Union Calendar No. 227

108TH CONGRESS, *1st Session* | HOUSE OF REPRESENTATIVES | REPORT 108–395

EFFORTS TO RIGHTSIZE THE U.S. PRESENCE ABROAD LACK URGENCY AND MOMENTUM

SECOND REPORT

BY THE

COMMITTEE ON GOVERNMENT REFORM

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NOVEMBER 21, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, DC, November 21, 2003.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: By direction of the Committee on Government Reform, I submit herewith the committee's second report to the 108th Congress. The committee's report is based on a study conducted by its Subcommittee on National Security, Emerging Threats and International Relations.

TOM DAVIS,
Chairman.

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NOVEMBER 21, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. TOM DAVIS of Virginia, from the Committee on Government Reform submitted the following

SECOND REPORT

On November 20, 2003, the Committee on Government Reform approved and adopted a report entitled, "Efforts To Rightsize The U.S. Presence Abroad Lack Urgency and Momentum." The chairman was directed to transmit a copy to the Speaker of the House.

I. EXECUTIVE SUMMARY

The breadth and diversity of the U.S. presence overseas has grown, eroding command and control by ambassadors. New threats have put U.S. personnel at greater risk. And the cost of doing business abroad has increased. It is clear a more strategic approach to placing U.S. personnel overseas is necessary.

Following the recommendations of several commissions, the President has included rightsizing the U.S. presence overseas—the process of placing the right people with the right skills in the right place at the right time—in his management agenda for the Executive Branch. As the lead agency overseas, the State Department, with the assistance of the Office of Management and Budget, has begun to organize this process. Congress responded by tasking the General Accounting Office to help devise a methodology for rightsizing, which has been adopted by both the State Department and Office of Management and Budget.

Change is difficult, and the State Department and other Executive Branch agencies continue to struggle and sometimes resist rightsizing. In order to better achieve missions, improve the security of personnel, and reduce costs, the State Department and other agencies should recommit themselves to the process of rightsizing the U.S. presence overseas.

II. BACKGROUND

In November 1999, *America's Overseas Presence in the 21st Century, The Report of the Overseas Presence Advisory Panel* (OPAP) first recommended,

> the President, by Executive order and with the support of Congress, create a process to right-size our overseas presence, reduce the size of some posts, close others, reallocate staff and resources, and establish new posts where needed to enhance the American presence where the bilateral relationship has become more important. The proper size and functions of all posts would be determined by the rightsizing process, which would apply to all agencies, not just the Department of State.[1]

In 2002, the Office of Management and Budget (OMB) noted, "the U.S. overseas presence is costly, increasingly complex, and of growing security concern. U.S. national security interests are best served by deploying the right number of people at the right posts with the right expertise."[2]

The process of determining the number and type of personnel and facilities necessary to achieve U.S. goals is called "rightsizing." Rightsizing involves more than just State Department personnel, but includes all U.S. personnel under a chief of mission's authority. "Rightsizing" is not the same as "downsizing." In its purest form, rightsizing first seeks to identify the true missions of the U.S. diplomatic corps—both broadly from the U.S. national perspective and narrowly from the perspective of individual embassies, consulates, and mission posts. Before any cuts or additions are proposed or implemented that might alter the U.S. mission abroad, it is necessary to determine the goals of the United States and the resources needed to carry out those goals. True rightsizing seeks to create conditions in which U.S. officials stationed overseas can conduct their work effectively, efficiently, and safely.

In reports from inside and outside government, rightsizing has been noted as a key challenge confronting the U.S. abroad. It is of growing concern in light of the expanded mission of the State Department and increased risks to U.S. personnel abroad. The end of the Cold War has brought to a close the simpler policies of a bipolar world, spawned new nations with which the U.S. must foster relationships, and exposed U.S. citizens to new threats and dangers. Moreover, the war on terrorism, increased AIDS funding in Africa and the Caribbean, the new Millennium Challenge Account program, changes to U.S. entry-exit rules, and a greater emphasis on foreign affairs all promise to increase the workload of overseas missions.

As OMB has noted, rightsizing has proven difficult for a number of reasons:

- Currently, the principal mechanism to assess the rational deployment of U.S. government personnel overseas is the

[1] *America's Overseas Presence in the 21st Century,* The Report of the Overseas Presence Advisory Panel, November 1999, p. 42, http://www.state.gov/www/publications/9911_opap/rpt-9911_opap_instructions.html.

[2] *The President's Management Agenda, Fiscal Year 2002,* Executive Office of the President, Office of Management and Budget, p. 59, http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf.

ambassador's authority to manage staffing at each particular post. We need to have a more systematic decision making process to create proper incentives and procedures to manage U.S. government staff operating overseas.

