

State Department: Options for Addressing Possible Budget Reductions  
(Chapter Report, 08/29/96, GAO/NSIAD-96-124).

Pursuant to a congressional request, GAO reviewed the Department of State's reform and cost-cutting efforts and identified options that would enable State to adjust to reduced budgets.

GAO found that: (1) State does not have a comprehensive strategy to restructure and downsize its operations to meet potential funding reductions; (2) State has reduced its staff and implemented some cost reduction measures, but it has been reluctant to reduce its overseas presence or change its business practices to accommodate proposed budget reductions; (3) State believes that substantial downsizing would severely hamper its achievement of U.S. foreign policy goals and irreparably harm U.S. interests; (4) because of expected governmentwide budget constraints and congressional and Office of Management and Budget (OMB) proposals for even larger decreases in State funding, State is unlikely to receive the level of funding needed to maintain its existing activity level; (5) State could reduce costs by reducing duplication among its bureaus and with outside agencies with which it shares program responsibility, streamlining or eliminating some informational reports, eliminating or consolidating certain personnel positions, recovering some service costs from users, and expanding the authority of chiefs of mission over all U.S. government fiscal and staffing resources at overseas posts; (6) State has the opportunity to significantly reduce costs by reducing the size of overseas posts, which consume about 70 percent of State's budget; and (7) State could reduce support costs, which constitute two-thirds of its budget, by recouping support costs from other agencies, hiring more U.S. family members for overseas positions, adjusting employee benefits and allowances, increasing tour lengths, reducing costs for Marine guards at overseas posts, reducing headquarters support staff, using more foreign nationals in support positions, disposing of unneeded overseas real estate, and reengineering and outsourcing administrative functions.

----- Indexing Terms -----

REPORTNUM: NSIAD-96-124

TITLE: State Department: Options for Addressing Possible Budget Reductions

DATE: 08/29/96

SUBJECT: Strategic planning  
Interagency relations  
Cost control  
Federal downsizing  
Foreign policies  
Agency missions  
Budget cuts  
Property disposal  
Administrative costs  
Federal agency reorganization

IDENTIFIER: Dept. of State Strategic Management Initiative  
Belarus  
Brazil  
Malaysia  
Netherlands  
Paraguay  
Senegal  
Western Hemisphere Summit Program on Partnership for  
Pollution Prevention  
Dept. of State Foreign Affairs Administrative Services  
System  
Dept. of State International Cooperative Administrative  
Support Services System  
Dept. of State Family Member Program

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Cover  
===== COVER

Report to the Chairman, Committee on the Budget, House of  
Representatives

August 1996

STATE DEPARTMENT - OPTIONS FOR  
ADDRESSING POSSIBLE BUDGET  
REDUCTIONS

GAO/NSIAD-96-124

State Department

(711134)

Abbreviations  
===== ABBREV

- ACDA - Arms Control and Disarmament Agency
- FAAS - Foreign Affairs Administrative Services
- FSN - foreign service national
- ICASS - International Cooperative Administrative Support Services
- OMB - Office of Management and Budget
- USAID - U.S. Agency for International Development
- USTR - Office of the U.S. Trade Representative

Letter  
===== LETTER

B-271639

August 29, 1996

The Honorable John R. Kasich  
Chairman, Committee on the Budget  
House of Representatives

Dear Mr. Chairman:

This report discusses the State Department's reform and cost-cutting efforts and identifies options that would enable State to adjust to reduced budgets. The report includes a recommendation to the Secretary of State and two matters for congressional consideration to assist the Department in reducing costs.

We are sending copies of the report to the Secretary of State and to other appropriate congressional committees. We will make copies available to others upon request.

This report was prepared under the direction of Benjamin F. Nelson, Director, International Relations and Trade Issues, who may be contacted on (202) 512-4128 if you or your staff have any questions about this report. Other major contributors to the report are listed in appendix III.

Sincerely yours,

Henry L. Hinton, Jr.  
Assistant Comptroller General

#### EXECUTIVE SUMMARY

===== Chapter 0

##### PURPOSE

----- Chapter 0:1

The State Department received appropriations of \$2.695 billion for fiscal year 1995 and \$2.671 billion for fiscal year 1996 for the administration of foreign affairs. In light of plans to reduce funding for foreign affairs activities, the Chairman of the House Committee on the Budget asked GAO to determine the status of State's reform and cost-cutting efforts and identify options that would enable State to adjust to reduced budgets.

##### BACKGROUND

----- Chapter 0:2

The State Department is responsible for conducting foreign relations, including formulating policy on diverse international issues and coordinating and supporting U.S. programs and activities overseas. State is expected to perform a wide variety of functions that are critical to U.S. interests: provide leadership to help bring peace and stability to areas such as Bosnia and the Middle East; report on overseas events; influence other countries to adopt policies and practices consistent with U.S. interests on security, economic, narcotics, crime, environment, democracy, and other issues; assist U.S. business abroad; provide services to U.S. citizens overseas; and issue passports and visas.

In July 1995, the Office of Management and Budget suggested reducing State's funding to \$2.5 billion by 2000--a 7-percent decline from

1995. When inflation is factored in, State's 1995 purchasing power would be reduced by \$770 million or 30 percent. Under the 7-year concurrent budget resolution, passed by the Congress in June 1995, funding levels could be even less.

The President has requested \$2.713 billion for fiscal year 1997-- \$18 million more than for fiscal year 1995 and \$39 million more than for fiscal year 1996. The actual funding level is subject to negotiation.

To develop options to allow the State Department to accommodate potential budget reductions, GAO analyzed State's reform initiatives and examined the functions of State's headquarters organization, overseas posts in 6 countries, and selected activities of 14 other U.S. government agencies that share responsibility with State for certain international activities.

## RESULTS IN BRIEF

----- Chapter 0:3

Although the State Department has reduced the number of its staff and implemented some cost reduction measures, it has been reluctant or unable to significantly reduce its overseas presence and the scope of its activities or to substantially change its business practices. In February 1995, the Secretary of State chose not to support reforms that might fundamentally change the Department's mission, organizational structure, and processes. The State Department believes that a substantial downsizing to accommodate potential funding reductions would severely jeopardize its ability to achieve U.S. foreign policy goals. However, GAO believes that State can take steps to reduce its costs, while continuing to protect U.S. interests.

The budgetary stringency that the federal government is projected to face in the next few years makes it unlikely that State will receive the level of funding that would allow it to maintain its current level of activities. Because of inflation and cost increases overseas, GAO estimates that maintaining current functions and personnel would cost \$584 million more in 2000 than in 1995, a 22-percent increase. But it is likely that State will receive less resources in the future. If total discretionary spending is held to the levels envisioned in the congressional budget resolution for fiscal year 1997, spending will fall by almost 6 percent between 1995 and 2002. State will probably have to bear a share of this planned reduction. Furthermore, larger reductions in State's funding have been proposed by the Office of Management and Budget and the Congress. New fiscal realities dictate that State increase its cost consciousness, make choices about resource priorities for its wide range of locations and functions, and fundamentally rethink the way that it does business in order to increase efficiency and reduce operating costs.

The greatest opportunity to significantly reduce costs is by closing, or reducing the size of, overseas posts, which cost about \$1.9 billion annually. This amount, which includes support costs, is equivalent to nearly 70 percent of State's budget. State maintains a diplomatic presence in 252 overseas locations, including countries where the United States has limited interests. This structure has not changed substantially since the end of the Cold War. Fiscal realities may require a fundamental rethinking and redesign of overseas diplomatic structure, locations, functions, and practices. Such a rethinking could lead to changes that would increase operating efficiencies and reduce costs. Eliminating posts will be difficult, as State has typically met with

resistance from within and from other agencies and members of Congress when it has tried to close some low priority posts. Establishing an independent panel to review post closures and reductions is one strategy to overcome this resistance.

State could also reduce support costs by several hundred million dollars by accelerating changes to its business practices. State currently spends nearly \$1.8 billion on communications, real estate, and a wide variety of other support services for domestic and overseas operations. Prompt disposal of unneeded overseas real estate is just one example of how State could reduce its support costs.

In addition, State may have to limit and/or eliminate its role in selected functions. (State shares responsibility with various other U.S. government agencies for many issues.) Although this may impact on the way U.S. international activities are implemented, lessening State's role could lead to personnel reductions that would reduce headquarters costs and facilitate reductions in costs for overseas posts and support.

In light of potential funding reductions and post Cold War realities, State needs to plan for how it can become a smaller, more efficient, and less expensive organization. Development of a downsizing strategy should start with identification of core missions and functions and critical locations and the resources required to support them. GAO recognizes that implementation of some downsizing measures may require changes in legislation or negotiations with other agencies. State's strategy should include a plan to obtain support from the Congress and cooperation by other U.S. agencies.

#### PRINCIPAL FINDINGS

----- Chapter 0:4

##### STATE HAS NOT DEVELOPED A DOWNSIZING STRATEGY

----- Chapter 0:4.1

The State Department does not have a comprehensive strategy to restructure its operation to adjust to potential funding reductions. Management attention to downsizing has been distracted by (1) the need to address foreign affairs crises and (2) internal bureaucratic pressures. Moreover, the Department has not fully accepted that it may have to substantially reduce its costs. As a result, State has not done a comprehensive review of its functions and processes to identify unnecessary and low-priority work. State continues to hope that funding will be sufficient to avoid making major cuts to its operations. It notes that the President's proposed funding for fiscal year 1997 would require some modest downsizing, but not the level of downsizing that would be required under other proposed funding reductions.

##### LIMITED COST REDUCTIONS

----- Chapter 0:4.2

The two major management initiatives undertaken since 1993 have not led to fundamental changes in State's organizational structure and business practices or achieved significant cost reductions. Instead, State has opted to implement administrative and other changes that would not have a dramatic impact.

The Secretary established the Strategic Management Initiative in 1994

to set the future course for the Department and to eliminate duplication and unnecessary or marginal functions. Although State initially estimated that proposed actions under the initiative could reduce costs by well over \$100 million, State officials told GAO that actual cost reductions have been limited.

In 1993, the National Performance Review recommended actions that it estimated would reduce State's costs by \$68 million over 5 years. State has completed 2 of 14 recommended actions and has estimated cost reductions at \$1.2 million annually.

State points out that its funding has been relatively flat for several years and that it has already reduced personnel and taken other actions to reduce its costs accordingly. For example, State reports that it has reduced its staff by 2,200 since 1993, from about 26,000 to 23,800, or an 8.5-percent reduction.

OPTIONS FOR REDUCING STATE'S  
INVOLVEMENT IN SOME  
FUNCTIONS

----- Chapter 0:4.3

One option to cope with reduced funding is to reduce or eliminate State's involvement in some areas and to lessen the degree of overlap among its bureaus and with other agencies. State's organizational structure and operating procedures have the potential to create unnecessary overlap, duplication, and inefficiency. The Department's geographic bureaus are organized to overlap with many other foreign policy and administrative functions. These bureaus operate as six micro-departments that basically administer U.S. foreign policy for a particular region of the world. In fact, concerns about potential duplication among the various units within State headquarters were raised in a 1995 State Department internal study of domestic positions. The study identified examples of potential duplication of work among offices within the Department. For example, the study indicated that there is potential overlap between the Bureau of Intelligence and Research and regional and functional bureaus throughout the Department.

There is also overlap of work between State and other agencies. In August 1995, the Office of Inspector General for the Arms Control and Disarmament Agency (which also serves as the Office of Inspector General for the Department of State) reported that duplication between the Agency and State's Political-Military Bureau "promotes inefficient use of resources by both organizations and accentuates turf consciousness, dissipating energies and damaging morale."

Also, with congressional approval where necessary, State could streamline some informational reports--for example, its annual human rights report, which consumes resources of many bureaus and nearly all overseas missions--or eliminate reports that contain information available from other sources, such as country reports on trade practices.

State could also eliminate certain positions or consolidate responsibility for certain issues. For example, eliminating labor attach positions and transferring labor issues to political and economic officers could reduce costs by about \$7.4 million annually. Finally, State could recover some of the costs of many services, such as factual and analytical reports, business assistance services, and assistance to overseas visitors, that it provides to other entities.

Making these changes would not be easy, as State's functions are broadly linked to foreign policy objectives, specifically required by

statute, or required by interagency processes, and according to State, some decisions would have to be made in an interagency forum or may require legislative approval.

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\1 Report of Inspection, The U.S. Arms Control and Disarmament Agency (ACDA-ISP/I-95-44, Aug. 1995).

OPTIONS FOR REDUCING THE  
COSTS OF OVERSEAS PRESENCE

----- Chapter 0:4.4

State has embassies in most foreign capitals and consulates in some commercial centers outside capital cities. Despite advances in communications and transportation, geopolitical changes, and new budget realities, State's vast network of embassies and consulates and the way they are configured and operated have remained largely unchanged. Although there are some reform initiatives currently underway, a fundamental rethinking of the vast overseas infrastructure has not taken place. State could potentially increase operating efficiency, reduce the size of some posts, and close others in order to reduce costs. Cost reductions from closing a small post with about nine Foreign Service officers could total about \$2 million per year or \$10 million over 5 years.

Offices within State, members of Congress, and other agencies have often opposed closures of posts. In July 1995, State identified 19 posts for possible closure but decided to close only 13 due to pressure from others. For example, the Consulate in Curacao, Netherlands Antilles, was taken off the closure list in response to pressure from a member of Congress and objections from the Drug Enforcement Administration. According to State officials, the Department may be forced to close 50 to 100 of its 252 overseas posts if proposed funding cuts become a reality.

One strategy to review post closing and downsizing options would be to establish an independent post closure panel like the Defense Base Closure and Realignment Commission--an approach that resulted in decisions to close, realign, or otherwise downsize hundreds of military bases and installations. Although the criteria involved in closing and downsizing overseas diplomatic posts are different, a panel much like the Commission may be useful. Since many other agencies depend on State's overseas presence, such an approach would allow for decision-making based on the need to support both State and non-State activities consistent with overall U.S. policy interests and priorities as well as available resources.

Another strategy to pursue cost reductions would be to implement the National Performance Review recommendation that, on a pilot basis, U.S. ambassadors be given expanded authority over all U.S. government fiscal and staffing resources at overseas posts. Expanding ambassadors' authority raises the potential for negative consequences, however. For example, an ambassador and a federal agency may have differences of opinion about the types and levels of resources needed to sustain agency activities. However, because expanding ambassadors' authority could reduce costs, GAO supports a pilot study to test the concept. State has not initiated action on this recommendation. State officials told GAO that the Department cannot move on this recommendation until the National Performance Review/Vice President's staff propose legislation to the Congress. However, National Performance Review staff told GAO that proposing legislative action is State's responsibility. In November 1995, the U.S. Ambassador to Senegal asked that State's Under Secretary for

Management convene the Vice President's Interagency Council to obtain its agreement to test increased authority of ambassadors. State has been reviewing the proposal.

#### OPTIONS FOR REDUCING SUPPORT COSTS

----- Chapter 0:4.5

Potential budget reductions could also be met by reducing support costs, which currently consume two-thirds of the Department's budget. State is experimenting with, studying, or considering several options to reduce its support costs. GAO identified additional cost reduction options that are not currently under review.

The Department of State Appropriations Act, 1996, requires that, starting in fiscal year 1997, State have in place a system that allocates to each department and agency the full cost of its overseas presence. State and other U.S. agencies are developing a system sponsored by the President's Management Council that devolves authority for overseas support to individual post interagency councils. This is a significant change in philosophy, and State expects it to result in increased reimbursements from other agencies and eventually lower the support costs. State estimates it would spend about \$108 million less to support other agencies overseas during the first year of the new system. Additional cost reductions are expected from greater efficiency and interagency coordination. However, implementation will require strong interagency and congressional cooperation.

Other cost-cutting measures being considered by State include (1) hiring more U.S. family members to fill overseas staffing positions, (2) increasing employees' payments for medical services, (3) increasing the length of overseas tours, and (4) reducing State's cost for Marine guard detachments at overseas posts by deactivating certain units or shifting the costs to the Defense Department. Over the long term, State hopes to further reduce its operating expenses through business process reengineering and the outsourcing of certain support functions. In both areas, however, only limited progress has been made.

GAO identified several additional options State could implement to adjust to potential budget cuts as well as some of the potential adverse consequences of these options. These options include (1) expanding the use of foreign nationals in support positions at overseas posts, (2) reviewing employees' benefits and allowances, (3) reviewing support staff levels in headquarters, and (4) disposing of excess and underused properties overseas.

#### RECOMMENDATIONS

----- Chapter 0:5

GAO is not taking a position on the level of resources needed by the State Department for the administration of foreign affairs. However, given the likely decline in discretionary spending in the federal budget and the various proposals for reductions in State's budget, it is unlikely that State will receive funding at a level necessary to support current services. For example, fiscal constraints may not permit State to continue to maintain its vast network of embassies and consulates as they are configured today. A fundamental rethinking of functions, locations, and practices is needed to determine what is essential and affordable to support U.S. interests. State needs to plan for how it can become a smaller, more efficient, and less expensive organization.

GAO recommends that the Secretary of State develop a downsizing strategy that (1) identifies critical and noncritical functions and their costs; (2) specifies the changes that would be necessary to adjust to potential funding levels; and (3) identifies what legislative actions or modifications to interagency agreements, if any, would be required to implement the changes. Because overseas posts consume 70 percent of State's budget, reassessment of the network of overseas posts will be an important part of the downsizing strategy. At a minimum, State should have a strategy that is based on out-year funding guidance from the Office of Management and Budget. (Such a strategy would allow for consideration of other funding proposals and could be adjusted to accommodate actual appropriation amounts.)

#### MATTERS FOR CONGRESSIONAL CONSIDERATION

----- Chapter 0:6

If future funding levels require the State Department to close and reduce the size of posts, the Congress may wish to establish an independent panel to review State's proposals in view of (1) the potential financial benefits to the U.S. government, (2) the impact on governmentwide interests and the many agencies that depend on State's services, and (3) the potential opposition to closing posts. Although the criteria involved in closing and downsizing overseas diplomatic posts are different, a panel much like the Defense Base Closure and Realignment Commission established to review military installations may be useful.

Also, if the Congress believes that ambassadors' authority over U.S. government resources should be expanded to reduce spending, it could explore with the executive branch how a pilot program, such as the one recommended by the National Performance Review, could be structured and implemented.

