculture trade issues, assists U.S. agriculture exporters, and promotes the sale of American agricultural products and services.
- Other Services activities represent a diverse category of functions including: political reporting in a rapidly evolving democratic environment, support for the defense needs of Taiwan, cooperation to combat international drug trafficking, and administrative support for program activities.
- The Washington Office carries out the executive, negotiation, and liaison functions between various U.S. Government agencies and the Taipei Economic and Cultural Representative Office (TECRO). The office also provides executive and administrative direction for AIT and public affairs programming for business and other interest groups in the United States. In accordance with the AIT-TECRO Agreement on Privileges and Immunities, the office also issues identity cards and tax-exemption cards

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

to TECRO employees and their dependents, and assists in handling matters in cooperation with the U.S Department of State and the Department of Homeland Security, Directorate of Border and Transportation Security regarding visas and adjustments of status.

Benefits

The activities of AIT strengthen commercial, cultural, and other relations between the people of the United States and the people on Taiwan and promote continued stability in the Taiwan Strait.

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FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Resource Summary

(\$ in thousands)

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Request	Increase/ Decrease
Appropriation Total	132,600	131,700	126,400	(5,300)

Explanation of Request

The request for this account represents the cost of sustaining adequate funding of the Foreign Service Retirement and Disability Fund (FSRDF). The FY 2007 request reflects the mandatory funding requirement based on the most recent evaluation of the FSRDF performed by the Department of Treasury, using current statistical data including the Federal pay raise information.

Program Description

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 retired and disabled members of the Foreign Service, who are enrolled in either of the two systems. The purpose of this appropriation is to maintain the required funding level of the FSRDS. This appropriation is the mandatory funding required, in addition to the other sources of funding mentioned below. The appropriation is one of several sources of income to the FSRDF.

Funding is maintained through:

- contributions by participants;
- matching government contributions;
- special government contributions, including this program;
- interest on investments; and
- voluntary contributions.

Payments to the FSRDF are authorized by sections 805 and 821 of the Foreign Service Act of 1980 (P.L. 96-465), as amended. Section 821 authorizes payments to be made in 30 annual installments to pay unfunded liability costs due to:

- new or liberalized benefits;
- new groups of beneficiaries; and
- salary increases on which benefits are computed.

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