- No one U.S. government agency can determine with any certainty the total number of U.S. government Executive Branch personnel under the authority of each ambassador and other chiefs of mission. Estimates run as high as 60,000 with people representing over 30 agencies. There is no mechanism to assess the overall rationale and effectiveness of where and how U.S. employees are deployed.
- Moreover, as there is no common accounting system that captures all costs, agencies do not know the true costs of sending staff to overseas posts. Agencies are not bearing the full costs of sending their staffs abroad.
- While Chiefs of Mission have legal authority to manage assignments of other agencies to their embassies, in practice, this authority has not been used to significantly alter patterns of deployment of U.S. government staff overseas.[3]

In addition, the need for more physical security can constrain personnel options otherwise required by the embassy mission.[4]

One of OPAP's most significant findings was that the nation's overseas presence is severely undercapitalized. According to the report:

> The Panel noted the gap between our nation's goals and the resources it provides its overseas operations. The world's most powerful nation does not provide adequate security to its overseas personnel. Despite its leadership in developing and deploying technology, U.S. overseas facilities lack a common Internet and e-mail communications network. The overseas facilities of the wealthiest nation in history are often overcrowded, deteriorating, even shabby.[5]

The Panel expanded on its findings in this area:

> We encountered shockingly shabby and antiquated building conditions at some of the missions we visited. Throughout the world we found worn, overcrowded, and inefficient facilities. Many facilities need significant capital improvements to ensure security, improve working conditions, and equip personnel and posts with efficient and secure information and telecommunications technologies.[6]

In addition to capital deficiencies, the Panel also noted insufficiencies in staffing:

> Staffing shortages are undermining the ability to provide first-rate consular services. Morale has suffered; understaffing forces many to work extensive overtime hours. Junior Officers are often required to do back-to-back consular tour on the visa line. However, the Bureau is unable to hire additional people to address workload problems be-

[3] Ibid, p. 60.
[4] Ibid, pp. 60–61.
[5] See supra note 1, p. 15.
[6] See supra note 1, p. 19.

> cause of funding limitations and strict employment ceilings.[7]

The Panel made its conclusions in stark terms: "The condition of U.S. posts and missions abroad is unacceptable. . . . The Panel fears that our overseas presence is perilously close to the point of system failure."[8]

To address these undercapitalization problems, OPAP recommended increased resources:

> . . . new resources will be needed for security, technology and training and to upgrade facilities. In some countries where the bilateral relationship has become more important, additional posts may be needed to enhance the American presence or to meet new challenges.[9]

While recognizing that some posts may need to be reduced, the Panel also warned against knee-jerk withdrawal or reductions:

> Just as the U.S. military and defense posture depends upon forward-deployed aircraft carriers and overseas bases, so its foreign policy and diplomacy depend upon forward-deployed professional officers and staff. Closing U.S. embassies and consulates could have serious consequences for the effectiveness of our foreign policy and for the security and prosperity of the American people.[10]

ADMINISTRATION RESPONSE

In response to the OPAP, the State Department in 2000, conducted a rightsizing pilot study at six posts: Amman (Jordan), Bangkok (Thailand), Mexico City (Mexico), New Delhi (India), Paris (France), and Tbilisi (Georgia). The aim of the study was to develop a staffing methodology and recommend staffing adjustments. The results of the study questioned the OPAP recommendations and produced few significant recommendations for change. The General Accounting Office (GAO) found the pilot study did not systematically assess staffing levels and did not achieve the stated purpose of developing a methodology for rightsizing across the globe.[11]

However, in the August 2001 *Final Report on Implementing the Recommendations of the Overseas Presence Advisory Panel,* the new administration at the State Department noted agreement with the recommendation:

> The Bush Administration will analyze and review overall U.S. government presence and develop a credible and comprehensive overseas staffing allocation process. This process would provide the Administration with a means to link overseas staff with U.S. Government policy, funding, and agency construction planning.[12]

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[7] See supra note 1, p. 60.
[8] See supra note 1, p. 5.
[9] See supra note 1, p. 18.
[10] See supra note 1, p. 29.
[11] *Overseas Presence: More Work Needed on Embassy Rightsizing,* General Accounting Office, November 2001, GAO–02–143, http://www.gao.gov/.
[12] *Final Report on Implementing the Recommendations of the Overseas Presence Advisory Panel (OPAP),* August 2001, Report Pursuant to the Conference Report Accompanying the Departments of Commerce, Justice, and State, The Judiciary, and Related Agencies Appropriations Act, 2001, as enacted in Public Law 106–553, p. 6.

President Bush voiced his support for rightsizing in his May 9, 2001 guidance to all U.S. ambassadors overseas, noting,

> I ask that you review programs, personnel, and funding levels regularly, and ensure that all agencies attached to your Mission do likewise. Functions that can be performed by personnel based in the United States or at regional offices overseas should not be performed at post. In your reviews, should you find staffing to be either excessive or inadequate to the performance of priority mission goals and objectives, I urge you to initiate staffing changes in accordance with established procedures.[13]

This support bolstered the authority and responsibility of chiefs of mission and ambassadors to direct, coordinate, and supervise all U.S. government personnel, regardless of department or agency, in that country (except for employees under a military commander) as directed by the June 1982 National Security Decision Directive 38 (NSDD 38).[14] The ambassador is, in effect, "the leader of an overseas community, a mayor and manager responsible for the health, safety, living and working accommodations, and even schooling and recreation for the children, of all personnel in the mission." [15]