#### AGENCY COMMENTS AND GAO'S EVALUATION

----- Chapter 0:7

In commenting on a draft of this report, State disagreed with GAO's conclusions and recommendation regarding the need to develop a strategy for adjusting to potential budget reductions. State described the actions it has taken over the last several years to absorb a reduction in real resources and its plans for further gradual downsizing. Although it agreed that strategic planning for downsizing is important, State stressed that it does not accept and will not plan for proposed funding reductions that could approach 44 percent. It believes reductions of this magnitude would pose unacceptable risks and cause irreparable damage to America's national interests.

State opposed many of the options GAO identified to address possible budget reductions and asserted that State's diplomacy, when compared to other tools for pursuing U.S. national security and other interests, is relatively inexpensive. State indicated that the report does a good job describing the difficulties in closing overseas posts. State also noted that it cannot act unilaterally in reducing a post's size because of the many other agencies involved. State's comments are reprinted in their entirety in appendix II, along with GAO's evaluation of them.

GAO did not make judgments on the relative value of State's functions

and activities or try to compare the relative merits of State's diplomacy to other U.S. government tools. Instead, GAO pointed out that both the legislative and executive branches had proposed substantial funding reductions for State and that, barring a \$584-million increase in funding from 1995 to 2000, State would be unable to maintain its current level of activities. Given the funding situation, GAO believes that State needs to seriously consider actions for adjusting to the potential funding scenarios. Furthermore, GAO believes that developing a downsizing strategy would enable State to focus available resources on its most critical functions and activities. Absent a downsizing strategy based on a comprehensive review of its functions and processes, the Department will not have the data and analyses and therefore cannot demonstrate clearly how funding reductions will hamper U.S. interests or be in a position to protect critical functions. GAO did not recommend specific actions to cut costs but identified a number of options that could be part of a State Department downsizing strategy.

GAO did not request formal comments from other agencies. However, to verify data, GAO provided a copy of a draft of this report to the Departments of Agriculture, Commerce, Labor, the Treasury, and Transportation; the Environmental Protection Agency; the U.S. Agency for International Development; the U.S. Arms Control and Disarmament Agency; and the Office of the U.S. Trade Representative. Where appropriate, GAO incorporated the revisions that were suggested by these agencies.

The U.S. Agency for International Development objected to expanding an ambassador's authority over the programmatic direction and funding of overseas programs even on an experimental basis. The U.S. Agency for International Development and the Office of the U.S. Trade Representative emphasized that increasing reimbursements for administrative support at overseas posts may require additional funding for agencies other than State to cover certain costs they may not have budgeted for in the past.

The Office of the U.S. Trade Representative and the Department of Labor expressed concern about coordination issues, emphasizing that cost-cutting decisions that State could make may affect other agencies. The Department of Labor objected to eliminating labor attach, positions and transferring the responsibility for covering labor issues to political and economic officers. In addition, Labor expressed concern about streamlining the country reports on human rights practices, noting that these reports are central to the U.S. policy goal of promoting human rights.

#### BACKGROUND

===== Chapter 1

The State Department conducts activities designed to promote and protect U.S. interests overseas. To support these activities, State maintains a headquarters with regional and functional bureaus and 252 overseas posts. The State Department received slightly less than \$2.7 billion for the administration of foreign affairs in both fiscal years 1995 and 1996, with the bulk of these resources allocated to salaries, infrastructure, and operating expenses. State faces a widening gap between available budget resources and the costs of maintaining existing activities.

#### STATE'S FUNCTIONS AND ORGANIZATION

----- Chapter 1:1

The State Department is the central agency for coordinating and implementing U.S. foreign policy in support of U.S. interests. State provides leadership to help bring peace and stability to areas such as Bosnia and the Middle East and carries out a variety of activities to promote these interests, including

- negotiating and overseeing over 14,000 treaties and agreements in force since 1946, including 24 treaties and 338 agreements concluded in 1994;
- analyzing overseas events to obtain information critical to U.S. policymakers in Washington;
- preparing over 130 congressionally mandated reports covering such diverse subjects as the abuse of human rights and foreign trade;
- representing the United States at 700 international conferences annually;
- providing consular services to Americans overseas and issuing over 5 million passports and 8 million visas annually; and
- providing administrative support to about 35 federal departments and independent agencies with staff overseas.

State's headquarters in Washington, D.C., includes geographic bureaus that are organized along regional lines (such as the Bureau of East Asian and Pacific Affairs) and bureaus that are organized along functional lines (such as the Bureau of Political-Military Affairs). Figure 1.1 shows the basic organizational structure of the Department.

Figure 1.1: Organization of  
Selected State Bureaus

(See figure in printed  
edition.)

#### STATE'S GEOGRAPHIC BUREAUS

----- Chapter 1:1.1

The Under Secretary for Political Affairs oversees State's six geographic bureaus and the Bureau of International Organizations. With 1,143 headquarters staff, Political Affairs is the Washington focal point for the development of policy recommendations, for coordination with other departments and agencies, and for transmission of guidance to ambassadors in the field. The geographic and International Organizations bureaus guide, coordinate, and supervise nearly all of the State Department's activities overseas, including the operation of 163 embassies, 64 consulates general, 13 consulates, 8 missions to international organizations, 2 branch offices, 1 liaison office, and 1 interests section.

#### STATE'S FUNCTIONAL BUREAUS

----- Chapter 1:1.2

The functional bureaus generally manage and coordinate specific issues and activities. The Bureau of Economic and Business Affairs, under the jurisdiction of the Under Secretary for Economic, Business, and Agricultural Affairs, is responsible for integrating U.S. economic interests with U.S. foreign policy in such areas as international energy, trade, and international civil aviation. In

addition, State economic officers support U.S. foreign policy initiatives, including devising, negotiating, and implementing strategies and agreements to advance U.S. goals such as Russia's transition to democracy and Bosnia's reconstruction. The Under Secretary also oversees the Office of the Coordinator for Business Affairs, which was created in 1993 to facilitate U.S. businesses' access to markets abroad.

The Under Secretary for International Security Affairs coordinates national security functions pursuant to over 20 provisions of law. The Under Secretary manages the Bureau of Political-Military Affairs, which provides guidance, coordinates policy formulation, and participates in all major negotiations involving the nonproliferation of weapons of mass destruction and missile technology, nuclear and conventional arms control, defense relations and security assistance, and export controls.

The Under Secretary for Global Affairs facilitates the implementation of U.S. foreign policy on 11 issues grouped under 4 bureaus: the Bureau of Democracy, Human Rights, and Labor; the Bureau of International Narcotics and Law Enforcement Affairs; the Bureau of Oceans and International Environmental and Scientific Affairs; and the Bureau of Population, Refugees, and Migration. Global Affairs administers over \$800 million for narcotics control, refugee, and other programs and prepares reports such as the annual human rights report to the Congress.

The Bureau of Consular Affairs administers and enforces immigration and nationality laws in issuing passports, visas, and related services and provides for the protection and welfare of American citizens and interests abroad. The Bureau also manages the Department's border security program through which State is attempting to improve visa and passport functions. In fiscal year 1995, Consular Affairs issued 5.7 million passports, processed 7.8 million nonimmigrant visas and 604,000 immigrant visas, and provided over 1.1 million special services.

The Under Secretary for Management directs all budgetary, support, and personnel policies of the Department. The Under Secretary's principal function is to reconcile resources, both fiscal and personnel, with policy requirements. This Under Secretary also coordinates the activities of other bureaus, including the bureaus of Consular Affairs, Personnel, Administration, and Finance and Management Policy.

#### FUNDING AND ALLOCATIONS

----- Chapter 1:2

The State Department was appropriated \$2.695 billion for fiscal year 1995 and \$2.671 billion for fiscal year 1996 for the administration of foreign affairs.\1

State spends nearly 92 percent of its funding for fixed costs: personnel, operating supplies, utilities, and essential contracts. The remaining 8 percent is for mission-essential travel, the replacement of worn-out equipment, and infrastructure projects.

Table 1.1 shows the allocation of State's fiscal year 1995 appropriations by major account category.

Table 1.1

Fiscal Year 1995 Net Budget Authority  
for Appropriations for the  
Administration of Foreign Affairs

(Dollars in millions)

| Account                                                       | Net budget authority |
|---------------------------------------------------------------|----------------------|
| Diplomatic and consular programs                              | \$1,757.7            |
| Salaries and expenses                                         | 367.4                |
| Capital Investment Fund                                       | 0.5                  |
| Office of the Inspector General                               | 23.8                 |
| Representation allowances                                     | 4.8                  |
| Protection of foreign missions and officials                  | 9.1                  |
| Security and maintenance of U.S. missions                     | 379.9                |
| Emergencies in the diplomatic and consular service            | 6.5                  |
| Repatriation loan program account: subsidy and administration | 0.8                  |
| Payment to the American Institute in Taiwan                   | 15.4                 |
| Payment to the Foreign Service retirement and disability fund | 129.3                |
| <b>Total</b>                                                  | <b>\$2,695.2</b>     |

Note: Table excludes permanent appropriations and additional budget authority for trust funds.

Source: State Department, Bureau of Finance and Management Policy.

Table 1.2 shows how these funds were actually spent, based on our analysis of State Department data. This analysis shows that overseas posts cost about \$1.9 billion (the combined funding for overseas foreign policy, overseas consular functions, overseas support provided by both geographic and management bureaus, and security and maintenance of U.S. missions). State support functions cost about \$1.8 billion (the combined costs of domestic support, overseas support provided by both geographic and management bureaus, and security and maintenance of U.S. missions). Support functions include, among others, information systems, housing, telecommunication, security, personnel, finance, training, and medical services.

Table 1.2

Fiscal Year 1995 Allotments

(Dollars in millions)

| Primary purpose of funding                      | Funds allotted |
|-------------------------------------------------|----------------|
| Domestic foreign policy                         | \$214.3        |
| Domestic consular functions                     | 90.0           |
| Overseas consular functions                     | 178.7          |
| Overseas foreign policy                         | 295.9          |
| Overseas support provided by geographic bureaus | 499.8          |
| Overseas support provided by management bureaus | 497.6          |
| Security and maintenance of U.S.                | 379.9          |

|                  |           |
|------------------|-----------|
| missions         |           |
| Domestic support | 385.9     |
| Other\           | 153.1     |
| =====            |           |
| Total            | \$2,695.2 |
| -----            |           |

\a Includes funding for the Office of the Inspector General and Foreign Service retirement and disability fund.

Source: GAO analysis based on data from the State Department, Bureau of Finance and Management Policy.

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\1 In addition to the amount appropriated for fiscal year 1995, State received net budget authority of \$595 million in permanent appropriations and trust funds for the administration of foreign affairs. State also received additional appropriations of \$2.1 billion for international organizations and commissions and related programs and \$857 million for refugee assistance, drug control programs, and other purposes. State's budget authority is provided by two appropriation acts: the Department of State and Related Agencies Appropriations Act and the Foreign Operations, Export Financing, and Related Programs Appropriations Act.

FUNDING PROSPECTS AND POTENTIAL  
IMPACT

----- Chapter 1:3

Because of inflation and cost increases overseas, we estimate that maintaining current functions and personnel would cost \$584 million more in 2000 than in 1995, a 22-percent increase. But, it is likely that the Department of State will face budget cutbacks over the next several years. If total discretionary spending is held to the levels envisioned in the congressional budget resolution for fiscal year 1997, spending will fall by almost 6 percent between 1995 and 2002. It will be difficult to exempt State from bearing a share of this planned reduction. Moreover, larger reductions in State's funding have been proposed by the Office of Management and Budget (OMB) and the Congress.

For fiscal year 1996, State's budget is \$2.671 billion for the administration of foreign affairs--\$87 million less than requested. In July 1995, OMB proposed reducing funding for the administration of foreign affairs to \$2.5 billion by 2000--a 7-percent decline from fiscal year 1995. When inflation is factored in, this represents a \$770-million reduction in State's purchasing power. Under the terms of the 7-year concurrent budget resolution passed by the Congress in June 1995, funding levels for the administration of foreign affairs could be even less than OMB projections. If the administration of foreign affairs were to take a proportional share of the proposed reductions for international affairs (the 150 budget function), State would receive \$1.4 billion less in fiscal year 2000 than the amount required to sustain current activity levels. This represents a greater than 44-percent reduction in real terms from fiscal year 1995 levels. This analysis assumes that the administration of foreign affairs would receive the same percentage reductions as the rest of the 150 function, which may not be the case.

To maintain the current--fiscal year 1995--level of services, we estimate that State would need \$584 million more in appropriations in fiscal year 2000 than it received in fiscal year 1995--a 22-percent

increase. We calculated this amount by applying a 4-percent annual inflation rate to the fiscal year 1995 funding.\2

Figure 1.2 illustrates the widening difference between the funding needed to sustain State's current level of services and funding provided under the OMB and congressional scenarios.

Figure 1.2: Future Funding  
Scenarios for the  
Administration of Foreign  
Affairs

(See figure in printed  
edition.)

Note: Current services projections represent the funding State would need to maintain the purchasing power of fiscal year 1995 funding. It assumes 4 percent inflation annually through fiscal year 2000. OMB guidance shows projected funding for the administration of foreign affairs based on the President's requests for fiscal years 1996 and 1997, and on OMB's July 1995 guidance to State for fiscal years 1998-2000. For the budget resolution projection we calculated the percentage reduction to the 150 budget function called for in the fiscal year 1996 concurrent budget resolution. We applied the same percentage reduction to the administration of foreign affairs spending.

The magnitude of the likely difference between available resources and the funding needed to maintain current operations dictates the need for a fundamental change in the management and structure of the foreign affairs apparatus. In the remainder of this report, we discuss State's own reform efforts and the importance of developing an effective strategy to guide fundamental change (ch. 2) and present various options to realize cost reductions--streamlining State functions (ch. 3), restructuring State's overseas presence (ch. 4), and reducing support costs (ch. 5).

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\2 State's budget has to absorb the overseas inflation rates, which generally exceed U.S. rates. According to State budget officials, a budget with no change from the prior year roughly translates into a 4-percent reduction in buying power because of these inflationary factors.

OBJECTIVES, SCOPE, AND  
METHODOLOGY

----- Chapter 1:4

In response to a request from the Chairman, House Committee on the Budget, we reviewed State's reform and cost-cutting initiatives and identified options that would enable State to adjust to reduced budgets. We did not make judgments on the relative value of State's functions and activities or the level of resources that are required.

In Washington, D.C., we interviewed officials and collected data in the bureaus responsible for political, economic and business, international security, global, consular, and support issues and functions. We also conducted work at agencies that perform related functions, including offices at the Departments of Agriculture, Commerce, Defense, Justice, Labor, Transportation, the Treasury, and other agencies, including the U.S. Agency for International Development (USAID), the U.S. Information Agency, the Arms Control and Disarmament Agency (ACDA),

the Peace Corps, the Environmental Protection Agency, the U.S. Export-Import Bank, and the Office of the U.S. Trade Representative (USTR). Although our work describes State's relationships with these agencies, we did not evaluate State's effectiveness relative to these agencies. In addition, we met with various individuals in the private sector, including representatives from the U.S. Chamber of Commerce, the Executive Council on Foreign Diplomacy, the Kenan Institute of Private Enterprise, and the National League of Cities.

We interviewed management officials and conducted work at offices and private firms undergoing reforms and providing support. We also visited Canada to discuss its overseas diplomatic practices and cost concerns.

To understand the work of the State Department overseas, we visited posts in six countries: Belarus, Brazil, Malaysia, The Netherlands, Paraguay, and Senegal. These posts were selected based on their varying missions, sizes, and geographical locations. We interviewed officials and reviewed the work of each section to identify primary activities, focusing on the months of September and October 1995, and discussed management and funding issues with post managers.

We obtained formal comments on the draft of this report from the State Department. They are discussed at the end of chapters 2, 3, 4, and 5, and are presented in their entirety in appendix II, along with our evaluation. To verify data, we provided a copy of a draft of this report to the Departments of Agriculture, Commerce, Labor, the Treasury, and Transportation; the Environmental Protection Agency; USAID; ACDA; and USTR. We have incorporated their comments and suggested revisions to the text where appropriate.

We did our review between June 1995 and June 1996 in accordance with generally accepted government auditing standards.

#### STATE IS NOT PREPARED TO COPE WITH PROPOSED REDUCTIONS

===== Chapter 2

The Department of State has not developed a comprehensive strategy to restructure its operations to adjust to potential funding reductions. State officials have not fully accepted that State may have to substantially reduce its costs. It notes that the President's request for fiscal year 1997 would require some modest downsizing, but not to the level required by other proposed funding levels. Believing that substantial funding reductions would severely jeopardize its ability to conduct foreign policy and achieve U.S. goals, State has decided not to plan how it would accommodate proposed budget reductions.

State's various reform initiatives over the past 3 years--including the 1994 Strategic Management Initiative and responses to National Performance Review recommendations--have not resulted in overall plans to implement the substantial changes that may be necessary. State's reform initiatives ultimately focused on short-term, narrowly focused actions that have had little impact on the structure of the foreign affairs apparatus and did not achieve significant cost reductions. Adjusting to proposed budget reductions will require more substantial changes than those that have occurred to date. Our assessments of other government and private sector organizations show that planning is essential for effective downsizing and restructuring. Without such a strategy, State's ability to effectively carry out its broad mission of promoting and protecting U.S. interests overseas will be jeopardized in light of the severe budget gap it is facing.

STATE HAS MADE LIMITED PROGRESS  
IN STREAMLINING ITS  
ORGANIZATION

----- Chapter 2:1

According to State, since 1993 it has cut the number of deputy assistant secretaries by 25 percent; reduced the general workforce by 2,200 positions--an 8.5-percent reduction; will have closed 14 small overseas posts during fiscal year 1996; reduced the cost of security programs by 15 percent by applying risk management principles; and reduced travel, contracts, and equipment expenses. These actions accommodated the flat budgets between 1993 and 1995 and responded to a 1993 presidential memorandum to reduce positions by 12 percent between fiscal year 1994 and 1999. These actions, though positive, are not sufficient to enable State to cope with proposed reduced funding. Moreover, State has been unwilling or unable to make major changes suggested under its Strategic Management Initiative and the National Performance Review--changes that would result in a more efficient operation.