Every president since John F. Kennedy has issued a letter to U.S. ambassadors detailing their legal authority and responsibilities. In President Bush's May 9, 2001 guidance, he also noted:

> Every Executive Branch agency under your authority must obtain your approval before changing the size, composition, or mandate of its staff regardless of the employment category [or where located in your country of assignment].[16]

However, as Under Secretary of State for Management Grant S. Green, Jr. stated during a Subcommittee hearing,

> . . . I have consistently heard from chiefs of mission in essence the difficulty that they have in really getting a handle on not necessarily the people they have, because they can count noses, but they have very little insight into the other agencies' budgets for their particular posts and have to some degree little control over—while, as Mr. Gilman says, de jure they have great authority. De facto they have considerably less authority. There is a process by which agencies request to send additional people to post. That is the Ambassador's decision. It is appealable if it doesn't comport with what a particular agency wants. But you can imagine the difficulty that a chief of mission would have in turning down a request because he doesn't always know or hasn't always had a good sense for what those other agencies' priorities may be at a particular post.[17]

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[13] *President George W. Bush's Letter of Instruction to Chiefs of Mission,* May 9, 2001, p. 3.

[14] *NSDD 38: Staffing at Diplomatic Missions and their Overseas Constituent Posts,* June 2, 1982, http://www.fas.org/irp/offdocs/nsdd38.htm.

[15] See supra note 1, pp. 64–65.

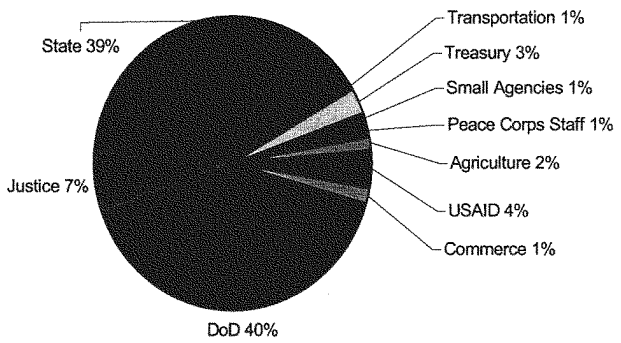
[16] See supra note 13.

[17] *Right Sizing the U.S. Presence Abroad,* Hearing before the Subcommittee on National Security, Veterans Affairs and International Relations of the Committee on Government Reform, House of Representatives, One Hundred Seventh Congress, Second Session, May 1, 2002, Serial No. 107–189, U.S. Government Printing Office, Washington: 2003, pp. 40–41.

At a subsequent Subcommittee hearing, Deputy Director of the Office of Management and Budget Nancy P. Dorn added, "several Chiefs of Mission noted overlap in agency functions at posts but were unsure who has the expertise to choose one agency over another to perform a given function." [18]

With 30 federal agencies posting staff in embassies overseas, State Department personnel now constitute less than half the total U.S. presence abroad.[19]

2. Authorized Full-Time Permanent American Position Overseas Under Chief of Mission Authority, April 2001



Source: Department of State, June 2001

U.S. agencies abroad have different statutory mandates, separate missions, and goals. These differences increase the management challenges faced by ambassadors.[20]

Due in part to the cross-agency nature of rightsizing, OMB has been tasked with rightsizing the overseas presence, carrying out the Bush Administration's pledge to "develop a credible and comprehensive overseas staffing allocation process." [21] OMB expects to reconfigure U.S. staffing abroad "to the minimum necessary to meet U.S. foreign policy goals, develop government-wide, comprehensive accounting of overseas personnel costs and accurate mission, budget, and staffing information, [and] use staffing patterns to determine embassy construction needs." [22] OMB has since developed a baseline database for overseas costs and staffing, begun an analysis (using the GAO framework described below) of all European missions as a rightsizing test case, added overseas staffing and cost data to the budget request process, and established a multi-agency working group.[23]

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[18] Testimony of Nancy P. Dorn, Deputy Director, Office of Management and Budget on *The President's Management Agenda: Rightsizing U.S. Presence Abroad* before the Subcommittee on National Security, Emerging Threats and International Relations, House Committee on Government Reform, April 7, 2003, p. 7.

[19] See supra note 2, p. 60.

[20] See supra note 1, pp. 26–27, 64–66.

[21] See supra note 2, p. 62.

[22] See supra note 2, p. 62.

[23] See supra note 18, pp. 3–4.

CONGRESSIONAL RESPONSE

The Subcommittee on National Security, Emerging Threats and International Relations of the Committee on Government Reform conducted regular oversight of the rightsizing process:[24]

- Hearings on May 1, 2002 and April 7, 2003;
- Meetings with management personnel from State and other departments and agencies;
- Congressional and staff delegation travel to Croatia, Germany, Austria, France, the United Kingdom, Italy, and Turkey to examine rightsizing processes; and
- Requests for GAO investigations and reports.[25]

To address how rightsizing can improve efficiency of staffing decisions overseas, while ensuring U.S. foreign policy goals are met, the Subcommittee on National Security, Veterans Affairs and International Relations of the Committee on Government Reform first requested, in an October 10, 2001 letter, that GAO work with OMB to develop a methodology to address rightsizing.[26] The GAO methodology focused on "three critical elements of overseas operations: (1) physical security and real estate, (2) mission priorities and requirements, and (3) operational costs."[27]

---

[24] Other committees including the House International Relations Committee and House and Senate Appropriations Subcommittees on Commerce, Justice, State, and the Judiciary have also followed the rightsizing initiative.

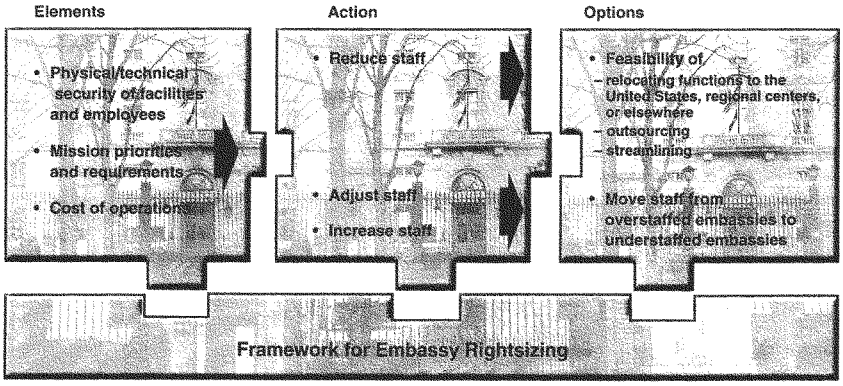
[25] The Subcommittee on National Security, Emerging Threats and International Relations of the Committee on Government Reform has requested the following GAO reports on rightsizing: *Overseas Presence: Rightsizing is Key to Considering Relocation of Regional Staff to New Frankfurt Center,* GAO–03–1061, September 2, 2003; *Overseas Presence: Systematic Processes Needed to Rightsize Posts and Guide Embassy Construction,* GAO–03–582T, April 7, 2003; *Embassy Reconstruction: Process for Determining Staffing Requirements Needs Improvement,* GAO–03–411, April 7, 2003; *Overseas Presence: Rightsizing Framework Can Be Applied at U.S. Diplomatic Post in Developing Countries,* GAO–03–396, April 7, 2003; *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiatives,* GAO–02–780, July 26, 2002; and *Overseas Presence: Observations on a Rightsizing Framework,* GAO–02–659T, May 1, 2002.

The U.S. Senate has requested one GAO report and one testimony focused on rightsizing: *Overseas Presence: Conditions of Overseas Diplomatic Facilities,* GAO–03–557T, March 20, 2003; and *Overseas Presence: More Work Needed on Embassy Rightsizing,* GAO–02–143, November 27, 2001.

[26] October 10, 2001 letter from Chairman Christopher Shays to Comptroller General David M. Walker (in Subcommittee files).

[27] *Overseas Presence: Framework for Assessing Embassy Staff Levels Can Support Rightsizing Initiative,* GAO–02–780, July 2002, pp. 4–5, http://www.gao.gov/new.items/d02780.pdf.

FIGURE 1: PROPOSED FRAMEWORK FOR EMBASSY RIGHTSIZING



Source: GAO.

GAO added:

> State and other agencies in Washington, D.C., including OMB, could use this framework as a guide for making overseas staffing decisions. For example, ambassadors could use this framework to ensure that embassy staffing is in line with security concerns, mission priorities and requirements, and cost of operations. At the governmentwide level, State and other agencies could apply the framework to free up resources at oversized posts, reallocate limited staffing resources worldwide, and introduce greater accountability into the staffing process.[28]

While acknowledging all three elements are important, State commented mission was more important than either security or costs.[29] Nevertheless, State acknowledges the GAO framework offers a "common sense approach" and "plans to incorporate additional elements of the GAO embassy rightsizing questions for the future planning processes."[30] OMB has also embraced the GAO methodology, noting, "the GAO framework is an effective rightsizing tool."[31]

At the suggestion of the Subcommittee, language was inserted into H.R. 1950, Millennium Challenge Account, Peace Corps Expansion, and Foreign Relations Authorization Act of 2003, which has passed the House and is under consideration in the Senate:

> This section encourages executive branch agencies to right-size overseas posts—the process of deploying the right number people at the right posts with the right expertise.

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[28] Ibid, pp. 4–5.

[29] Testimony of Ambassador Ruth A. Davis, Director General of the Foreign Service and Director of Human Resources, United States Department of State on *The President's Management Agenda: Rightsizing U.S. Presence Abroad* before the Subcommittee on National Security, Emerging Threats and International Relations, House Committee on Government Reform, April 7, 2003, p. 3.

[30] Ibid.

[31] See supra note 18, p. 10.