EXPECTATIONS OF 1994  
STRATEGIC MANAGEMENT  
INITIATIVE NOT MET

----- Chapter 2:1.1

The Secretary of State established the Strategic Management Initiative in 1994 to set the Department's future course and eliminate unnecessary or marginal functions and internal duplication. He tasked the Department with formulating and implementing a plan of action to focus the organization around its core mission. The Secretary asked his staff to consider restructuring the Department to carry out its mission with a substantial reduction in resources, and he recognized that, to do so, a comprehensive review of functions was needed. In January 1995, State announced that the initiative would highlight the highest priority functions and products and identify low priority, redundant, duplicative, and less valued work, which would be discontinued. The Secretary told State employees that "we must remake ourselves from the bottom up" and that State faces "a painful process culminating in hard choices." This initiative represented a major change for State, which in the past tended to implement across-the-board budget reductions when necessary rather than deciding what was more or less important.

The initiative's first phase resulted in a series of reports analyzing issues related to workload reduction, constituents' views on State's products and services, eminent Americans' views on State's future role, reengineering of the Foreign Service transfer process, communications, and the best practices of organizations that have restructured. The teams provided these reports, along with recommendations for change, to the Secretary in January and early February 1995.

According to the initiative's coordinator, the Secretary decided in February 1995 that it was not a good time to propose fundamental changes to State's mission, organizational structure, and processes and that the initiative should focus on recommendations that would not involve major changes to operations. The Secretary was concerned that proposed legislation to consolidate foreign affairs agencies could severely affect the organization.

Under the second phase, the emphasis of the initiative has been to achieve operating efficiencies. The Secretary also made improving

the quality of life for State personnel a priority. The Secretary stipulated that any recommendations could not change the basic structure of the Department and must be implemented in a short period of time. In March and April 1995, seven teams developed 300 recommendations based on the assumption that State's operating budget would not change.

Forty-five recommendations were presented to the Secretary; in May 1995, he approved 33. As of February 1996, State had implemented or was implementing 30 of the 33 recommendations, including streamlining processing for arms sales and export licensing requests, simplifying the Department's travel order and vouchering system, and reducing the number of required reports from overseas posts. The 15 recommendations that had not been implemented include closing some diplomatic security resident agent offices, establishing an overseas staffing board, using an interagency advisory board to strengthen overseas staffing controls, and setting priorities for intelligence gathering and reporting. If these recommendations were implemented, costs could be significantly reduced.

In April 1995, the initiative's team leaders initially identified \$61 million in potential domestic cost reductions, an additional \$35 million in out-year cost reductions, and \$17 million in annual cost reductions from the closure of overseas posts. Furthermore, they estimated that by terminating some support functions, \$33 million of the Management Bureau's domestic support funds could be reallocated to other needs. (Actions that State is considering to streamline support functions are discussed in ch. 5.) Although the Department did not attempt to track the actual cost reductions achieved, the initiative coordinator told us in October 1995 that few of the approved recommendations will reduce costs. Furthermore, he indicated that cost reduction had not been a primary goal of the Strategic Management Initiative, and therefore the Department had not established cost reduction targets.

State's reports show that Strategic Management Initiative efforts have resulted in the elimination of as many as 130 positions. (We were unable to verify reductions in positions claimed in State's reports.) Beyond the cost reductions from eliminating those positions, State estimated that it would reduce costs by about \$2.5 million in fiscal year 1996 and about \$9.3 million annually thereafter by closing 13 overseas posts. However, a major cost at these posts--salaries for U.S. staff--is not included in the estimates because the positions would be moved to other locations, not eliminated. State has taken the position that elimination of these posts is part of State's overall plan to reduce staff. However, the above State Department cost reduction estimates do not reflect cost reductions from staff cuts.

The initiative's primary goals (1) to highlight priority functions and products and (2) to identify and stop low-priority, redundant work have, for the most part, not been realized. To date, no comprehensive review of State's functions and processes has been conducted. Although State has made some minor reductions in duplication among State offices and in the number of its reports, no functions have been eliminated.

POTENTIAL COST REDUCTIONS  
NOT REALIZED FROM THE  
NATIONAL PERFORMANCE  
REVIEW'S RECOMMENDED ACTIONS

----- Chapter 2:1.2

The National Performance Review, established in March 1993 to make

government work better and cost less, recommended in September 1993 that State implement 14 action items to reduce costs by (1) cutting operating costs at overseas posts, (2) improving collection of receivables, (3) relocating regional administrative management centers, and (4) expanding management authority of chiefs of mission (generally ambassadors). The National Performance Review estimated that implementing these actions could yield about \$68 million in cost reductions between fiscal year 1994 and 1999.

As of January 1996, State had partially implemented only 2 of the 14 action items. State deactivated Marine security guard detachments at a net total of 11 overseas posts where classified operations did not warrant 24-hour cleared American presence. This will achieve an estimated annual cost reduction of \$1.2 million. State also established an accounting and debt collection procedure for all overseas medical expenses. State estimated that this action resulted in collections of over \$1 million in fiscal year 1994.

The remaining 12 action items are either under study, require legislation for implementation, or are not yet completed. To cut support costs, State was relocating a regional administrative management center from Mexico City to Charleston, South Carolina, and has discussed relocating functions handled by centers in Bangkok, Thailand and Paris, France to reduce annual costs by as much as \$3.5 million 5 years after completing the moves. State does not have a plan for implementing these relocations.

PRIVATE AND PUBLIC EXPERIENCES  
SHOW PLANNING IS ESSENTIAL TO  
DOWNSIZING

----- Chapter 2:2

The experiences of private and public sector organizations show that planning is essential for effective downsizing and restructuring.\1 For example, our reports on previous reviews show that (1) downsizing needs to be based on a clear determination of an organization's mission and resource requirements and (2) personnel reductions need to be taken with a view toward retaining a viable workforce. Without identifying core missions, functions, and processes, organizations acknowledged that they had cut needed employees, suffered skill imbalances, and were often forced to rehire or replace employees who had been separated. At one company we reviewed, officials said that early cuts were not sufficiently tied to a larger strategy and only exacerbated the company's problems because work did not go away simply because staff positions were cut. Eventually, this company analyzed the value of each functional area in the organization.

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\1 Federal Downsizing: Observations on Agencies' Implementation of the Buyout Authority (GAO/T-GGD-95-164, May 17, 1995); Workforce Reductions: Downsizing Strategies Used in Selected Organizations (GAO/GGD-95-54, Mar. 13, 1995); and Federal Downsizing: The Administration's Management of Workforce Reductions (GAO/T-GGD-95-108, Mar. 2, 1995).

CONCLUSIONS

----- Chapter 2:3

Although State's precise funding for the administration of foreign affairs has not been agreed upon, bipartisan efforts to balance the budget and downsize the government make it likely that State will receive less resources for the foreseeable future. To successfully

cope with the challenge of directing U.S. foreign policy in the post-Cold War era during a period of declining real resources, State must be prepared to clearly articulate its key missions, identify the core functions linked to those missions, prioritize those activities that directly support missions and functions, and link potential resource levels to these activities. Only then can the merits of various options for achieving significant cost reductions be effectively weighed, the need for administrative or legislative changes necessary to implement those options be identified, and difficult choices be made.

#### RECOMMENDATION

----- Chapter 2:4

We are not taking a position on the level of resources needed by the State Department for the administration of foreign affairs. However, given the likely decline in discretionary spending throughout the federal government and the various proposals for reductions in State's budget, State needs to plan for how it can become a smaller, more efficient, and less expensive organization.

We recommend that the Secretary of State develop a downsizing strategy that (1) identifies critical and noncritical functions and their costs; (2) specifies the changes that would be necessary to adjust to potential funding levels; and (3) identifies what legislative actions or modifications to interagency agreements, if any, would be required to implement the changes. At a minimum, State should have a strategy that is based on out-year funding guidance from OMB. (Such a strategy would allow for consideration of other funding proposals and could be adjusted to accommodate actual appropriation amounts.)

#### AGENCY COMMENTS AND OUR EVALUATION

----- Chapter 2:5

In commenting on a draft of this report, State disagreed with our conclusions and recommendation regarding the need to develop a strategy for adjusting to potential budget reductions. State also commented that the report did not fully recognize some of the positive actions State has taken to streamline its operations. For example, State said that its Overseas Staffing Board met in June 1996 to begin implementation of an overseas staffing model. State also indicated that it had progressed in setting priorities for intelligence gathering and reporting by expanding State's representation on the intelligence community and interagency boards. State agreed that strategic planning for downsizing is important, and believed that it had planned for what it described as "future reasonable budget cuts." But, State stressed that it does not accept and will not plan for proposed funding reductions that could approach 44 percent. It believes reductions of this magnitude would pose unacceptable risks and cause irreparable damage to America's national interests.

Given the funding situation, we believe that State needs to seriously consider actions for adjusting to the potential funding scenarios. Furthermore, we believe that developing a downsizing strategy would enable State to focus available resources on its most critical functions and activities. Absent a downsizing strategy based on a comprehensive review of its functions and processes, the Department cannot demonstrate clearly how funding reductions will hamper U.S. interests or be in a position to protect critical functions.

## OPPORTUNITIES FOR STREAMLINING FUNCTIONS

===== Chapter 3

Reducing or eliminating State's role in some foreign policy and consular functions could lead to cost reductions at headquarters and overseas posts, where State has a broad mandate to represent and protect U.S. interests and provide services to a wide range of customers, including the Congress, other U.S. agencies, the private sector, and the American public. Over \$500 million of the budget is specifically focused on implementing foreign policy, and about \$270 million is devoted to consular functions. Options for State to consider include (1) reassessing the extent of its involvement in functions where State shares substantial, overlapping responsibility with other agencies and (2) cutting back on some specific activities and recouping the costs of some products and services. State needs to face the challenge of identifying its core functions and their costs and making choices about the level of resource investments that are both appropriate and affordable to sustain those functions.

### STATE HAS A VARYING ROLE IN DIVERSE FUNCTIONS

----- Chapter 3:1

More so than ever, many government issues, policies, and activities have an international dimension, and State has taken a role in most cases. In consultation with other government agencies, the State Department develops, coordinates, and implements U.S. foreign policy and activities. State's various functional offices and bureaus focus on key foreign policy objectives and programs that over time have evolved to cover a wide range of issues. The Department evolved as a bulwark against the threat of communism, and U.S. foreign policy was directed toward its containment. With the end of the Cold War, State has increased its role in some areas. For instance, with the consent of the Congress, State created a new Under Secretary for Global Affairs to direct efforts toward promoting human rights and workers' rights, supporting emerging democracies, protecting and improving the global environment, controlling population growth, assisting migration and refugees, and controlling international narcotics and crime. Some of these issues were peripheral during the Cold War.

To adjust to reduced budgets, State must scrutinize its functions and reassess its involvement in those functions. State also must consider reducing some of its activities wherever feasible and recouping costs of the wide array of products and services it provides to numerous customers.

### OPTION: REASSESS INVOLVEMENT IN CERTAIN FUNCTIONS

----- Chapter 3:2

State's functional bureaus share responsibility with multiple U.S. agencies on various overlapping policy issues. We identified nearly 30 agencies and offices involved in trade policy and export promotion, about 35 engaged in global programs, and over 20 involved in international security functions. These agencies look to State for overall foreign policy guidance, and State often relies on them for program funds and technical expertise. According to agency officials, the value State adds to these functions is its language expertise and negotiating skills as well as its knowledge of foreign governments, access to and contacts with host government officials, and understanding of the foreign political and economic environment.

In the sections that follow, we describe selected State functions. The extent of State's involvement in these functions varies from one of a supporting role to that of a lead player. The involvement of many agencies in similar or related functions does not mean the agencies unnecessarily duplicate activities, but it does suggest the potential for consolidation or transfer of some of State's duties. However, choosing which areas to cut is complicated because State's functions and activities can be broadly linked to foreign policy objectives, functions are specifically required by statute, or interagency processes require State's participation. Furthermore, decisions about resource trade-offs are difficult because State's financial management system does not provide accurate cost data to show the amount State spends by function or activity or the level of resources applied to specific policy objectives.

## TRADE AND ECONOMIC ISSUES

----- Chapter 3:2.1

In the area of international trade, the U.S. government formulates, coordinates, and implements U.S. economic and trade policy. State helps U.S. government efforts to (1) negotiate international treaties and trade agreements; (2) enforce U.S. trade laws; (3) promote U.S. exports; and (4) collect, analyze, and report information on economic issues. While USTR and the Department of Commerce are at the center of federal trade activity, the Departments of State, the Treasury, Agriculture, and Labor are also involved in trade policy. Overall about 20 other U.S. agencies and offices have varying responsibilities under trade and economic policy. USTR shepherds the formulation of U.S. trade policy through an interagency process, and the Secretary of Commerce chairs the Trade Promotion Coordinating Committee, an interagency group that is required by statute to develop a governmentwide strategy for rationalizing the federal government's export programs.\1

In some cases, agencies' responsibilities overlap in the area of international trade and economic policy functions. For example, although USTR plays a lead role in developing and coordinating international trade policy, investigating some alleged unfair trade practices, and enforcing trade agreements, it relies on an interagency trade policy group to assist with these responsibilities. State participates actively in this group, sometimes as a lead player, and USTR relies on State to lead some negotiations and to execute policy. State economic officers at overseas posts obtain information from and convey U.S. positions to foreign governments. In fiscal year 1995, USTR had a staff of 163 employees and a budget of about \$21.4 million.

The Department of Commerce's U.S. and Foreign Commercial Service and the Department of Agriculture's Foreign Agricultural Service promote exports. The Commercial Service has 824 staff, including 213 foreign commercial officers at 133 overseas offices in 69 countries, and a fiscal year 1995 budget of \$96.1 million. With these resources, it helps individual U.S. companies take advantage of specific export opportunities by providing foreign market research, trade finance-related information, and trade facilitation services. The Foreign Agricultural Service promotes exports of U.S. food and agricultural products and administers programs to enhance the competitiveness of U.S. agricultural exporters. As of September 1995, the Foreign Agricultural Service had 1,097 staff, including 265 at 75 overseas locations, and a fiscal year 1995 budget authority of \$118 million.

The role of State economic officers is to (1) persuade foreign

governments to open markets for U.S. companies by seeking lower tariffs and eliminating nontariff barriers; (2) seek to improve protection for intellectual property rights; (3) monitor implementation of trade agreements; and (4) participate in negotiations of economic agreements--a role it shares with USTR and the Departments of Commerce, the Treasury, and Agriculture. In over 100 smaller countries with limited markets, and where the U.S. and Foreign Commercial Service and the Foreign Agricultural Service are not represented, State economic officers provide commercial assistance to U.S. businesses and perform their traditional economic duties. They identify export opportunities, provide businesses with contacts and advice on host country business practices and economic conditions, and sponsor trade events.

U.S. state governments and many city governments also promote trade abroad. Some have offices overseas, and the U.S. Chamber of Commerce has over 70 affiliated chambers in 65 countries. While these entities supplement the U.S. government's export promotion efforts, they are not generally viewed as a substitute for continued U.S. government involvement in this area. Officials we interviewed emphasized that nonfederal entities cannot officially represent the U.S. government, nor can they provide market intelligence worldwide because collecting such information would be cost prohibitive. Thus, the State Department plays a critical role in comprehensively representing U.S. interests around the world and can, if necessary, challenge foreign governments' unfair or unethical practices to level the odds for U.S. businesses.

On transportation, international telecommunications, and international energy issues, State officials cite statutes and executive orders as the basis for State's involvement. Other agencies generally provide the technical expertise, while State handles key negotiations and integrates agencies' actions with overall U.S. foreign policy. For example, State and the Department of Transportation are engaged in activities important to U.S. economic policy, including those of the Office of International Aviation within the Office of the Secretary and the U.S. Maritime Administration.\2

In fiscal year 1995, the International Aviation had about 40 positions and a budget of \$3.3 million, while the Maritime Administration devoted about 7 positions and \$612,100 of its budget to international activities. For International Aviation, Transportation and State share responsibilities for formulating, coordinating, and executing the U.S. international aviation policy. These responsibilities include negotiating and overseeing 107 bilateral air transport agreements that establish air service rights.\3 In addition, some countries' carriers serve the United States on the basis of comity and reciprocity without any written agreement. Transportation provides technical expertise and does the substantive work in negotiating agreements, and State chairs aviation negotiations. On international shipping policy, however, the U.S. Maritime Administration takes the lead and chairs U.S. delegations, negotiating with the five countries that have bilateral maritime agreements with the United States. State is an active participant in these negotiations and is consulted on matters affecting U.S. foreign relations and economic interests. To carry out its transportation responsibilities, the Bureau of Economic and Business Affairs has 7 officers involved in negotiating aviation agreements and 14 officers working on transportation policy, including maritime negotiations.

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\1 We have issued several reports regarding coordination and reorganization of governmentwide international trade functions, including Government Reorganization: Observations About Creating a U.S. Trade Administration (GAO/T-GGD-95-234, Sept. 6, 1995), Commerce's Trade Functions (GAO/GGD-95-195R, June 26, 1995), Government Reorganization: Issues Relating to International Trade Responsibilities (GAO/T-GGD-95-218, July 25, 1995), and International Trade: Coordination of U.S. Export Promotion Activities in Pacific Rim Countries (GAO/GGD- 94-192, Aug. 29, 1994).

\2 Other Transportation offices that work with State on international activities are (1) the Federal Aviation Administration, which has 365 positions, including 179 overseas, and a budget of \$42.3 million; (2) the Office of International Transportation and Trade, with 22 positions and a budget of \$1.6 million; (3) the Office of the General Counsel, which has 10 positions and a budget of \$1 million for its work on international law; and (4) the U.S. Coast Guard, whose 16-member international affairs staff have a budget of \$929,630.

\3 The United States has negotiated 72 air transport agreements that are currently in force. In addition, 35 countries that were former colonies of other nations have in force the provisions of the preindependence bilateral agreement between the United States and the previous governing power.

#### INTERNATIONAL SECURITY ISSUES

----- Chapter 3:2.2

In the area of international security affairs, State focuses on arms control, the nonproliferation of weapons of mass destruction, export controls, and regional security. In some cases, State shares its expertise on certain issues, while other agencies complement State's contribution. In other cases, the uniqueness of each agency's contribution is unclear. For example, one area of overlap is in the review of export license applications. State's Office of Defense Trade Controls, under the Political- Military Bureau, works in partnership with the Defense Department on license applications for arms exports. The Office also confers with the Commerce Department on license applications for exports of sensitive dual-use items and with the Department of Energy for exports of nuclear-related material. Both State and ACDA are involved in dual-use and arms export issues. In some instances, multiple agencies review the same applications to provide their perspectives and expertise.