> Despite the process outlined in NSDD–38, Staffing at Overseas Missions and Their Diplomatic Constituent Posts (June 2, 1982), in practice chiefs of mission lack practical authority to determine the appropriate staffing requirements at posts. Moreover, the war on terrorism, increased AIDS funding in Africa and the Caribbean, the new Millennium Challenge Account program, changes to the U.S. entry-exit rules, and a greater emphasis on foreign affairs all promise to increase the workloads of overseas missions, and place greater pressure on chiefs of mission to rightsize staff compliments. This section gives chiefs of mission another means to administer their posts effectively without usurping the authority of the Secretary of State or other executive branch agency heads.
>
> Under this section, chiefs of mission are required to voice their views on the necessity of all executive branch staff positions under their authority, whether Department of State or other executive branch agencies. This process should occur for each staff element at least every five years, though reviews may be handled individually, in small groups, or to include an entire mission. The Department of State shall collect and respond to the reviews received during the year in an annual report, and subsequently share the report with affected agencies and the Inspector General of the Department of State, which includes rightsizing factors in mission inspection reports.[32]

The bill also gives the Secretary of State authority to begin a capital cost-sharing program for overseas buildings in order to promote rightsizing abroad:

> The Secretary of State, as the single manager of all buildings and grounds acquired under this Act or otherwise acquired or authorized for the use of the diplomatic and consular establishments in foreign countries, is authorized to establish and implement a Security Capital Cost-Sharing Program to collect funds from each agency on the basis of its total overseas presence in a manner that encourages rightsizing of its overseas presence, and expend those funds to accelerate the provision of safe, secure, functional buildings for United States Government personnel overseas.[33]

Similarly, House Rpt. 108–221, Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, Fiscal Year 2004, to H.R. 2799,[34] notes:

> The Committee strongly supports interagency efforts to right-size the overseas presence of the United States Government. The Committee understands the definition of right-sizing to be the systematic and thorough review of all

[32] Sec. 273 Staffing at Diplomatic Missions, H.R. 1950, Millennium Challenge Account, Peace Corps Expansion, and Foreign Relations Authorization Act of 2003.

[33] Sec. 227 Security Capital Cost Sharing, Committee Report 4 of 4—House Rpt. 108–105, Part 1—Foreign Relations Authorization Act, Fiscal Years 2004 and 2005, http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr105p1&dbname=cp108&.

[34] H.R. 2799 has passed the House and is under consideration in the Senate.

> overseas missions and staffing levels and the reallocation of resources to achieve a leaner, streamlined, more agile, and more secure U.S. Government presence abroad. The Committee expects agencies funded in this bill to cooperate fully with all interagency efforts to achieve effective right-sizing.
>
> The 1998 terrorist attacks on two U.S. Embassies in Africa highlighted security deficiencies in diplomatic facilities. The recent bombings in Saudi Arabia, the assassination of a U.S. AID employee in Jordan, and the recent closure of the U.S. Embassy in Kenya underscore continued threats against U.S. personnel overseas. The attacks on the American Embassies in Africa prompted the creation of the Overseas Presence Advisory Panel, which proposed significant recommendations regarding right-sizing that have subsequently been embraced by this Committee, and included in the President's Management Agenda. In addition, the General Accounting Office (GAO) has studied right-sizing the Nation's overseas presence. The GAO reports found that U.S. agencies' staffing projections for new embassy compounds are developed without a systematic approach or comprehensive right-sizing analysis. In response, the GAO developed a framework of questions designed to link staffing levels to three critical elements of overseas diplomatic operations (1) physical/technical security of facilities and employees; (2) mission priorities and requirements; and (3) cost of operations. In light of continuing security vulnerability, the Committee intends to ensure that such a framework is established and followed.
>
> The Committee expects that the fiscal year 2005 budget request will reflect the application of a right-sizing methodology. Increases or expansions should be justified in terms of mission priorities both within the agency, and within the specific diplomatic mission, and should be, to the maximum extent possible, accompanied by offsetting decreases to maximize the allocation of scarce resources to emerging priorities. A proper plan should include a systematic analysis to bring about a reconfiguration of overseas staffing to the minimum level necessary to meet critical U.S. foreign policy goals. The Committee expects to receive this additional analysis prior to the establishment or expansion of any activities beyond those currently approved.[35]

The bill earmarks $3 million dollars to create an Office on Right-Sizing the United States Government Overseas Presence within the Department of State, noting:

> The Committee expects this new Office, reporting directly to the Undersecretary for Management, to lead the effort to develop internal and interagency mechanisms to better coordinate, rationalize and manage the overall deployment

[35] "Right-sizing," House Rpt. 108–221—Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, Fiscal Year 2004, http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr221&dbname=cp108&.

of U.S. Government personnel overseas. The Committee believes that the creation of this Office will facilitate the Department's ability to establish and enforce a uniform right-sizing methodology to link overseas staffing levels to physical security considerations, mission priorities, and costs. The Committee also expects that this Office will hold the responsibility and accountability for ensuring that right-sizing standards are applied systematically to final planning estimates for staffing of new mission facilities.