In the area of arms control, studies issued by the Office of Inspector General for ACDA, the Office of Inspector General for State, and the National Security Council suggest that duplication between State and other agencies could be eliminated. In August 1995, the Office of Inspector General for ACDA (which also serves as the Office of Inspector General for the Department of State) reported that duplication between ACDA and State's Political- Military Bureau "promotes inefficient use of resources by both organizations and accentuates turf consciousness, dissipating energies and damaging morale." \4 Without specifying where duplication exists, the report recommended that ACDA, with State, reassess the division of labor and make more extensive use of teams to accomplish tasks of mutual interest.

A State official acknowledged that the Political-Military Bureau's Office of Strategic Policy and Negotiations and ACDA probably have some duplication or overlap in functions on which ACDA is the lead agency. He said, however, that duplication of this type does not mean that both organizations are doing the same work. Rather,

State's office represents the Department's interests and articulates State's positions on delegations or interagency groups. Furthermore, the official said such duplication was necessary because each agency has different goals, perspectives, and agendas. The official added that without State's involvement, needed political and diplomatic input would be lost, and overall policy and diplomacy efforts could become imbalanced. State noted that it is seeking to identify and reduce unnecessary duplication between State and ACDA in order to reduce costs while maintaining a productive overlap.

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\4 Report of Inspection, The U.S. Arms Control and Disarmament Agency (ACDA-ISP/I-95-44, Aug. 1995).

#### GLOBAL ISSUES

#### ----- Chapter 3:2.3

Although State represents U.S. interests and formulates policy on global issues, USAID plays a key role in implementing programs concerning democratization (\$432 million), population (\$568 million), and the environment (\$799 million), spending a total of about \$1.8 billion in fiscal year 1995. USAID works with State to develop conference agendas and provides technical expertise, but State leads delegations to international conferences and negotiates treaties on these issues.

On environmental issues, State often relies on the Environmental Protection Agency for policy and technical expertise. However, State plays a key role in representing U.S. interests in international organizations' activities relating to environment, science and technology, and health issues. In addition, State clears bilateral agreements negotiated by the Environmental Protection Agency. In fiscal year 1995, the Agency devoted about 160 work years, including 15 staff in overseas assignments, and a budget of \$44 million to its international activities. These activities included protecting U.S. citizens and natural resources from transboundary and global environmental threats, leading U.S. government efforts to implement the Western Hemisphere Summit Program on Partnership for Pollution Prevention. The Environmental Protection Agency also works with other agencies and the private sector to match pressing environmental problems overseas with U.S. suppliers of environmental technologies.

Labor and workers' rights issues are addressed within State's bureaus of Democracy, Human Rights, and Labor; Economic and Business Affairs; Population, Refugees, and Migration; and International Organizations. In addition, State's Office of International Labor Affairs, which has a headquarters budget of \$381,000, maintains about 45 attach,s overseas to gather detailed information on workers' rights outside the United States and prepare congressionally required reports on workers' rights. Moreover, the Department of Labor, which is the lead agency for formulating international economic, trade, and immigration policies affecting U.S. workers, has a fiscal year 1995 budget of \$12.2 million and about 90 staff to deal with its international responsibilities. It participates in interagency committees and international conferences and meetings and serves as the lead U.S. representative in multilateral forums on labor.

By eliminating the positions of 6 headquarters staff and the 45 labor attach,s overseas, State could reduce costs by about \$7.4 million annually. According to several officials at overseas posts, labor issues could be adequately covered by political and/or economic officers. In addition, several State bureaus monitor labor issues. State has proposed abolishing or lowering the rank of some labor

attach, positions in the past but has encountered resistance from the Department of Labor and organized labor.

OPTION: CUT ACTIVITIES AND  
RECOUP COSTS

----- Chapter 3:3

Faced with a reduced budget environment, State must make choices about which areas to cut while considering the interrelationships among State's bureaus and offices and between State and other agencies. State may find it difficult to decide where it can transfer, eliminate, or deemphasize its role, yet maintain priority functions and activities. Nevertheless, in our opinion, State can cut some of its expenses by eliminating or reducing the Department's involvement in some areas. Furthermore, State can also consider alternative ways to recover the costs of the wide array of the products and services it provides to its customers.

OPTIONS FOR REDUCING  
REPORTING REQUIREMENTS

----- Chapter 3:3.1

Reduced budgets will likely compel State to reassess its workload requirements to match its resources. One key area is that of reporting. State is a principal provider of information used by the U.S. government in foreign policy formulation. It reports on key developments, including analyses of the politics, economic trends, and social forces at work in foreign countries, to some 60 federal agencies dealing with national security, intelligence, economic and commercial matters, science and technology, and other issues. While some of the reports could be eliminated or curtailed, it is not clear which are the best candidates because their cost and relative value to the users are unknown.

In fiscal year 1996, State is required to produce over 130 congressionally mandated reports.\5 These reports require input from numerous posts worldwide and the use of considerable resources at headquarters and at overseas posts. Streamlining some of these reporting requirements not only could significantly reduce resource requirements at State but also could reduce demands on other agencies that must review some of these reports.

The Bureau of Economic and Business Affairs, which recently eliminated over 40 reports affecting up to 110 posts, believes that the requirement to produce country reports on economic policy and trade practices should be eliminated. These reports, required by the Omnibus Trade and Competitiveness Act of 1988, consume the equivalent of 5 staff years at headquarters and 100 posts at an annual cost of at least \$500,000. Several officials suggested that State seek legislative relief from this requirement, since the reports' information is available through other sources.

Other reporting requirements that consume substantial resources are the annual country reports on human rights practices and the annual report on science, technology, and American diplomacy. Geographic bureau and post officials reported that they spent large blocks of time producing these reports. For the human rights reports, the time required to prepare an annual report varies from country to country. One overseas official, who said he spends 40 to 50 percent of his time covering human rights issues, estimated that drafting a country summary for the human rights report takes at least 4 weeks. The concern here is that State expends resources on these reports even in countries where human rights issues are not significant. In addition

to the 194 overseas posts that contribute to the report, State has indicated that one employee spends roughly 6 months working on the reports, and seven work on the reports full time for 4 months. About 12 more employees review reports within their regional areas of responsibility in the course of their regular workday. According to one State official, if faced with substantial budget reductions, State may have to limit reporting on those countries where human rights abuses are least prevalent.

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\\5 These reports are required periodically--that is, monthly, quarterly, semiannually, annually, or as specified. About 40 additional reports are required intermittently, as actions warrant.

#### OPTIONS FOR REDUCING OVERLAP WITHIN STATE

----- Chapter 3:3.2

Lessening overlap within State's offices could reduce costs. For most functions and activities, several offices and bureaus within State headquarters and overseas posts are involved. In February 1995, State completed a preliminary functional study of domestic positions, focusing on potential areas of overlap and duplication. Although the study did not offer definitive answers or management options, it provided some clear examples of potential duplication of functions for further research. For example, 24 political- military positions are in bureaus other than the Bureau of Political-Military Affairs, 59 economist positions are in bureaus other than the Bureau of Economic and Business Affairs, and 9 science positions are outside the Bureau of Oceans and International Environmental and Scientific Affairs. Moreover, the study indicated that there is potential overlap between the Bureau of Intelligence and Research and regional and functional bureaus throughout the Department.

Furthermore, geographic bureaus are organized to overlap with many foreign policy and support functions. In a way, they operate as six micro-State departments, basically administering U.S. foreign policy in different regions of the world. Within each of the six bureaus is an Office of the Executive Director with financial management, personnel, and other support positions; a political and economic section or a combined political-economic section with regional responsibilities; and country desks that serve as the liaison between State headquarters offices and overseas posts.

#### OPTIONS FOR RECOVERING COSTS OF SOME SERVICES

----- Chapter 3:3.3

State could recover some costs by charging for selected services and products. Charging for such services would force the customer to reassess the relative value of the service. State currently makes only limited efforts to routinely compile data on the cost of its reports and services. Agencies we contacted generally valued the reports and services that State provided, but since costs are unknown, organizations have difficulty making cost-benefit decisions.

State has historically charged for consular services but not for its factual and analytical reports, business assistance services, and assistance to overseas visitors. For example, the economic/commercial section of Embassy Asuncion, Paraguay, handled about 30 interagency requests between September and October of 1995, including requests from USTR; the Federal Aviation Administration; the U.S.

Trade and Development Agency; and the Departments of Commerce, the Treasury, and Energy--none of which has representatives in Paraguay. The Consulate General in Sao Paulo, Brazil, supported at least 14 high-level visits in 1995, including one congressional delegation; the Secretary of Commerce and the Secretary of the Treasury; the governors of Wisconsin and Nebraska; the mayor of Orlando, Florida; the Director-General of the U.S. and Foreign Commercial Service; and U.S. Export-Import Bank officials. State is not compensated for staff time and some other expenses associated with these services.

Unlike other areas in the Department, State's goal in Consular Affairs is to recover the total cost of selected services. For example, based on a 1991 cost study that showed the average cost of a passport was about \$60, State now charges \$65 to issue a passport. In fiscal year 1995, State collected \$552 million in consular fees--funds that reverted back to the Treasury. Since 1994, State has been authorized to retain the surcharge collected for machine-readable visas, expedited passport fees, and certain processing fees. For fiscal years 1994 and 1995, State was allowed to keep up to \$107.5 million--funds that the Bureau of Consular Affairs indicated it is using to finance improvements to some of its passport and visa programs. Consular Affairs is considering raising fees and charging for services that are currently free and may seek legislative authority to retain more fees to finance its activities. It may also seek legislative authority to make permanent the Department's retention of machine-readable visa fees.

In March 1996, State issued instructions to overseas posts to collect fees for some commercial services. Under a newly authorized program, State will collect fees for commercial services at posts where the Commercial Service is not represented. The potential annual revenues, estimated to be as much as \$3,000 per post, will be reinvested to support business assistance activities.

In September 1995, State's Inspector General recommended that the Bureau of Political-Military Affairs consider expanding manufacturer and exporter registration and licensing fees to improve State's arms export and compliance activities. Under its annual appropriation act, State may retain a stated amount annually, funds that the Bureau has used for information systems to modernize the Bureau's operations. In fiscal year 1995 State retained \$700,000. In comparison, officials from the Nuclear Regulatory Commission, which also charges arms manufacturers and exporters registration and licensing fees, said that the Commission's licensing process is self-financing from fees that range from \$100 to \$7,000 per license.

While State currently has authority to collect and retain fees for a number of the products and services it provides, it should determine whether there other areas in which it could benefit from additional cost-recoupment authority.

POTENTIAL IMPACT OF CUTTING  
BACK ON STATE'S ROLE IN CERTAIN  
FUNCTIONS

----- Chapter 3:4

The cost-cutting decisions that State may make could adversely affect other agencies. For example, because USTR has only one overseas office in Geneva, Switzerland, it relies on State for field support in developing and enforcing trade agreements. In a similar vein, the U.S. Export-Import Bank, which has no offices overseas, also relies on State for support in analyzing the credit risks of countries and negotiating and enforcing the terms of foreign loans. Moreover, State and agency officials emphasized that if other agencies, such as

the Department of the Treasury and the Federal Aviation Administration, downsize their presence overseas due to reduced budgets governmentwide, they are likely to rely on State even more for field support of international activities.

Other agencies also rely on State for support from the international conferences and contingencies account, which funds the U.S. government's participation in about 700 international conferences. Although the State Department coordinates overall U.S. participation, other agencies, such as the Departments of Labor and Transportation and USTR, provide technical expertise and lead delegations where appropriate. When the Congress reduced the account from \$6 million in fiscal year 1995 to \$3 million in fiscal year 1996 (\$2 million for conferences), the State Department told other agencies that it could no longer fund non-State participants. According to agency officials, State's decision forced agencies to limit or cancel their participation in some conferences, even though in some instances the other agencies, not State, lead the U.S. delegation. To help them plan for anticipated cuts in State support and services, agency officials urged the Department to coordinate its plans with other agencies in advance to allow those affected by State's decisions sufficient time to make alternate arrangements.

Another example of the impact of State cutbacks on other agencies is in the assignment of detailees. State assigns detailees to agencies such as USTR, the National Security Council, and the Department of Defense as well as to congressional offices. Similarly, other agencies, like USAID, assign detailees to the State Department. As State and other agencies face reduced budgets, they may have to consider the costs and benefits of detailing staff to outside assignments. Although State has no immediate plans to eliminate or seek reimbursements for all detailees, the Department recently formed a committee to review the policy. State currently has 136 employees detailed to other agencies. USTR has about 40 detailees from other agencies, 10 of whom are from the State Department, to augment its 163-member staff. Officials there expressed concern that State would first try to reduce costs by eliminating the detailees it provides cost-free. USTR officials told us that, considering their limited budget and staff, such an action would adversely affect their operations.

## CONCLUSIONS

----- Chapter 3:5

Given the potential that State's budget will decline, the Department must scrutinize its diverse functions to determine which are critical, decide on appropriate levels of resource investments, and identify areas that could be streamlined. Offices within State share responsibility with multiple U.S. agencies for various overlapping policy issues, which may suggest the potential for consolidating or transferring some of State's duties. Other agencies may be able to assume greater responsibility in some areas. On the other hand, budget considerations may increase other agencies' reliance on State for support of their international activities. Therefore, in making these streamlining and management decisions, State will need to consider how cost-cutting decisions within the Department may adversely affect other agencies.

State also must reassess its involvement in certain functions and activities. This may include seeking legislative relief from certain congressionally mandated reports or authorization to downgrade the level of certain services. State also needs to consider recouping the costs of products and services it provides to numerous customers. This will require State to maintain cost information (which it does

not currently have) in order to weigh the costs and benefits of its products and services and prioritize requirements. More importantly, the availability of cost information could help State identify which functions and activities are most essential and which areas can be eliminated, reduced, or deemphasized should reduced budgets compel such action.

#### AGENCY COMMENTS AND OUR EVALUATION

----- Chapter 3:6

In commenting on a draft of this report, State said that this chapter accurately describes State's foreign affairs activities and the large number of other organizations involved. State made a number of technical suggestions, some of which we incorporated in the report.

Regarding our discussion of the human rights reports, State indicated that the Department had taken steps to streamline the report preparation process (such as eliminating unnecessary redrafting and providing updates only, rather than full reports). The Department of Labor expressed its concern regarding streamlining these reports, noting that continuity in coverage is important to the analysis of human rights issues. State also said that it had taken steps to streamline its labor function, which State believes remains important to U.S foreign policy interests. The Department of Labor also objected to eliminating labor attach, positions and asserted that neither political nor economic officers can effectively perform the labor function.

We did not recommend that specific functions or activities be curtailed or eliminated. Rather, we identified a number of options that, if implemented, would help enable State to adjust to potential budget reductions. In a period of limited resources, State may have to scrutinize its functions and reassess its involvement in all areas, including human rights reporting and labor functions.

#### OPTIONS FOR REDUCING OVERSEAS PRESENCE

===== Chapter 4

Overseas posts consume almost 70 percent of State's budget. Thus, a fundamental rethinking and restructuring of the U.S. overseas presence offers the greatest potential to achieve substantial budget reductions. State officials believe that certain proposed funding levels could force them to close 50 to 100 of its 252 overseas posts. The post closures and other actions that would result from such a restructuring would mean a reversal of State's long-standing "universality" policy to maintain a presence in nearly every country and could have other consequences as well. State has proposed the closure of some posts and made efforts to reduce post costs but has made little headway because of internal and external resistance. Establishing an external commission to review proposed post closures and vesting greater authority in the chiefs of mission to achieve cost reductions are two approaches for addressing the problems.

#### OVERSEAS POSTS ARE COSTLY TO OPERATE

----- Chapter 4:1

The State Department's overseas posts cost about \$1.9 billion annually. This amount includes the personnel costs for State's overseas U.S. direct-hire and foreign service national (FSN)

employees; operating expenses; and the costs for equipment, security, and building acquisition and maintenance. State employs about 7,000 U.S. direct-hire workers and about 9,300 FSNs at its posts.\1 It maintains embassies in most countries' capitals, consulates in some commercial centers outside capital cities, and missions to international organizations in some countries.

The agendas, sizes, and costs of overseas posts vary greatly. Some posts are small and provide basic U.S. representation in a country. Other posts' operations are comprehensive, with more staff and larger budgets to support a large number of government agencies. The State Department categorizes posts as representational, focused, small, medium, large, and comprehensive.

A representational post serves as a diplomatic and consular presence in a host country's capital or in a major city of the country. Posts in the Central African Republic, Grenada, and Western Samoa are considered representational, and their annual costs range from about \$240,000 to about \$2.5 million.\2 A focused post not only serves as a diplomatic or consular presence but also functions in one or more specific areas, such as foreign assistance or narcotics control. The posts in Burkina Faso, Mongolia, and Vatican City are considered focused, and their annual costs range from about \$1.6 million to about \$3.1 million.

The responsibilities of posts increase with their designation as small, medium, large, and comprehensive. Responsibilities range from addressing U.S. government policy and support requirements with a small staff at a small post to addressing a full range of intensive bilateral and multilateral issues as well as important and long-standing U.S. domestic issues with a large, diverse staff at a comprehensive post. Costs for medium, large, and comprehensive posts are substantial. For example, it costs \$54.2 million annually for a comprehensive embassy and five consulates in Japan.

Large and comprehensive posts--those with the greatest responsibilities--understandably absorb a disproportionate share of the total costs of U.S. overseas posts. As shown in table 4.1, 10 of State's more expensive missions accounted for over \$396 million, or over 21 percent of costs in fiscal year 1995. In contrast, 10 of State's least expensive missions accounted for nearly \$14 million, or less than 1 percent of total costs.

Table 4.1

State's More Costly Missions

(Dollars in millions)

| Mission        | Fiscal year 1995 funding |
|----------------|--------------------------|
| Germany        | \$90.3                   |
| Japan          | 54.2                     |
| Mexico         | 42.3                     |
| France         | 53.5                     |
| Italy          | 35.1                     |
| United Kingdom | 28.0                     |
| Brazil         | 27.4                     |
| Canada         | 19.6                     |
| Austria        | 23.1                     |
| Saudi Arabia   | 22.8                     |

Source: State Department, Bureau of Finance and Management Policy.

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 \1 The U.S. government has approximately 35,300 U.S. government employees at overseas posts, including about 18,600 direct-hire employees and about 16,700 FSN employees.

\2 These are State's estimates of fiscal year 1995 funding levels and include the estimated personnel costs for State's overseas U.S. direct-hire and FSN employees; operating expenses; and equipment, security, and foreign building operations. Estimated funding includes direct appropriations and reimbursements from other agencies and may also include funds for some nonrecurring costs (e.g., construction).