The Committee understands that the Department has changed its annual Mission Performance Plan and Bureau Performance Plan process to require that staffing be related to performance goals and that the chief of mission must confirm that each mission is right-sized. The Department shall report to the Committee by November 1, 2003, as to what actual impact those new requirements have had on the operations, size and performance of the missions and bureaus. In addition, the Department is directed to undertake a review of the size of the 20 largest overseas missions including all staff, contractors, foreign service nationals, temporary duty officers, and other temporary staff, using the mission plan and the right-sizing criteria developed by the General Accounting Office, and report to the Committee by February 1, 2004, as to whether those missions are right-sized.

The Committee strongly supports the Department's effort to initiate a consolidation, streamlining and regionalization of country and multi-regional staffing in Frankfurt, Germany. The success of this initiative will be measured largely by the streamlining reductions made possible at less secure locations throughout Germany, Europe, Eurasia, Africa and the Near East.[36]

III. Discussion

FINDING

1. A culture of resistance to rightsizing still exists in the Department of State and other Executive Branch agencies

Despite some positive steps towards rightsizing the U.S. presence abroad, including the work of OMB, State and other agencies continue to create barriers to rightsizing. For example, a major component of rightsizing in Europe has been the renovation of the Creekbed regional center in Frankfurt, Germany. The facility was expected to provide secure office space for U.S. personnel currently housed in several locations in Frankfurt and certain other areas of Germany, space for ongoing operations in the soon-to-be-closed Rhein Main Air Force base outside Frankfurt, and space for upwards of 200 staff performing regional functions but currently based in other less-secure locations in Europe or Africa. However, following a bureaucratic misunderstanding, the number of staff

[36] "Diplomatic and Consular Programs," House Rpt. 108–221—Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, Fiscal Year 2004, http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr221&dbname=cp108&.

from outside Germany that were to be moved to Frankfurt dropped to almost zero. Following an investigation by GAO, State recognized the error.[37] However, in responding to a GAO report on rightsizing at Creekbed, the State Department said:

> GAO states that it visited four posts other than Frankfurt (Paris, Rome, Budapest, and Vienna) "to determine the extent to which each has agencies and personnel performing regional functions that could be considered for relocation to Frankfurt based on the nature of their mission and/or their security vulnerability." We regret that the report does not state whether GAO identified any agencies or personnel that it believes should be considered for relocation to Frankfurt. The report's silence on this point suggest that GAO does not believe there are any suitable candidates for such a move. This tends to support the Department's judgment that the U.S. Government's interagency overseas presence is already substantially rightsized, based on the follow-up to the 1999 Overseas Presence Advisory Panel report as noted in the Department's report to Congress pursuant to Section 302 (b) (3) of the FY 2003 Department of State Authorization Act (P.L. 107–671).[38]

GAO disagreed with the characterization, stating:

> State also noted that our report did not identify specific agencies or staff that we believe should be relocated to Frankfurt. State said this suggested that we do not believe that there are suitable candidates for relocation. This is not the case. As we noted in this report, State's business plan for the purchase of the facility indicated it has space to accommodate regional staff from outside Germany who are assigned to embassies with security vulnerabilities. Moreover, State's plan identified 73 staff from five agencies at posts outside Germany for potential relocation. As further noted in this report, State's subsequent efforts at its European and Eurasian posts identified suitable candidates for relocation, but that exercise was halted because State mistakenly believed that the facility did not have sufficient space. Our work at the four posts outside Germany validated the existence of significant numbers of staff with regional responsibilities, many of which were located in buildings with substandard security. We did not identify specific candidates for relocation in this report because State said that it was conducting a full assessment of staffing options for Frankfurt, and we did not want to preempt that assessment. However, in our briefings with State and OMB officials, we discussed our fieldwork observations and told them that there were many staff that could be considered for relocation. For example, there were at least 87 staff with regional responsibilities in Vienna and Budapest that were assigned to space with sub-

[37] U.S. General Accounting Office, *Overseas Presence: Rightsizing Is Key to Considering Relocation of Regional Staff to New Frankfurt Center,* GAO–03–1061 (Washington, D.C.: September 2, 2003).
[38] Ibid, p. 16.

> standard security. Furthermore, we noted that in 2002, we had identified regional positions in Paris that could be considered for relocation to Frankfurt based on security, mission, and/or cost factors.[39]
>
> State also said that it believes, based on their follow-up to the 1999 Overseas Presence Advisory Panel report, that the U.S. government's overseas presence is already rightsized. We have previously pointed out the substantial weaknesses in the pilot studies, which provided the basis of State's follow-up.[40] State subsequently indicated that it intended to reinvigorate the rightsizing process consistent with the President's Management Agenda, OMB's directives, and our rightsizing framework.
>
> In our view, State's comments are inconsistent with its (1) stated expectations that the Frankfurt project will achieve the department's key rightsizing and regionalization goals and (2) plans to conduct a full assessment of staffing options for the Frankfurt regional center. In addition, **State's comments lead us to question whether the department seriously intends to implement its business plan for the Frankfurt center regarding relocating regional staff, as well as its commitment to the overall rightsizing process** [emphasis added]. We believe that State's actions regarding staffing of the facility warrant oversight.[41]

In addition, the House International Relations Committee has noted concerns about the willingness of the State Department to pursue rightsizing:

> Rightsizing the U.S. overseas presence is part of the President's Management Agenda and a major objective of the Congress, and we expect to see progress within the Department on these issues. The State Department has asked for more money to hire staff but it has not clearly shown a willingness to reallocate its existing staff from those posts that are relatively generously staffed to those that have the greatest shortfalls. We recognize that the Office of Management and Budget is taking the lead on the rightsizing initiative. However, because the State Department is the lead foreign affairs agency, and faces its own resource allocation issues, it should continue to advocate for government-wide direction on.[42]

Similarly, the House Appropriations Committee has also expressed concerns about the progress of rightsizing.

> *Right-Sizing the U.S. Government Overseas Presence*—The Committee continues to be disappointed at the lack of discernable progress in the pursuit of an interagency process of determining the right size and makeup of overseas

[39] See supra note 27.
[40] See supra note 11.
[41] See supra note 37, pp. 11–12.
[42] Sec. 111 Administration of Foreign Affairs, Committee Report 4 of 4—House Rpt. 108–105, Part 1—Foreign Relations Authorization Act, Fiscal Years 2004 and 2005. http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr105p1&dbname=cp108&.

> posts, including exorbitant staffing projections at posts scheduled for new embassy or consulate compounds. The Committee directs the Office of Overseas Buildings Operation (OBO) to work closely with the new Office on Right-Sizing the U.S. Government Overseas Presence to ensure that projected staffing levels for new embassy compounds are prepared in a disciplined and realistic manner, and that these estimates become a basis for determining the size, configuration and budget of new embassy compound construction projects. The justification for all facilities projects funded under this account must include a full explanation of regional efficiency and security planning, and related staffing assumptions. Such projects will not be approved for funding absent evidence of the application of a uniform right-sizing methodology.[43]

As has the Senate Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary:

> *Right-sizing.*—The Department of State currently has no comprehensive process in place for developing the staffing projections that are essential to the right-sizing process. Right-sizing refers to the reconfiguration of overseas U.S. Government personnel to the minimum number necessary to support U.S. national security interests. A key component of the planning process for a new embassy compound is the development of staffing projections. Staffing projections present the number of staff likely to work in the facility and the type of work they will perform. These are the two primary drivers of the size and cost of new facilities. Currently, individual embassies and consulates, in consultation with bureaus and offices at headquarters, are responsible for developing the staffing projections, which the Bureau of Overseas Buildings Operations [OBO] uses to design the new compounds and prepare funding requests. To ensure that new compounds are designed as accurately as possible, OBO designed a system for collecting future staffing requirements that invites the participation of embassy personnel, officials in the regional bureaus, and officials from other relevant Federal agencies. Embassy management and the regional bureaus must review and validate all projections before submitting them to OBO.
>
> As the real property manager for all U.S. properties overseas, OBO has become the default arbiter of all questions pertaining to right-sizing. However, OBO is dependant on the regional bureaus at the State Department and other U.S. agencies for staffing projections and decisions. OBO is not in position to validate or downscale these staffing projections, yet is continually blamed for its tenants' ever-increasing demand for space at overseas posts. OBO has urged headquarters, the regional bureaus, and embassy management to develop a framework for making

[43] "Embassy Security, Construction, and Maintenance," House Rpt. 108–221—Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, Fiscal Year 2004, http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr221&dbname=cp108&.

staffing projections. The fact that OBO has met with resistance at every turn has not gone unnoticed by the Committee. Worse, an April 2003, General Accounting Office [GAO] report found that the embassies and regional bureaus were not even consistently utilizing OBO's system in developing their staffing projections. The GAO report found that many embassies had not conducted a thorough analysis of their future staffing needs. The GAO report also found that the process of developing staffing projections had been managed poorly both in the field and at Department headquarters. GAO noted that officials at post did not appear to appreciate the importance of the staffing projection process as it relates to the size and cost of new diplomatic facilities. Finally, the GAO report found that none of the embassies surveyed had received formal, detailed guidance on how to develop their projections from the regional bureaus. Based on this, the Committee must assume that the regional bureaus received no guidance from headquarters on how they should assist posts in developing their projections or on how the bureaus themselves should evaluate posts' submissions. This GAO report raises serious concerns about the validity of the Department's past and current staffing projections. The Committee directs the Department to develop a framework for conducting right-sizing analyses, including staffing projections, that will ensure that projected needs are the minimum necessary to support U.S. national security interests. The Committee further directs that the framework include the "tiger team" concept used by the Department to deploy OpenNet Plus. During the deployment of this global information technology network, tiger teams were sent around the world to all of the embassies to install the software and hardware and conduct the training necessary for the deployment of OpenNet Plus. The tiger teams were critical because the embassies had neither the time nor the expertise to do this work themselves. The same can be said of the embassies' ability to conduct thorough and objective evaluations of their past staffing needs and projections of their future staffing needs. The Committee will not entertain any reprogramming requests for the Diplomatic and Consular Programs account before the Department has reported on its plans for meeting this directive.[44]