#### POST FUNCTIONS AND RESOURCE ALLOCATIONS

----- Chapter 4:2

The overseas posts' primary mission is to support U.S. foreign policies by promoting political interests; supporting U.S. economic and trade interests; participating in efforts affecting global issues such as the environment, counternarcotics, and labor; issuing visas; and assisting American citizens. Posts also provide a wide range of services, including communications, office and residential building operations, health, equipment installation and maintenance, personnel, budget and fiscal, travel, motor pool, procurement, shipment and customs support, and security in support of mission operations and staff.

Figure 4.1 shows the work assignment distribution of State's direct-hire employees posted overseas. As shown in the figure, support functions consume a significant amount of post resources.

Figure 4.1: State's Overseas  
U.S. Direct-Hire Employees

(See figure in printed  
edition.)

\a Other includes science, refugee, and narcotics positions.

Source: State Department, Office of Resource Management and Organization Analysis, Bureau of Personnel.

In addition to U.S. direct-hire employees working in support positions, State also employs over 9,300 FSNs, most of whom work in support areas. State supports not only its own activities but also those of other agencies; in fact, State supports more of other agencies' U.S. direct-hire employees--whose number has increased steadily--than its own.\3

Individual posts provide a good illustration of resource allocations and post functions. During our review, we visited posts in six countries that vary in the numbers of staff, work, and budgets (see table 4.2).

Table 4.2

#### Post Resources in Six Countries

(Dollars in millions)

| Cou<br>ntr<br>y                        | Number of<br>posts | U.S.<br>direct<br>hire | FSN and<br>other\ | U.S.<br>direct<br>hire | FSN and<br>other\ | Total<br>staff | State's<br>funding<br>level<br>(fiscal<br>year<br>1995)\ |
|----------------------------------------|--------------------|------------------------|-------------------|------------------------|-------------------|----------------|----------------------------------------------------------|
| -----                                  | -----              | -----                  | -----             | -----                  | -----             | -----          | -----                                                    |
| Bel<br>ar<br>us                        | 1                  | 12                     | 48                | 3                      | 12                | 75             | \$2.0                                                    |
| Bra<br>zil                             | 5\c                | 120                    | 431               | 88                     | 204               | 843            | 27.4                                                     |
| Mal<br>ay<br>si<br>a                   | 1                  | 41                     | 123               | 32                     | 44                | 240            | 8.4                                                      |
| The<br>Ne<br>th<br>er<br>la<br>nd<br>s | 2                  | 40                     | 69                | 78                     | 43                | 230            | 9.3                                                      |
| Par<br>ag<br>ua<br>y                   | 1                  | 19                     | 125               | 21                     | 80                | 245            | 4.5                                                      |
| Sen<br>eg<br>al                        | 1                  | 29                     | 147               | 43                     | 157               | 376            | 8.0                                                      |

\a Includes part-time intermittent temporary employees, U.S. personal service contractors, Marine security guards (listed only as State Department staff), and foreign national personal service contractors.

\b Includes personnel costs for State's overseas U.S. direct-hire and FSN employees; operating expenses; and equipment, security, representation, and foreign building operations. Amounts may include some nonrecurring costs such as those for building construction and remodeling.

\c While conducting our fieldwork, Brazil had five posts, but the Consulate in Porto Alegre closed earlier this year and Brazil now has four posts.

Source: U.S. missions to Belarus, Brazil, Malaysia, The Netherlands, Paraguay, and Senegal and the State Department's Bureau of Finance and Management Policy.

The posts in Belarus and Paraguay are considered small posts; those in Malaysia, The Netherlands, and Senegal are considered medium to large; and the embassy in Brazil is considered large. Appendix I includes information on the State Department's overseas political; economic; and commercial, global, and consular activities, focusing on activities at these posts during September and October 1995. These activities may or may not be representative of the posts' missions as defined by State, but they give insight into the variety of issues the posts must deal with.

An important function of overseas posts has traditionally been to maintain contact with foreign governments on political and security issues. Together with the ambassador and the deputy chief of

mission, a post's political section attends to the day-to-day political relations with the host government and attempts to build support for U.S. government policies. It also informs the U.S. government of host country policies and actions that affect U.S. interests. At the posts we visited, the political sections spent most of their time analyzing and reporting on the political situation there, representing the U.S. government and developing contacts within the host country, and supporting official visitors to the country.

State posts also support U.S. economic interests overseas, particularly in the areas of business assistance and trade advocacy. At the posts we visited, ambassadors were spending up to one-third of their time on economic and trade advocacy activities, often personally weighing in on behalf of U.S. businesses where appropriate. Posts also support issues of a global nature, such as the environment, counternarcotics, and labor as well as specific issues like international war crimes tribunals.

The consular section of an overseas post provides passport and citizenship services; immigrant and nonimmigrant visa services; and services to U.S. citizens overseas, for example, helping Americans in trouble abroad. The sections we visited do a high volume of work with limited staff, collecting fees for many of their services.

Although political, economic, and consular functions are the primary missions of the overseas posts, support structures consume a large share of State's allocated resources. At the posts we visited, 28 to 67 percent of State's staff were devoted to support duties. According to State officials, the number of personnel needed for support is influenced by several factors, including language constraints, the quality of the local infrastructure, and the availability of skilled labor locally. Table 4.3 shows the support staffing levels in the six countries we visited.

Table 4.3

Support Staffing Levels in Six Countries  
(1995)

| Country         | State<br>staff | Total<br>staff | State<br>support<br>staff | Total<br>support<br>staff<br>(percent) |
|-----------------|----------------|----------------|---------------------------|----------------------------------------|
| Belarus         | 60             | 75             | 50                        | 67                                     |
| Brazil          | 551            | 843            | 397                       | 47                                     |
| Malaysia        | 164            | 240            | 118                       | 49                                     |
| The Netherlands | 109            | 230            | 65                        | 28                                     |
| Paraguay        | 144            | 245            | 119                       | 49                                     |
| Senegal         | 176            | 376            | 154                       | 41                                     |

Source: U.S. missions to Belarus, Brazil, Malaysia, The Netherlands, Paraguay, and Senegal.

The contrast between the number of support staff and staff working on the primary missions is striking at some of the posts. For example, of the 843 employees at the posts in Brazil, 551 work for State. Of State's 551 employees, 154 work in substantive areas and 397 work in support areas.

\3 Of the approximately 18,600 U.S. direct-hire employees assigned to overseas posts, about 11,600 (62 percent) work for non-State agencies.

#### OPTIONS FOR CLOSING AND RESTRUCTURING POSTS

----- Chapter 4:3

State has closed and reduced the size of posts in recent years because of funding constraints. For example, since 1991, State has closed 31 posts, most of which were consulates in countries with multiple posts. During the same period, State has also opened 28 posts mostly in the newly independent states of the former Soviet Union.

State has a number of options to consider in closing more posts and streamlining post operations. However, such actions are likely to face continued resistance both from within State and externally. According to a 1992 State management study, some State officials favor multiple country accreditation in some regions, where an ambassador operating from a regional post would "circuit ride" to several small, neighboring countries. Regional posts would allow consolidation of staff and other resources in one central location, although cost reductions would be offset to some degree by travel and other related expenses. The study stated that dual or triple accreditation can work if there is reasonable geographic proximity or if convenient air routes are available; no or very small other-agency representation is in the country or countries concerned; and only occasional "tending" for diplomatic reasons is needed. State favorably cited British representation in Africa, where ambassadors are accredited to three or four countries each. The U.S. Embassy in Bridgetown, Barbados, has full diplomatic responsibilities for 7 countries and partial diplomatic responsibility for 14 others in the eastern Caribbean. If the foreign affairs budget declines, Embassy Bridgetown could serve as a model for regionalizing American diplomatic presence. To reduce costs, the State Department could expand multiple country accreditation to other regions, such as the Baltic States, Africa, and countries in South America such as Guyana and Suriname.

A second option would be to reevaluate the need for consulates. One Deputy Chief of Mission suggested that while consulates served a variety of purposes during the Cold War, expanded media coverage and improved information and telecommunications technology have lessened the need for them. The Deputy Chief of Mission posed an option to eliminate all consulates to avoid political pressures when closures of specific consulates are debated. Although many consulates are small or moderately sized, some are bigger and more expensive to operate than major embassies. For example, in fiscal year 1995, the consulate in Frankfurt, Germany, cost about \$18.8 million--substantially more than the cost of operating the embassy in Ottawa, Canada (\$5.9 million), and almost as much as the combined total for the embassy and all six consulates in Canada (\$19.6 million).\4

To critically review these and other options, one strategy would be to establish an independent post closure panel like the Defense Base Closure and Realignment Commission--an approach that resulted in decisions to close, realign, or otherwise downsize hundreds of military bases and installations. Although the criteria involved in closing and downsizing overseas diplomatic posts are different, a panel much like the Commission may be useful. A panel could review the needed governmentwide presence at overseas posts as they relate to planned funding priorities. Since many other agencies depend on

State's overseas presence, we believe that such an approach would allow for decision-making based on the need to support both State and non-State activities, consistent with overall U.S. policy interests and priorities as well as available resources.

We believe that establishing such a commission would also have the added advantage of mitigating at least some of the pressures and parochial interests that have historically operated to maintain a U.S. overseas presence. The State Department's traditional policy of maintaining a diplomatic presence in nearly every country--the policy of "universality"--is the primary reason that there are 252 overseas posts, even where U.S. interests are now minimal.

Universality is a principle rooted in the Cold War. According to the National Performance Review, during the Cold War, the United States obligated itself to maintain a presence around the world at least equal to that of the Soviet Union. However, despite the end of the Cold War, State remains reluctant to close embassies. In 1992, State decided to help finance new posts in the former Soviet Union by closing posts in other geographic regions, but some of State's geographic bureaus resisted proposing posts for closure. One bureau argued that it had been established in response to congressional interest in the region and that closing posts would be contrary to congressional intent. Another bureau initially refused to propose that any post be closed because it wanted to retain at least some presence in all countries.

Despite the expense, the concept of universality remains firmly rooted in State's policy. State officials say that even in countries with minimal U.S. interests, a U.S. presence is important to provide international leadership, for example, to influence votes in the United Nations. In September 1995, the Secretary of State reaffirmed his commitment to universal representation, noting that it had been invaluable in extending the nuclear nonproliferation treaty earlier in the year and that it was essential when crises erupt in unexpected places like Burundi and Belarus and when American citizens experience trouble abroad.\5

In addition to internal resistance, the State Department has faced outside resistance to closing posts. In December 1992, for example, State reported that congressional scrutiny, special interests, ethnic groups, and other domestic U.S. political constituencies often emerge to oppose the closing of posts.\6 In its 1992 post closing exercise, State originally proposed closing 20 posts in fiscal years 1993 and 1994. After consultation with congressional members on these closures, State announced that 19 of the 20 would close and then later reduced that number to 17.

In July 1995, in its latest attempt to close posts, State notified the Congress that it intended to close 19 posts. It later withdrew six of the posts from the list due to external pressures. For example, as a result of pressure from a member of Congress and the Drug Enforcement Agency, State removed the consulate in Curacao, Netherlands Antilles, from the list. Some of the other five withdrawn posts--in Apia, Western Samoa; Edinburgh, Scotland; Florence, Italy; and Hermosillo and Matamoros, Mexico--have repeatedly appeared on lists of proposed closures. State had expected to reduce its costs by about \$12 million a year beginning in fiscal year 1997, the year following the 19 closures. However, after withdrawing six posts from the list, the projected cost reductions were reduced to about \$9.3 million.

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\4 These are State's estimates of fiscal year 1995 funding levels.

The estimated costs for the embassy in Ottawa do not include the cost of foreign building operations; however, the combined total for Canada includes these costs.

\5 Speech before the Council on Foreign Relations, Washington, D.C., September 20, 1995.

\6 State 2000: A New Model for Managing Foreign Affairs, State Department, Washington, D.C., December 1992.

#### OPTIONS TO REDUCE POST COSTS

----- Chapter 4:4

In addition to actual post closures and consolidations, another option is to consider ways to reduce post costs. Since a large portion of overseas costs are structured around staffing, large budget reductions will likely mean further cuts in overseas staff and operating costs. However, embassy managers have little control over resources. As a result, the National Performance Review recommended that a pilot project be set up to give chiefs of mission more authority over all U.S. government resources at posts.\7 This recommendation has not yet been implemented.

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\7 Creating a Government That Works Better and Costs Less:  
Department of State and U.S. Information Agency, Accompanying Report  
of the National Performance Review, Office of the Vice President  
(Washington, D.C.; Sept. 1993).

#### OPTIONS FOR REDUCING OVERSEAS STAFFING

----- Chapter 4:4.1

Because of possible budgetary constraints, State may have to further reduce the size of overseas posts--an even more likely possibility if State remains reluctant to abandon its policy of near universal representation. State could achieve significant cost reductions by making large-scale reductions in overseas staffing. The prospect of further reductions in overseas staffing means that an effective system for allocating overseas staff based on agency goals and objectives is essential.

In December 1992, State reported that there had long been concerns that the overseas staffing process was not directly linked with the goals and objectives at specific posts. In 1993, among a number of other organizational changes, the Secretary approved a plan to restructure the overseas diplomatic presence. As part of this effort, State was to implement a new overseas staffing model, under development since 1990, to provide a rational basis for allocating personnel to overseas posts. However, as of January 1996, State had still not implemented the model. In commenting on a draft of this report, State noted that its Overseas Staffing Board met in June 1996 to begin implementation of a model to rationalize overseas staffing.

State's costs would be much less if State made large-scale reductions in overseas staffing. For example, the cost reductions from eliminating only 10 positions from overseas posts could total at least \$1.5 million. State's Office of Budget and Planning estimates the cost of positions overseas from two different perspectives: (1) the costs of adding a new American position and associated start-up expenses and (2) cost reductions from eliminating a position. To estimate the costs of adding a new U.S. direct-hire position to an

existing overseas post, the Office uses a figure of \$214,400 for the first full year--an amount that includes the average salary, compensatory and incentive allowances and benefits, and other operating expenses. The Office uses a figure of \$156,500 to estimate cost reductions from cutting a U.S. direct-hire position overseas.\8 This amount is \$57,900 less than the costs of adding a position because it does not include certain operating costs, such as security, which may not decrease when a position is cut. These figures vary by region and by post. For example, the cost reductions from eliminating half of the 67 U.S. direct-hire employees in India and half of the 100 in France could amount to about \$5.2 million and \$7.8 million, respectively.

\8 These figures reflect State's estimates as of July 1995. We reported similar information in Overseas Presence: Staffing at U.S. Diplomatic Posts (GAO/NSIAD-95-50FS, Dec. 28, 1994).

#### OPTION FOR CONTROLLING POST COSTS

----- Chapter 4:4.2

Chiefs of mission (generally ambassadors) currently control only a small portion of the total resources devoted to their posts' operations; headquarters offices control the larger share. The National Performance Review report noted that the centralized management of program and staff resources in Washington, D.C., is less efficient than management of resources in the field. For example, some embassy managers told us that they were reluctant to hire FSNs or spouses to serve as secretaries because their salaries and benefits would come from the posts' budgets. On the other hand, the salaries and benefits of U.S. direct-hire secretaries, which are substantially more, are paid by headquarters offices.

Posts have tried to cut costs that are within their control, but cost reductions have been small. For example, the post employees in Paraguay are working longer hours Monday through Thursday and closing at noon on Friday to reduce utility costs--an estimated cost reduction of about \$10,000 a year. Similarly, in Malaysia, the post's air conditioning is turned off at 5:00 p.m. on weekdays and all day on Saturday--a measure estimated to reduce costs between \$35,000 and \$40,000 a year. The post in The Hague is considering requiring staff to bring their own furniture overseas, initially reducing the post's costs by an estimated \$10,000 a year, with further cost reductions over time. The post now pays to operate a furniture warehouse, but the cost of shipping household goods overseas is paid by headquarters.

According to some embassy managers, regulations and long-standing State practices leave little room for innovative approaches to cutting costs. For example, the managers at one post said that current prohibitions governing lease/purchase arrangements do not allow for entrepreneurial approaches to obtaining U.S. government real property.

State officials also argue that they lack sufficient authority over other agencies' resources at posts. A variety of laws, State Department directives, and presidential letters of instruction give chiefs of mission the authority over State's and other agencies' staffing decisions.\9 Nevertheless, the National Performance Review noted that National Security Decision Directive-38 (NSDD-38), issued June 2, 1982, makes the authority of the chief of mission more theoretical than real in many cases. NSDD-38 allows other agencies

to challenge a decision made by the chief of mission. According to State officials, headquarters management often does not support chiefs of mission in bureaucratic battles with agencies that resist their attempts to limit or reduce their staffs. Moreover, when a chief of mission successfully limits an agency's staff growth at one post, the agency sometimes manages to increase its presence in a nearby country instead. For example, although the Ambassador in Brazil negotiated with the Internal Revenue Service to close its office in Sao Paulo because he, along with Inter-American Affairs Bureau management, agreed that Internal Revenue Service operations could be effectively managed in the United States, the Internal Revenue Service opened a new office in Chile. Our prior work has shown that other agencies' staffs have increased steadily, while State's has decreased slightly.\10

Even if chiefs of mission successfully exercise authority over staff levels, they do not have practical day-to-day control over their personnel and fiscal resources. According to the National Performance Review, because of the diffusion of responsibility, authority, and operational prerogatives among the various overseas agencies, chiefs of mission lack the flexibility to shift resources to respond to changing requirements or evolving foreign policy objectives. The Ambassador in Senegal managed to cut 14 positions in Dakar, 13 of which were from other agencies, with estimated overall cost reductions of about \$3 million. He believes, nevertheless, that he could achieve greater cost reductions if he had day-to-day operational control over total U.S. government funding and resources at his post. A review of the post's mission and structure, led by the Ambassador, concluded that the explosion of different administrative, financial, and information systems among the various agencies overseas calls for consolidation of support functions, privatization, and other changes that can come about only with expanded chief of mission authority. For example, the agencies in Dakar have four different communication systems. Also, 7 independent financial operations and 38 staff positions are devoted to financial management functions there. The study indicated that there are similar redundancies elsewhere and that streamlining and cost reductions could be achieved in areas such as real estate and facilities management, security, and quality-of-life benefits. (Options for cost reductions in some of these areas are explored in more detail in ch. 5.)