Challenges to rightsizing do not lie solely within the State Department, however. As former OMB Deputy Director Dorn pointed out in submitted testimony for a Subcommittee hearing, "many non-State agencies at several larger posts did not want to be included in the Mission Performance Planning (MPP) process, saw no utility in their involvement and in several cases non-State agencies

[44] Senate Report 108–144, Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill, 2004 Report to accompany S. 1585, 108th Congress, September 5, 2003, pp. 127–128, http://www.congress.gov/cgi-lis/cpquery/R?cp108:FLD010:@1(sr144):.

noted that the MPP document and process are inflexible."[45] At one embassy in Europe, Subcommittee staff heard this view expressed first hand by agency representatives who referred to the MPP as a "send and forget" exercise. The MPP is a key document that determines each mission's goals and forms the basis for many staffing decisions.

This was confirmed by GAO, which

> found that **agencies at the posts we examined did not conduct comprehensive rightsizing analyses when determining future staffing requirements** [emphasis added]. Decision makers did not analyze existing positions before projecting future requirements and did not consider rightsizing options, such as competitive sourcing or relocating certain positions to the United States or regional centers. In addition we found that most agencies with staff overseas did not consistently consider operational costs when developing staffing projections.[46]

The lack of participation by outside agencies, which now make up a majority of the U.S. presence overseas, is indicative of a continued culture of "business as usual" and likely only to change with the implementation of a capital cost sharing initiative that will force all departments and agencies to pay a fair share of the costs they accrue overseas.

Based on extensive oversight work and two hearings, the Committee on Government Reform shares the concerns of GAO and the other committees of jurisdiction in concluding that rightsizing lacks urgency and momentum.

RECOMMENDATION

1. The State Department should begin a formalized, systematic, and global review of all staff requirements and positions under chief of mission authority

Given the concerns expressed by the finding, the Committee on Government Reform recommends the Department of State reinvigorate the agency commitment to rightsizing by beginning a systematic review of all staff elements.

As the lead U.S. agency overseas, the State Department with the continued support of the OMB, must advocate for rightsizing at all missions and with all agencies.[47] No government program is sustainable without the commitment of the agency or agencies involved. Rightsizing is not only in the best interest of the U.S. government, but as it is stretched thinly, of the Department of State as well.

The current administration has rightly embraced the concept of rightsizing in the President's Management Agenda. However, for the State Department to put forward a flawed study as a basis of suggesting personnel are already "substantially rightsized," is both

[45] See supra note 18, p. 7.

[46] U.S. General Accounting Office, *Overseas Presence: Systematic Processes Needed to Rightsize Posts and Guide Embassy Construction,* GAO–03–582T (Washington, D.C.: April 7, 2003), p. 13.

[47] OMB has the lead in implementation of the President's Management Agenda. The State Department notes interagency efforts, such as the six-post, rightsizing pilot study, often fail to find consensus and achieve expected results. State may need greater legal authorities, or OMB to play a more effective leadership role, to drive the rightsizing process.

a challenge to the President's agenda and detrimental to the goals of good management and the Department's own best interests.

Consequently, the Committee recommends State embrace the tools being presented by GAO and in legislation to push the President's Management Agenda. In particular, the Department should begin planning for the new Office on Right-Sizing the United States Government Overseas Presence and new responsibilities to evaluate overseas staff under the authority of chiefs of mission. Combined these proposals, which are included in bills under consideration before the Congress, give the Department new tools to continue moving the rightsizing initiative forward. However, while these tools are included in legislation, the goals of both are within the capability of State now.

State must incorporate the GAO framework of mission, security, and costs into all aspects of management. State must begin a systematic review of all staff requirements and positions overseas that incorporates appropriate mission goals, a systematic approach to the number of staff needed to meet mission goals, and realistic assessment of the limits placed on those missions and requirements dictated by security and cost considerations. This process should be formalized by the end of this year and approved by OMB.

Furthermore, just as the ongoing analysis of European missions does not look at individual missions in a vacuum, so too must future analyses look at other missions in their regional context. Rightsizing must begin with a zero-based analysis of mission, security, and costs at each embassy and consulate and not proceed only from the status quo. However, rightsizing cannot be simply a top-down exercise directed from a Washington office. Rightsizing must be an ongoing process that incorporates the bottom-up concerns and comments of each mission and the personnel in those missions, particularly chiefs of mission.[48]

As noted by GAO and the House and Senate Appropriations Subcommittees on Commerce, Justice, State, and the Judiciary above, the Committee also recognizes that the lack of an effective cost-sharing mechanism amongst agencies for new overseas facilities is a substantial obstacle to gaining agency involvement in the rightsizing process and supports giving the State Department authority to develop more realistic cost-sharing mechanisms.

[48] In July 2003, the State Department issued guidance on how to carry out staffing projections in connection with new embassy construction.