To strengthen the ability of chiefs of mission to achieve significant cost reductions, in September 1993 the National Performance Review recommended a pilot project giving U.S. ambassadors at selected posts more authority over all U.S. government resources at their posts, including staff. There may be some potential negative consequences to expanding ambassador authority. For example, a chief of mission and a federal agency may have differences of opinion concerning the types and levels of resources needed to sustain agency activities.

State has not initiated action on this recommendation. State officials told us the Department cannot move on this recommendation until the National Performance Review/Vice President's staff propose the needed legislation to the Congress. However, National Performance Review staff told us that proposing legislation is the agency's responsibility. State does not want to initiate action because it believes the pilot program should be viewed as an administration initiative to gain the interagency support such a project would require. State has also told us that anticipated congressional opposition to such a project has inhibited their submission of a legislative proposal.

Consistent with the recommendation, in November 1995, the U.S.

Ambassador to Senegal submitted a study concluding that the chiefs of mission need more authority and control over U.S. government programs, personnel, and resources under their management. He asked that the Under Secretary for Management convene the Vice President's Interagency Council to obtain agreement from its members to designate selected posts to test the study's conclusions. State management has been reviewing the proposal.

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\9 State is not responsible for large numbers of personnel who are paid directly or indirectly by other U.S. government agencies and involved in U.S. government activities overseas, for example, military personnel under a U.S. area military commander.

\10 In 1994, we reported an overall increase of 19 percent in overseas staffing between 1984 and 1994. Agencies such as the Departments of Justice, Transportation, and the Treasury accounted for the largest increases. See Overseas Presence: Staffing at U.S. Diplomatic Posts (GAO/NSIAD-95-50FS, Dec. 28, 1994).

#### CONCLUSIONS

----- Chapter 4:5

Because of fiscal constraints, State may not be able to continue to maintain its vast network of embassies and consulates as they are configured today. The end of the Cold War coupled with improvements in communications capabilities provide the opportunity to rethink how the U.S. government's overseas presence is structured and develop new ways of operating that could increase efficiency and reduce costs. Balanced, thoughtful decisions must be made to ensure that U.S. interests are well served overseas and Americans are protected within the constraints of reduced funding.

#### MATTERS FOR CONGRESSIONAL CONSIDERATION

----- Chapter 4:6

If future funding levels require the State Department to close and reduce the size of posts, the Congress may wish to establish an independent panel to review State's proposals in view of (1) the potential financial benefits to the U.S. government, (2) the impact on governmentwide interests and the many agencies that depend on State's services, and (3) the potential opposition to closing posts. Although the criteria involved in closing and downsizing overseas diplomatic posts are different, a panel much like the Defense Base Closure and Realignment Commission established to review military installations may be useful.

Also, if the Congress believes that ambassadors' authority over U.S. government resources should be expanded to reduce spending, it could explore with the executive branch how a pilot program, such as the one recommended by the National Performance Review, could be structured and implemented.

#### AGENCY COMMENTS AND OUR EVALUATION

----- Chapter 4:7

State said that the chapter did a good job of describing State's experiences in proposing posts for closure and outlining some approaches to reducing the number of posts. State asserted that a

diplomatic presence in all countries with which the United States has diplomatic relations continues to be important today. State also emphasized that Americans traveling abroad as well as other U.S. agencies depended on the network of embassies and consulates. These factors will need to be carefully considered in determining what overseas presence is essential and affordable.

USAID objected to expanding an ambassador's authority over the programmatic direction and funding of overseas programs, even on an experimental basis. Increasing ambassadors' authority, on a pilot basis, is one option we offered as a means to reduce costs. We stated that increasing ambassadors' authority could have negative consequences.

#### STATE'S SUPPORT COSTS CAN BE REDUCED

===== Chapter 5

The State Department spends two-thirds of its budget on support operations. In response to reduced operating budgets, State is pursuing or studying several options to reduce its support costs. These include (1) recouping the full cost of support provided to other agencies overseas, (2) hiring more U.S. family members to fill overseas staffing positions, (3) increasing employees' payments for medical services, (4) increasing the length of overseas tours, and (5) reducing its costs for Marine guard detachments at overseas posts by deactivating certain units or shifting its cost to the Department of Defense.

We identified several additional options State could implement if it has to adjust to potential budget cuts. These options include (1) reducing support staffing levels in headquarters, (2) reviewing employees' benefits and allowances, (3) expanding the use of foreign nationals in support positions at overseas posts, and (4) disposing of excess and underused properties overseas.

Over the long term, State hopes to reduce its operating expenses through business process reengineering and the outsourcing of certain support functions. In both areas, however, only limited progress has been made.

#### SUPPORT NETWORK CONSUMES A LARGE PORTION OF THE BUDGET

----- Chapter 5:1

In fiscal year 1995, State allotted \$1.8 billion, or about 65 percent of its budget, to domestic and overseas support operations.\1 These funds provided support for both Department staff and employees from other federal agencies. Centrally funded operations\2 account for approximately \$1.1 billion of the support budget and cover central administration costs and the costs of running several regional centers that provide financial and information management services to overseas posts. The geographic bureaus control the remaining portion of State's support budget, which is largely used to fund the salaries of those employees in support positions.

State is reimbursed for some support costs under the Foreign Affairs Administrative Services (FAAS) system, which attempts to allocate costs among agencies based on workload. Under FAAS, other agencies at overseas posts reimburse State for the incremental cost of providing some support services. In fiscal year 1995, State received an estimated \$187 million in FAAS reimbursements from other agencies. These funds were primarily used to pay the salaries of FSNs and

personal service contractors hired to meet the administrative needs of other agency staff. According to State's Chief Financial Officer, however, these payments only partially covered the increased costs of hosting staff from other federal agencies.

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\\1 State has never determined how this rate compares to other diplomatic services or firms in private industry. State's Assistant Secretary for Administration noted that in theory this could be done, but added that any comparison would be complicated by State's security requirements and support responsibilities for other agencies overseas.

\\2 These include security, personnel, finance, information systems, telecommunications, security and maintenance of U.S. missions, logistical operations, training, and medical services.

STATE IS SEEKING TO REDUCE ITS  
SUPPORT COSTS

----- Chapter 5:2

State officials recognize the need to reduce the Department's support costs. In a March 1994 memorandum, the Under Secretary for Management notified managers throughout the Department that significant and sustained cuts in support costs must be made to allow State to continue to operate with declining budgets. Under the direction of the Under Secretary for Management, State has launched a number of initiatives designed to reduce its support costs. The most significant of these initiatives involves an attempt to recoup certain support costs that were previously unreimbursed under the administrative cost-sharing system used by State and other federal agencies overseas.

NEW MECHANISM FOR OVERSEAS  
COST ALLOCATION HAS  
POTENTIAL FOR COST  
REDUCTIONS

----- Chapter 5:2.1

Under FAAS, agencies at overseas posts reimburse State for the incremental cost of providing some support services. State believes that FAAS reimbursements do not capture the Department's full costs for support to other agencies, and as a result State subsidizes their overseas operations. The President's Management Council (a federal managers' forum established under the National Performance Review) also expressed concerns about the complexity and equity of FAAS, noting that FAAS is primarily a reimbursement mechanism--not a system for rationalizing delivery of overseas administrative services--and it does not address quality and delivery of services. To address these problems, the President's Management Council developed the International Cooperative Administrative Support Services (ICASS) System.

Under ICASS, greater responsibility and authority for managing resources and making decisions about paying for common administrative support service will be delegated to the posts. Posts will be encouraged to explore additional options for obtaining administrative support, rather than relying solely on State. These options could include allowing other agencies to provide support functions, using commercial contractors, or introducing improved technologies. In addition, costs are to be clearly delineated by agency for all post- and Washington-related services.

Since ICASS is designed to better rationalize the delivery of overseas administrative services, it should serve to help identify specific steps that can be taken to streamline overseas operations, reduce the costs of administrative services, and make better use of information systems and communications technology.

In fiscal year 1997, State plans to implement ICASS administrative procedures worldwide,<sup>3</sup> but State and other agencies will fund overseas support operations using FAAS funding practices. The ICASS cost recovery system will not go into effect until fiscal year 1998. State views ICASS as a mechanism to equitably spread the full cost of providing overseas support across all agencies with an overseas presence. State estimates that in terms of cost recovery alone, implementing ICASS would allow the Department to spend \$108 million less per year for support to other agencies. Redistribution of costs currently covered under FAAS would reduce costs to State by \$15 million, and billings for new cost items not currently covered under FAAS would reduce cost to State by an additional \$93 million.<sup>4</sup> From a governmentwide perspective, these funding shifts alone do not represent cost reductions. Some officials thought that once agencies had to pay the true cost of placing personnel overseas, many would decide to reduce their overseas presence. Such reductions would reduce overall U.S. spending for overseas support.

State is also exploring how to bill agencies for costs that were previously provided at no charge. For example, the Congress has tasked State's Diplomatic Telecommunications Service Program Office with devising a system for charging agencies the actual cost of providing overseas communication links. State is also considering billing agencies for foreign building operations, overseas schools, security officers, as well as some incremental domestic support costs associated with other agency operations overseas. State has not estimated the potential revenue gain from charging for these and other services.

Other agencies support the new system, noting that ICASS represents a cultural change in the way overseas operations are managed. The move to customer-based service standards and principles presents an opportunity for cost reductions from greater efficiency and interagency coordination. Agencies also applaud the move to grant more decision-making authority to the posts as to how they are managed. Major disagreements, however, remain to be resolved over which costs should be covered under ICASS and how these costs should be allocated among participating agencies. Every agency we spoke to expressed concerns about paying higher costs under ICASS and funding to cover those costs. Some agencies would like State to transfer funds from its budget to them to offset the expected higher costs under ICASS.

Agencies also expressed concern that (1) a financial system to track costs and transfers of funds has not been field-tested; (2) the pilot tests have not lasted long enough to evaluate ICASS capabilities; and (3) details for handling different budget cycles, financial systems, and requirements across agencies have not been resolved. State says it will be able to address these concerns in time for worldwide implementation. State Department officials also noted that the Department has to comply with a congressional mandate to obtain full recovery of each department and agency's costs in fiscal year 1997.

ICASS has merit and the potential to change the culture of overseas operations. However, ICASS implementation will likely lead to a protracted debate over funding issues within the executive branch. Since ICASS implementation will affect overseas funding and staffing decisions at over 35 U.S. government agencies, it will require

significant, high-level support within the executive and legislative branches for full implementation.

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\3 The Department of State Appropriations Act, 1996, requires that in fiscal year 1997 a system be in place that allocates to each department and agency the full cost of its presence outside the United States.

\4 Beginning in fiscal year 1998, State will bill other agencies for local guard services at office buildings, the community liaison officer, and building operations and expenses for government-owned and long-term leased properties.

U.S. FAMILY MEMBER PROGRAM  
IS EXPANDING

----- Chapter 5:2.2

In October 1995, a task force established by the Under Secretary for Management recommended that State increase the hiring of family members to help meet overseas staffing needs. State could cut costs by an estimated \$105,000 for each family member hired to fill a position normally reserved for a junior officer. A State official noted that the Department will hire only about half of its normal junior office class in fiscal year 1996. This will heighten the importance of the family member program to help meet overseas staffing needs. In commenting on this report, State noted that not all junior officer positions can, or should, be filled by family members, since these positions provide valuable career training for Foreign Service officers.

COST REDUCTIONS FROM CHANGES  
IN MEDICAL SERVICES

----- Chapter 5:2.3

To provide adequate health care for its employees worldwide, State operates a health clinic in Washington, D.C., and 139 health units throughout the world, providing many free services to its employees and employees of other foreign affairs agencies.\5 State's main health clinic has diagnostic and laboratory facilities, including unique capabilities in the area of tropical and parasitic diseases, and provides the physical examinations required before staff and family members are posted overseas. State also has a clinic at the National Foreign Affairs Training Center. The overseas programs provide free occupational health-related services (such as first aid for minor on-the-job injuries) and primary medical care. The Inspector General reported that there were about 79 Foreign Service health-care professionals, supplemented by local hire nurses and contract physicians, working in overseas posts as of January 1994.

According to a report by State's Inspector General,\6 State spent about \$19 million in fiscal year 1995 to provide uncompensated medical care to its employees. The Inspector General recommended that State shift up to \$13 million of these costs to private health insurers responsible for reimbursing employees for the costs of these services. The Inspector General recommended that the remaining \$6 million in uncompensated care not be transferred. The Inspector General proposed that the Department absorb this cost because it represents patient copayments and deductibles that impose an administrative burden to track and recoup. Also, different living conditions among posts could result in varying illness rates, and employees should not be penalized for working in less desirable

locations. A provision in the fiscal year 1996 authorization bill would enable State to collect reimbursements for medical services rendered. A senior State official noted that additional cost reductions could be achieved if the Department contracted for some services currently provided by State headquarters medical clinics and if routine medical services, such as physical examinations, were tailored to an employee or dependent's age, sex, and known risk factors. The same official estimated that these actions could reduce costs by an estimated 30 percent of the annual \$4.5 million cost of clinical services, or about \$1.4 million.

Overseas, State ensures that its employees receive care by authorizing and approving payment for inpatient medical care and related outpatient treatment of eligible overseas U.S. citizen employees and their dependents. It then relies on its employees to file insurance claims and forward reimbursements to State. In August 1995, State's Office of Medical Services and the Bureau of Finance and Management Policy began tracking whether its employees filed such claims and whether reimbursements were turned over to the Department. Posts issue authorizing services and report to the Office of Medical Services the obligation number, insurance carrier, amount expended, and information on the service provider. The Office of Medical Services issues fund cites for all hospitalizations overseas and tracks the recovery of medical insurance benefits. As of January 1996, of the \$1.5 million expended for overseas hospitalizations, State had collected about \$1.2 million (77 percent) and expected the final recovery rate to exceed 80 percent. In 1996, employees will be held liable for the cost of care, and debts will be turned over to the Bureau of Finance and Management Policy for collection through State's debt collection procedures.

While embassies have the same guidelines for pursuing reimbursements for medical services, State does not track expenses for other federal employees that rely on it for medical services. Therefore, it does not know whether other agencies' employees reimburse embassies. In August 1992, we recommended that State begin tracking costs for other agencies and whether these costs were reimbursed by private insurers. A State medical official agreed that tracking could be done but that the tracking workload would increase by 80 percent. State has not attempted to quantify the costs and benefits of tracking payments from other agencies' overseas staff, but it appears likely that State would achieve cost reductions similar to those achieved by tracking reimbursements from State employees.

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\\5 Included in the Department's medical health program are all U.S. citizen employees of the Foreign Service and eligible dependents and U.S. citizen federal employees assigned abroad by other federal agencies participating in the medical health program and their eligible dependents.

\\6 Office of Inspector General, U.S. Department of State Report of Audit No. 5-SP-013: Overseas Health Units, March 1995.

#### EXTENDING TOURS OF DUTY

----- Chapter 5:2.4

State estimated that it spent \$68.7 million in fiscal year 1995 for travel for post assignments. A 1993 State study of its policy on tours of duty projected cost reductions of about \$2 million annually by extending tours to 3 years for all overseas posts (tours at hardship posts are currently 2 years). Longer tours at all posts could further reduce costs.

With longer tours, State could also increase productivity and effectiveness because staff need several months to adjust to foreign local cultures, languages, and environments and to master a new job and about 9 months to go through the reassignment process at the end of the tour. A 2-year tour can therefore leave relatively little time for peak performance.

Although costs could be reduced by extending tours of duty, State has concluded in the past that the negative impact on employees' morale and State's assignment process did not permit extending tours of duty. However, State said it is now reexamining the issue in light of the current budget situation.

POTENTIAL TO REDUCE STATE'S  
COST FOR MARINE GUARD  
DETACHMENTS

----- Chapter 5:2.5

In fiscal year 1994, State paid its share--\$22 million--for 125 Marine guard detachments at 112 embassies, 11 consulates general, one U.S. mission, and one U.S. interests section. The guards are jointly funded by the Marine Corps and the State Department and primarily safeguard classified documents. As recommended by the National Performance Review and to reduce costs, Marine guard detachments have been deactivated at some posts where the level of classified operations do not warrant 24-hour cleared American presence. The State Department and the intelligence community are reviewing whether some detachments could be deactivated or transferred to other locations. In lieu of Marine guards, State may have to expend funds to increase security safeguards--for example, by providing better real time surveillance equipment at the chancery. But, on balance, deactivation of guard detachments could reduce cost where security conditions permit.

For fiscal year 1997, the executive branch has proposed that funding for the Marine guard detachments shift from State to the Department of Defense. If this occurs, State will no longer spend its funds on the Marine guard detachments.

ADDITIONAL COST REDUCTION  
OPTIONS

----- Chapter 5:3

Other options State may wish to consider in the future include (1) reducing support staff levels in Washington, (2) reviewing employee benefits and allowances, (3) expanding the use of FSNs in support positions at overseas posts, and (4) selling excess or underused overseas property.

SUPPORT STAFF IN  
HEADQUARTERS

----- Chapter 5:3.1

According to a number of management reports, there may be opportunities to reduce staffing in headquarters support offices. A senior State official in Personnel noted the Department has been slow to initiate a detailed review of support staffing levels in Washington. However, a preliminary assessment of State's domestic staffing, issued in February 1995, noted a basic concern that support functions account for almost 60 percent of State's domestic workforce.

Similar concerns over the proportion of domestic staff devoted to support functions were raised in earlier management studies at State. The State 2000 Management Task Force report issued in December 1992 noted that about 60 percent of headquarters salaries and expense resources are expended for centrally managed support staff and that this level was much too high. According to a 1993 State report, some estimates project that Department staffing in Washington exceeds optimal levels by 15 to 20 percent in view of the low productivity of many organizations and personnel. The report recommended that a baseline review of headquarters support staffing be conducted and noted that potential long-term cost reductions from such a study could be substantial, as each 5-percent reduction in personnel would reduce the Department's costs by \$46 million.

#### EMPLOYEE BENEFITS AND ALLOWANCES

----- Chapter 5:3.2

If substantial reductions in appropriations occur, State may have to review the benefits and allowances it provides to its employees, even though this could involve difficult and painful decisions. For example, costs could be reduced by millions of dollars if employees were required to pay for a portion of their overseas housing costs. State noted that because benefits and allowances are payable to all civilian government employees working overseas, any changes would require interagency support and may require legislative action. State officials also noted that a consideration would be the potential negative impact on employee morale and the impact on State's ability to attract and retain staff to effectively carry out its mission. We agree.

Overseas allowances and benefits are authorized by statute for U.S. federal civilian employees stationed in foreign areas. There are two purposes for granting allowances and benefits to U.S. staff employed overseas. First, they can serve as reimbursement for extraordinary living costs to prevent employees from being financially penalized for working overseas. Second, they can serve as recruitment and retention incentives. Benefits and allowances provided to Foreign Service employees working overseas include free housing and utilities, hardship post payments, danger pay, cost-of-living allowances, education allowances, and separate maintenance allowances.

These benefits and allowances offer one potential area for cost reduction efforts. According to the Director of State's Office of Allowances, the only comprehensive and recent review of Foreign Service benefits and allowances was conducted in 1994 by a private firm under contract to USAID. In a January 1995 memorandum to the Director General of the Foreign Service, USAID's Deputy Assistant Administrator for Human Resources noted that this study found that (1) the Foreign Service compensation package was somewhat below that received in the private sector; (2) the Foreign Service benefits package was comparable to the private sector, except for retirement where the government is more generous, and (3) Foreign Service allowances were comparable to the private sector except for housing allowances where the private sector generally deducted a home-country norm from the housing allowance so that employees do not get free housing overseas.\7

USAID's consultant concluded that by paying only for excess housing costs, private industry, without any apparent disruption to programs, avoided substantial costs that the government pays. The consultant further concluded that USAID employees' benefits of receiving essentially free housing and utilities amount to about 12 to 15

percent of their base pay.

We also noted that Canadian Foreign Service officers are expected to contribute to a portion of their overseas housing costs based on Ottawa housing costs and on their salary levels and household sizes. Likewise, Australian Foreign Service officers are expected to contribute toward their overseas housing costs based on a published schedule. The Director of State's Office of Allowances noted that other countries, such as Japan, France, and Germany, also have a rent-share arrangement with their employees. Like the United States, however, other countries such as Great Britain and Ireland, fully reimburse overseas housing costs--up to a set limit.

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7 Specifically, the consultants found that when total remuneration costs--which include salaries, bonuses, and benefits such as retirement--were compared between USAID and the private sector, USAID's costs were almost identical to the private sector. With regards to overseas allowances, the consultant found that USAID versus private sector comparisons varied from location to location; however, USAID's costs were significantly higher than private sector allowances in all locations studied. The most significant difference between USAID and the private sector was that the private sector required employees to pay a portion (ranging from \$13,565 to \$19,957) of their overseas housing costs based on a U.S. housing standard.

INCREASED USE OF FOREIGN  
SERVICE NATIONALS IS AN  
OPTION

----- Chapter 5:3.3

The administrative section at overseas posts is generally headed by an administrative counselor or officer who is assisted by several Foreign Service officers who manage administrative subunits and oversee a staff comprised mainly of FSNs. In response to budget pressures, State could increase its use of FSNs to replace Foreign Service specialists working in senior support positions. 8 Employment of FSNs is less costly than employment of Foreign Service officers because FSNs do not receive the benefits and allowances payable to Foreign Service employees and generally are paid lower salaries than Foreign Service employees.

In addition to the cost reductions that would result from the increased use of FSNs, this practice would have two other advantages. First, State would not have to periodically rotate hundreds of Foreign Service specialists between headquarters and overseas posts. Second, an FSN-driven support structure would eliminate the significant learning curve Foreign Service specialists face at a new post.

State is reluctant to expand the use of FSNs because of security and fiduciary concerns. These are valid concerns that would be compelling without regard to oversight costs. However, cost-benefit and risk management principles suggest that some level of increased risk may be acceptable in return for significantly reduced oversight costs. Given potential budget reductions, State would have to carefully weigh the potential cost reductions resulting from increased use of FSNs against the perceived risks.

Although security and fiduciary matters are a serious concern, the following observations show that the increased use of FSNs may be feasible at some posts and that the associated risks may be manageable or could be mitigated.

- In Malaysia, the embassies of Australia, Canada, and Great Britain employ foreign nationals to manage administrative sections under the overall supervision of a diplomatic officer. In comparison, the U.S. Embassy, with one exception, used American Foreign Service officers to head up the administrative subunits.
- At some U.S. posts, FSNs are already employed to head some administrative sections, such as personnel, working under the general supervision of U.S. administrative counselors or officers.
- FSNs do not have access to sensitive records and information because embassies have secure areas they are not permitted to enter. The number of sensitive records is presumably small relative to support functions typically handled in budget and fiscal, general services, and personnel offices.
- Posts generally have two distinct computer systems, one classified and one unclassified. FSNs do not have access to the separate classified system.
- The Inspector General's procedures for periodic inspections could be modified to provide additional oversight of FSNs that handle U.S. funds. Also, the use of standard internal control procedures, such as the division of duties and mandatory vacations, could help to ensure that funds are managed responsibly.

Nonetheless, we agree that certain Foreign Service specialist positions would not be appropriate for an FSN, given the classified or highly sensitive nature of the position. These positions include communications specialists, regional security officers, regional medical officers, foreign building operations officers, technical staff working with classified communications systems, and Foreign Service secretaries assigned to work with classified information.

FSNs could replace the more costly existing staff as budget and fiscal officers, general services officers, information management specialists working with unclassified computer systems, personnel officers, regional medical technologists, and Foreign Service nurses. We estimate that State currently has about 500 Foreign Service specialists in these six job categories in its overseas posts. This figure does not include rotational positions in Washington. If State replaced these overseas specialist positions with FSNs, the Department's costs would be reduced by approximately \$53 million annually in allowance and benefit costs.

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 \8 The Department hires Foreign Service specialists to fill 16 types of positions such as budget and fiscal officers, general services officers, and information management officers. State currently has over 1,100 specialist positions in Washington and almost 2,500 specialist positions overseas.

#### STATE COULD SELL EXCESS AND UNDERUSED PROPERTIES

----- Chapter 5:3.4

The State Department has over \$10 billion in real estate at its overseas posts. Some of this real estate is excess and underused; State has identified properties for potential sale valued at \$467

million as of October 1995. Moreover, as we have reported, State also has millions of dollars in potentially excess real estate at closed posts that are not included in this amount and could be sold.\9 The Inspector General, individual embassies, and State's Office of Foreign Building Operations have also identified some of these excess properties. However, because of internal and external pressures, State has been slow in disposing of these properties. Selling these properties would not only generate revenues but could also significantly reduce maintenance costs.

In our most recent report, we recommended improvements in the State Department's procedures to identify and sell excess real estate. For example, we recommended the establishment of an independent panel to make recommendations regarding the sale of unneeded real estate, to ensure that the taxpayers' interests and the financial needs of the State Department are considered.

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\9 Overseas Real Estate: Millions of Dollars Could Be Generated Selling Unneeded Real Estate (GAO/NSIAD-96-36, Apr. 23, 1996) and Overseas Real Estate: Inaction on Proposals to Sell High- Value Property in Tokyo (GAO/NSIAD-95-73, Apr. 7, 1995).

PROCESS REENGINEERING AND  
OUTSOURCING MAY LEAD TO LONG-  
TERM COST REDUCTIONS

----- Chapter 5:4

State's Under Secretary for Management has called for and supported individual reengineering efforts throughout the Department.\10 Some of State's managers have launched reengineering and reinvention exercises in an attempt to improve services and lessen costs. Examples of such efforts include State's attempts to reengineer the Foreign Service transfer process, major personnel management reforms in such areas as pay broadbanding for FSNs, and an ongoing reengineering of the logistics function. Under State's Strategic Management Initiative, the Department attempted to gauge the advisability of outsourcing a limited number of support functions. These are positive signs of a desire for long-term reform of how support services are procured and managed at State. However, they represent just a beginning, since several major business functions remain to be reengineered or analyzed in terms of outsourcing potential.

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\10 Reengineering is the redesign of an organization's processes to achieve dramatic performance improvements in such areas as cost, timeliness, quality, and customer satisfaction. Reengineering requires that a "blank sheet" approach be taken toward the process to be redesigned. Marginal improvements to existing procedures are by definition excluded. For additional information on reengineering in the federal government see Reengineering Organizations: Results of a GAO Symposium (GAO/NSIAD-95-34, Dec. 13, 1994) and Management Reforms: Examples of Public and Private Innovations to Improve Service Delivery (GAO/AIMD/GGD-94-90BR, Feb. 11, 1994).

STATE'S INFORMATION  
MANAGEMENT CAPABILITIES HAVE  
HAMPERED REENGINEERING  
EFFORTS

----- Chapter 5:4.1

State's use of an outdated, proprietary operating system that is largely tied to computer purchases made over 15 years ago complicates current reengineering efforts. The poor condition of the information technology platform has been the subject of repeated discussions both within and outside the Department. State officials are frank in their assessments of the numerous deficiencies in current systems and acknowledge the critical need for a system that offers data users the flexibility and tools they need to accomplish the Department's work.

State launched a modernization program in 1992; according to State officials, full implementation of the program will be delayed by funding constraints. Information management resource problems have made it difficult to effectively reengineer processes. For example, State selected the Foreign Service's transfer process as a reengineering test case because the process had 117 steps, 23 forms, and a number of dispersed operations. Over 2 months, steps in the process were charted and brainstormed, and best practices in the private and public sectors were reviewed. The final report recommended a streamlined system that would enhance customer satisfaction and reduce costs. The team concluded that by improving computer interconnectivity and empowering employees, the number of full-time employees involved in the transfer process could be reduced from 24 to perhaps 4 to 5 permanent positions, supplemented by private contractor assistance. However, a year after completing the work, two team members told us that none of these positions had been eliminated because State does not have the information management tools to make the system work as designed.

In a December 1994 report, we compared several private and public leading organizations' best practices in applying information technology to improve performance to State's practices and found that the Department was deficient in several areas.<sup>11</sup> Our report noted that State had no integrated information management plan that identified goals and objectives and linked information resource management projects to them;<sup>12</sup> the information resource management and budgeting processes at State were not closely linked; and State had not appointed a chief information officer to serve as a bridge between top management, line managers, and information support professionals.

The Under Secretary for Management has begun to take steps to improve State's information resource management capabilities, including forming an information technology review board of senior department managers. In May 1995, the Under Secretary for Management established an acting chief information officer position. In May 1996, State appointed a permanent chief information officer to comply with the mandate of the 1996 Information Technology Reform Act. Finally, State is currently working on its latest 5-year strategic information resource management plan (1996-2000), which should be issued in 1996.

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<sup>11</sup> Department of State IRM: Strategic Approach Needed to Better Support Agency Mission and Business Needs (GAO/AIMD-95-20, Dec. 22, 1994). This report compared State's practices to those of leading organizations as defined in GAO's May 1994 guide on best practices. See Executive Guide: Improving Performance Through Strategic Information Management and Technology (GAO/AIMD-94-115, May 1994). GAO's best practices guide formed the basis for OMB's Evaluating Information Technology Investments: A Practical Guide (Version 1.0, Nov. 1995), which is designed to help federal agencies link information technology investment decisions to strategic objectives and related business plans.

\12 In July 1995, State issued an updated information resource management modernization plan.

#### OUTSOURCING ADMINISTRATIVE FUNCTIONS

----- Chapter 5:4.2

The National Performance Review encouraged federal agencies to identify their core missions and unique competencies and to outsource functions that can be provided more effectively and at a lower cost by other agencies or private companies. State has not done this in any comprehensive manner, even though the Strategic Management Initiative called for outsourcing studies of telecommunication services offered through the Diplomatic Telecommunications Service Program Office, the payroll function, vendor and pension payments, the Foreign Service medical examination program, and the training courses offered at the National Foreign Affairs Training Center. An official from the Diplomatic Telecommunications Service Program Office told us that the office was never formally tasked with conducting this study and thus did not respond to the recommendation. The Office of Medical Services also did not prepare an outsourcing study, although an official from that office said a study will soon be initiated. Outsourcing studies of State's payroll operations and vendor and pension payments processes were contracted to an outside consulting firm. The results of these studies should be available shortly. The only published outsourcing studies available at the time of our review involved a limited number of courses offered by the National Foreign Affairs Training Center. In each case, with certain minor modifications, the internal review team concluded that the Center's offerings were cost-effective.\13

State has not yet considered the numerous options for outsourcing many of its noncore activities, particularly data processing and administrative activities. Outsourcing options can be found in both the private and public sector. Private contractors are already providing a wide range of data processing and administrative services, including payroll, personnel management, and financial management services, and have contracts with several federal agencies.

According to one private firm, its worldwide network of data processing centers could meet State's domestic and overseas data processing demands with relative ease. Officials from the same company cited several examples of outsourcing contracts with federal agencies, including a 10-year contract with the Federal Aviation Administration to manage its computer resources nucleus project and a 5-year contract with the Immigration and Naturalization Service to manage its Information Technology Partnership Program. Also, another country's internal revenue service has contracted with this firm to assume all of its information technology responsibilities, including computer systems, systems development and integration, systems maintenance, hardware and software procurement, hardware maintenance, hardware and software installation, and information technology project management. Transferring with these responsibilities are three development centers, two accounts offices, nine data centers, and 2,100 employees who are now the contractor's employees.

Another outsourcing option available to State is the work of the Defense Logistics Agency Administrative Support Center, which been designated a reinvention laboratory under the National Performance Review. The Center provides a wide array of administrative services to Defense and other nongovernment agencies, state and city governments, and private firms. Customers pay only for actual

services provided. According to its latest survey of selected services offered by the Center, its costs were significantly lower than prices in the private sector. The Director explained that the Center does not operate on a profit margin and can leverage Defense's worldwide infrastructure to offer services at the lowest costs possible. According to the Director, his staff periodically conduct surveys of best practices in private industry to stay abreast of the latest management techniques.

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\\13 A March 1996 independent accountant's report prepared for the Office of the Inspector General recommended that the National Foreign Affairs Training Center establish user charges that fully reflect the Center's costs, as required by OMB-Circular A-25. The report also recommended that the Institute reevaluate the training courses it offers and consider eliminating courses that do not fully recover their costs and could be obtained at other training centers at a lower cost.

#### CONCLUSIONS

----- Chapter 5:5

The successful implementation of some or all of the options discussed in this chapter could substantially reduce State's support costs. Congressional approval and negotiations with other agencies may be required to implement some of these options. In addition, they would require the potential displacement of hundreds of current employees and the loss of some employee benefits, with potential adverse consequences for employee morale and productivity. However, they represent the types of changes that would enable State to operate with less resources.

#### AGENCY COMMENTS AND OUR EVALUATION

----- Chapter 5:6

State expressed concerns regarding a number of options discussed in this chapter, pointing out the drawbacks. Regarding increased use of FSNs in certain positions, State emphasized that American personnel are required to minimize fiduciary concerns. We did not recommend increased use of FSNs, but we believe this option should be considered. We share some of State's concerns, but we believe that risk management principles suggest that some level of increased risk may be acceptable in return for significantly reduced costs. Given potential budget reductions, State would have to carefully weigh the potential savings resulting from increased use of FSNs, as well as implementation of other cost reduction measures, against the perceived risks.

State said the chapter clearly described ICASS, which State believes is its most important undertaking involving overseas support costs. USAID and USTR emphasized that increasing reimbursements for administrative support at overseas posts may require additional funding for agencies other than State to cover certain costs they may not have budgeted for in the past.

#### ACTIVITIES AT OVERSEAS POSTS

===== Appendix I

In this appendix, we provide examples of the State Department's overseas political, economic and commercial, global, and consular

activities. Unless otherwise noted, these activities occurred during September and October 1995. In addition, as discussed in chapters 4 and 5, State has numerous functions and activities to support State and other U.S. government agencies' personnel and operations at overseas posts.

## POLITICAL ACTIVITIES

----- Appendix I:1

The political sections spent most of their time reporting and analyzing countries' political situations, representing the United States and developing contacts within the host countries, and supporting official visitors to the countries.

### BELARUS

----- Appendix I:1.1

For political issues, the combined political and economic section spent major portions of its time on reporting and analysis, trade and finance promotion and support, and coordination and support of other agencies' programs, such as the Defense Department's Cooperative Threat Reduction Program to help remove nuclear weapons. Other major activities included representation and contact development and dealing with the shootdown of an American hot-air balloon by the Belarussian military. Reporting and analysis included cables on internal government shakeups, the confrontation between the Belarussian president and parliament, and human rights.

### BRAZIL

----- Appendix I:1.2

The political section at the Embassy in Brasilia spent a significant amount of time preparing for and supporting the First Lady's visit, which included visits to a school for street children, a vocational institution, and a maternity hospital. The section also supported a visit by the Under Secretary for Global Affairs. Overall, the section spent approximately one-third of its time on visitor support. Another third of the time was spent on reporting and analysis, and the rest of the time was spent on representation and contact work and coordination with other agencies. The section worked with the government of Brazil to resolve several rocket technology issues, encouraged the government to support a global ban on land mine production and sales, and helped Brazil gain entry into the Missile Technology Control Regime, which may encourage closer cooperation on nonproliferation.

### MALAYSIA

----- Appendix I:1.3

The political section in Malaysia spent much of its time on reporting and analysis, representation and contact work, and support for other agencies. The Southeast Asian Nuclear Weapons Free Zone Treaty topped the list of issues that were addressed. The section also dealt with issues concerning U.S. policy toward Bosnia--an issue for which the United States has been severely criticized in Malaysia. The section covered the 15-nation Organization of Islamic Conference, advocating U.S. views and seeking the support of the Malaysian Chairman of the United Nations Human Rights Commission on related issues in Bosnia. Other efforts included representations to the Ministry of Foreign Affairs on United Nations issues, counternarcotics cooperation, arms sales, and security cooperation.

In addition, the section analyzed criminal law and procedures and the political implications of a case involving an American citizen charged with drug crimes that carry a mandatory death sentence.

#### THE NETHERLANDS

----- Appendix I:1.4

In The Netherlands, a large portion of the political section's time was spent advocating U.S. policies and presenting demarches. Reporting and analysis was also a major activity. The remainder of the section's time was spent on representation and contact development, visitor support, and other tasks. The section worked to counter untrue press reports that the United States had failed to alert the Dutch that an attack on Srebrenica (in Bosnia) in the summer of 1995 was imminent. It also helped gain Dutch support for the U.S. approach regarding assistance to Bosnia. In early 1995, the section used its ties with parliamentary defense experts to overcome obstacles, clearing the way for a \$100 million sale of air-to-air missiles, and worked to maintain Dutch abstentions from voting on a Cuban resolution to condemn the U.S. trade embargo against Cuba.

#### PARAGUAY

----- Appendix I:1.5

The political section in Paraguay spent about three-fourths of its time on democracy and narcotics issues. The visit of the First Lady to attend a conference of her counterparts consumed most of the post's time, including 25 percent of the political section as well as other embassy sections. In its efforts to help control narcotics traffic, the section also assisted a visiting team from the Departments of Justice and the Treasury to help draft money-laundering legislation for the government of Paraguay. The section also drafted a summary of the human rights situation as input to the annual human rights report and supported a visit of State's Principal Deputy Assistant Secretary for Inter-American Affairs.

#### SENEGAL

----- Appendix I:1.6

The political section in Senegal spent the largest portion of its time on reporting and analysis and the remainder on representation, contact development, the presentation of demarches, coordination with and support to other agencies, and other activities. The section reported on the leadership succession in Islamic brotherhoods, violence in ruling party internal elections, human rights, and other issues. Moreover, it obtained Senegal's agreement not to oppose the U.S. positions at the United Nations regarding sanctions against Cuba and Libya's candidacy for a Security Council seat.

#### ECONOMIC AND COMMERCIAL ACTIVITIES

----- Appendix I:2

Economic and business promotion was among the top priorities of the posts. Several ambassadors spent up to one-third of their time on economic and trade advocacy activities, personally weighing in on behalf of U.S. businesses where appropriate.

#### BELARUS

----- Appendix I:2.1

In Belarus, the combined economic and political section helped coordinate USAID's programs and reported on the International Monetary Fund stand-by program. The section also helped facilitate a U.S. contract to establish an international gateway teleport involving potential U.S. exports worth up to \$24 million and helped coordinate a U.S. business delegation's meetings with the Belarussian president and other government officials.

BRAZIL

----- Appendix I:2.2

Brazil is one of 10 emerging markets identified in the U.S. national export strategy. The Ambassador has established trade advocacy as one of the mission's top priorities.\1 The economic section in Brasilia has advocated cases with Brazilian ministries, up to the highest levels of government. Success stories during 1995 included helping obtain a \$15 million contract for a U.S. firm to develop a wastewater treatment facility. In addition to trade advocacy, the economic section in Brasilia focused its efforts on promoting economic reform and intellectual property rights. It produced about 60 cables during September and October, including 16 on, for example, the banking sector and stock market where billions of U.S. dollars are invested; 10 on intellectual property rights, which included Brazilian congressional action on the subject; 13 on transportation (including civil aviation and maritime affairs); 8 on telecommunications, asking U.S. agencies to engage the Brazilians on this sector; 5 on the energy sector in preparation for the Hemisphere Energy Summit; 2 on World Trade Organization issues; and 1 in support of a major export promotion project. Among the highlights of the mission's accomplishments during this time was the completion of the Bilateral Trade Review, which was presented to Presidents Clinton and Cardoso in November 1995.

Economic officers at posts spent a large portion of their time on reporting and analysis. They also spent significant time on representation and contact development; coordination with other agencies such as the Overseas Private Investment Corporation, U.S. Export-Import Bank, Federal Reserve System, Federal Communications Commission, and Department of the Treasury; and support for visitors, including the First Lady of the United States and the governors of Nebraska, West Virginia, and Wisconsin on trade missions.

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\1 Advocacy is carried out by several embassy sections, including the U.S. and Foreign Commercial Service offices in Brasilia, Rio de Janeiro, Sao Paulo, and Belo Horizonte.

MALAYSIA

----- Appendix I:2.3

In Malaysia, providing support to American business and enhancing the business environment for U.S. companies are among the mission's highest priorities. With support from the economic section, working in cooperation with the U.S. and Foreign Commercial Service staff, top post officials are actively engaged in numerous trade advocacy efforts. For example, the Ambassador aggressively pursued contracts for U.S. firms at the \$4 billion international airport; this support contributed to a \$35 million U.S. contract for passenger loading bridges and a \$60 million U.S. contract for systems integration. In addition, the economic section provides macroeconomic analysis and

conveys U.S. government positions on a wide range of bilateral and multilateral trade and investment issues. Supporting air service agreements and protecting intellectual property rights are among the section's key objectives.

During the months of September and October, staff in the economic section spent much of their time on representation and contact development, including numerous meetings with Malaysian government and business representatives and U.S. business representatives; visitor support for 10 official visits; trade and finance promotion and support; and reporting and analysis. In addition, the section handled numerous requests from many U.S. agencies, including the Office of the U.S. Trade Representative (USTR); the Federal Reserve Board; the White House Office of Science and Technology Policy; the Trade Development Agency; the Federal Aviation Administration; and the Departments of Commerce, the Treasury, Agriculture, and Labor.

#### THE NETHERLANDS

----- Appendix I:2.4

Promoting commercial relationships and U.S. exports to The Netherlands is a top priority. The Netherlands is the eighth largest U.S. export market, the United States maintains a multibillion dollar trade surplus with The Netherlands, and each country invests heavily in the other. The Ambassador and Deputy Chief of Mission have intensively advocated specific business deals involving officials at the highest levels of both governments. One of the embassy's major successes in 1995 was an effort involving staff from many embassy sections to help win a \$750 million contract for the Apache helicopter. Aside from individual export deals, U.S. and Dutch views on trade issues are often the same, and The Netherlands has been a valuable ally in advancing U.S. economic policy goals in the International Monetary Fund, the World Trade Organization, and other multilateral bodies.

A U.S. and Foreign Commercial Service office helps individual U.S. firms do business. Complementing this effort, the economic section represents U.S. interests on a macro or policy level. The economic section spent a large portion of its time on reporting and analysis. Other major activities included trade and finance promotion, representation and contact development, and visitor support. Accomplishments included advancing the candidacy of the U.S. choice to chair a multilateral negotiating group on the multilateral agreement on investment and helping devise a strategy to secure market access for U.S. genetically modified agricultural products. After bilateral negotiations facilitated by the economic section's aviation officer, the United States and The Netherlands also signed a bilateral aviation safety agreement, setting a precedent for other civil aviation partners.

#### PARAGUAY

----- Appendix I:2.5

Working in support of the negotiation and approval of treaties on foreign investment and economic development, the economic/ commercial section in Paraguay deals primarily with issues involving government corruption, intellectual property rights, and incorporating an informal commercial sector into the economy. In terms of trade and business promotion, the economic/commercial section offers the full array of services that U.S. and Foreign Commercial Service posts usually provide. The mission is tracking several infrastructure projects with business potential, including the \$200 million Asuncion Bay reclamation project and the \$2.4 billion Corpus hydroelectric

project. In addition to handling 15 demarches on behalf of State headquarters, the section handled over 30 requests from other U.S. agencies, supported 7 trade shows, and met with more than 30 U.S. business visitors during September and October 1995.

#### GLOBAL AND OTHER ISSUES

----- Appendix I:3

Missions cover global issues such as the environment, counternarcotics, and labor. In Paraguay, the political section administers the counternarcotics program. In The Netherlands, the economic and political sections handle a variety of global issues, including energy, health care, population, and narcotics issues. In Brazil, a section is devoted to science and technology issues, including export controls, nonproliferation, nuclear energy, space cooperation, and environmental/conservation issues. Also, a narcotics assistance office helps Brazil combat drugs, and a labor officer monitors labor conditions for trade agreements.

In The Netherlands, a legal section performs functions relating to the international war crimes tribunals for the former Yugoslavia and Rwanda, the International Court of Justice, and the Iran-U.S. Claims Tribunal. The section provides reporting and analysis and acts as a liaison for the U.S. government on matters relating to the war crimes tribunals and the International Court of Justice. Regarding the Claims Tribunal, the section supports the State Department's legal adviser in legal and technical negotiations with Iran. The section also represents the U.S. government in cases at the Tribunal that are between the two governments, supports private U.S. claimants in cases between private parties and the government of Iran, and represents the U.S. government in administrative and budgetary issues involving the Tribunal. To date, U.S. claimants have received nearly \$2.4 billion from the government of Iran through Tribunal awards. The legal section's activities included reporting and analysis on subjects of ongoing technical and legal negotiations with Iran and the Tribunal's hearings in an intergovernmental case and a private claim brought by a U.S. company against Iran. The section participated in preparing the U.S. defense in the intergovernmental case and advised the U.S. claimant and its counsel on Tribunal practice and precedent relevant to its claim. The section also engaged in negotiations with Iranian representatives concerning possible settlement of certain cases and provided support for State's legal adviser when he visited The Hague.

#### CONSULAR SERVICES

----- Appendix I:4

Each post had busy consular sections, but posts in Brazil and Paraguay had especially heavy visa workloads. Following are examples of the consular workload.

#### BELARUS

----- Appendix I:4.1

During fiscal year 1995, the consular section in Belarus processed 7,944 nonimmigrant visa cases, 90 percent of which required interviews, and processed 239 passport cases. The section provided 389 special consular services involving matters such as reports of the death of American citizens and inquiries about the welfare and whereabouts of American citizens. The section spent 67 percent of its time on nonimmigrant visa processing activities, including answering questions regarding applications, 3 percent on immigrant

visa processing activities, 27 percent on special consular services, and 3 percent on other activities.

The shootdown of an American hot-air balloon by the Belarussian military in September consumed all of the consular officer's time and indeed that of almost the entire mission for days. The consular section did all of the groundwork associated with the incident, attempting to contact the surviving Americans, identifying the bodies and sealing the morgue container to prevent tampering prior to an autopsy, calling the families involved, contacting the balloon club for information, photographing of the scene, cataloging the personal effects of the victims, taking statements from other participants, and arranging for final disposition of the remains.

#### BRAZIL

----- Appendix I:4.2

The consular workload at posts in Sao Paulo and Rio de Janeiro has reached near-crisis proportions and affected each post entirely, including nonconsular sections. Managing the workload is a serious problem, and the consular sections have proposed several ways to streamline operations, increase efficiency, and raise revenues, given resource constraints. Because of the popularity of tourism in the United States among Brazilians, a strong local currency, confidence in the economy, and bargain airfares, growth in the nonimmigrant visa workload has stressed posts to their limits. In Sao Paulo, all State Department staff and some non-State staff assist with visa work. This has caused some concern that Sao Paulo and Rio de Janeiro are becoming unidimensional posts, essentially functioning as "visa mills." According to post officials, a Brazilian family spends an average of \$3,000 during a visit to the United States; tourism from Brazil contributes about \$1 billion to the U.S. economy each year. Moreover, the United States collects over \$10 million in visa and other consular fees. The Ambassador expressed concern that delays and difficulties in obtaining visas may discourage some Brazilian tourists from visiting the United States.

#### MALAYSIA

----- Appendix I:4.3

Approximately 75 percent of the consular section's workload involves processing nonimmigrant visas, which numbered over 10,000 between September and October 1995. In September, an American citizen was arrested on drug trafficking charges, a death penalty offense. This took a considerable amount of the consular section's time. (All charges were subsequently dropped and the person was released.) In addition, to capitalize on the signing of an extradition treaty in August 1995, the embassy urged the government of Malaysia to begin negotiations on a mutual legal assistance treaty. Negotiations were scheduled to begin in June 1996.

Consular fees collected by the post in 1995 totaled about \$1,132,400. The embassy processed about 50,000 nonimmigrant visa applications, a caseload that is expected to grow by about 20 percent per year. Immigrant visa cases numbered about 430, representing about 5 percent of the consular workload. American citizen services, which represent about 20 percent of the consular workload, included 3,769 passport cases and 2,158 special consular services, half of which were notarial and judicial services.

#### PARAGUAY

----- Appendix I:4.4

The consular workload is particularly heavy in Paraguay because of the complexity and growing volume of adoption cases. In addition, Paraguay tends to have a high number of fraudulent visa cases involving unskilled Korean citizens trying to emigrate to the United States. In fiscal year 1995, the section processed 510 immigrant visas including about 363 adoption cases, 11,870 nonimmigrant visas, 557 special consular services, and 1,552 passport cases. U.S. staff in the section spent approximately 60 percent of their time on immigrant visa processing, 30 percent on nonimmigrant visa processing, and 10 percent on American citizens' services. Consular collections in fiscal year 1995 totaled \$554,217.

(See figure in printed edition.)Appendix II  
COMMENTS FROM THE DEPARTMENT OF  
STATE

===== Appendix I

See comment 1.

See comment 2.

(See figure in printed edition.)

See comment 3.

See comment 4.

See comments 1 and 5.

See comment 5.

(See figure in printed edition.)

See comments 1, 2,  
and 3.

Now on p. 24.

See comments 4 and 6.

(See figure in printed edition.)

See comment 7.

See comment 8.

See comment 9.

See comment 10.

Now on p. 26.

See comment 11.

See comment 12.

(See figure in printed edition.)

See comment 13.

Now on p. 26.

See comment 14.

Now on p. 14.

Now on p. 17.

See comment 15.

(See figure in printed edition.)

Now on p. 16.

See comment 15.

See comments 2 and 3.

See comment 16.

(See figure in printed edition.)

Now on p. 34.

See comment 15.

See comment 15.

See comment 17.

(See figure in printed edition.)

See comment 18.

(See figure in printed edition.)

See comment 19.

Now on p. 38.

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See comment 15.

See comment 20.

See comment 21.

See comment 22.

See comment 23.

(See figure in printed edition.)

See comment 24.

Now on p. 47.

Now on pp. 47-48.

Now on p. 48.

See comment 25.

See comment 26.

(See figure in printed edition.)

See comment 27.

Now on p. 50.

See comment 28.

See comment 29.

(See figure in printed edition.)

See comment 3.

See comment 15.

See comment 15.

See comment 15.

(See figure in printed edition.)

See comment 30.

See comment 31.

(See figure in printed edition.)

See comment 32.

See comment 33.

See comment 1.

See comment 15.

The following are GAO's comments on the Department of State's letter

dated June 13, 1996.

GAO COMMENTS

----- Appendix I:5

1. Both the legislative and executive branches have proposed funding levels that are well below the amounts needed to maintain the status quo. Given the magnitude of changes that may be necessary to adjust to reduced budgets, it is essential that State develop a downsizing strategy based on a comprehensive review of its functions and processes. Even if State's funding is not significantly reduced, we believe that developing a downsizing plan would help State to focus whatever resources are available on its most critical functions and activities.

2. We did not attempt to develop a cost reduction package. We clearly stated that the Department would have to reduce the scope of activities to absorb funding cuts of the magnitude being discussed. We did not attempt to quantify the amount of cost reductions that could be achieved through implementation of all of the options we identified. However, the total amount of cost reduction options discussed in our report far exceeds the \$200 million figure cited by State. For example, we noted that State could substantially reduce the costs of its overseas presence by closing some posts and reducing the size of others, but we did not specify posts that should be closed or downsized or the amount of cost reduction that would result. However, given that State spends about \$1.9 billion annually on its overseas operations, the amount of cost reductions from downsizing State's overseas presence could be substantial.

3. We identified a number of options that, if implemented, would help enable State to adjust to potential budget reductions. Some of the options would require a reduction in the scope of State's current functions and activities. We did not attempt to recommend which combination of options would be most appropriate. Although State may oppose many of these options, future funding levels may require State to consider them as part of a downsizing strategy. We believe it is State's responsibility to specify the actions, as well as the resulting cost implications, that would be necessary to adjust to the various funding levels that have been suggested by the executive and legislative branches.

4. The executive summary notes that, for several years, State has reduced personnel and taken other actions to reduce costs accordingly, such as reducing staff levels by 2,200 since 1993. It should be noted that this staff reduction represented an 8.5 percent cut in personnel.

5. We did not make judgments on appropriate funding levels for State or the relative value of State's functions and activities and we did not try to compare the relative merits of State's diplomacy to other U.S. government tools.

6. We noted that since 1991, State has closed 31 posts, most of which were consulates in countries with multiple posts. During the same period, State also opened 28 posts mostly in the newly independent states of the former Soviet Union.

7. Chapter 5 notes that State's Under Secretary for Management has called for and supported individual reengineering efforts throughout the Department in an attempt to improve services and lessen costs.

8. We modified the report to reflect action taken in June 1996 to begin implementation of the overseas staffing model, which has been

in the design phase for several years.

9. We agree that the mandate of the Strategic Management Initiative was to streamline, reengineer, and reinvent specific activities. In its budget request for fiscal year 1996, State also said that the initiative would establish a clear strategic direction, match resources to priorities, be consistent with budget realities, and result in significant reductions. Furthermore, the Strategic Management Initiative coordinator told us that the original goal of the initiative was to look at models for reorganizing State and overseas missions. We stated in our report that the Secretary of State decided in February 1995 that it was not a good time to propose fundamental changes to State's mission, organizational structure, and processes and that the initiative should focus on recommendations that would not involve major changes to operations.

10. The coordinator of the Strategic Management Initiative told us that reengineering teams assumed a flat State Department budget when they made their recommendations. They did not plan for overall budget cuts. But, in an April 1995 letter to the Secretary, the initiative's team leaders conveyed their recommendations and identified over \$100 million in potential reductions: \$61 million in domestic cost reductions, \$35 million in out-year cost reductions, \$17 million in annual cost reductions from the closure of overseas posts, and \$33 million of reductions in the Management Bureau's domestic support costs.

11. State documents prepared in February 1996 indicated no action on a recommendation to improve setting priorities for intelligence collection. We modified the report to incorporate State's update on its efforts to set priorities for intelligence gathering and reporting by expanding its representation on the intelligence community and interagency boards.

12. Chapter 5 discusses the initiatives of the Under Secretary for Management to reduce support costs.

13. Our report accurately reflects State Department cost estimates for post closures, which do not include salaries for U.S. staff. We have noted in the report that post closures will result in additional cost reductions if they contribute to overall staff reductions.

14. In April 1995, a reengineering team recommended termination of law enforcement activities. In May 1995, the Secretary decided that the recommendation required further review in light of the President's counterterrorism initiative. In October 1995, the Coordinator of the Strategic Management Initiative told us that the recommendations had been tabled. We agree with State that it has closed resident offices (New Haven, Detroit, and St. Louis), reduced three offices, and downsized the Philadelphia field office. However, the Under Secretary for Management notified the Congress of the plans to close these offices in November 1993, 1 year prior to the commencement of the Strategic Management Initiative. We were unable to verify the number of diplomatic security field staff positions that have been cut.

15. We modified the report to incorporate this suggestion.

16. It was not the intent of our report to specifically direct State's downsizing efforts. Our report stresses the importance of ensuring that personnel reductions are taken with a view toward retaining a viable workforce. To avoid the pitfalls of skill imbalances that could result from such personnel reductions, it is essential that State develop plans for downsizing or restructuring that include identifying its core missions, functions, and processes.

17. We did not recommend that the Bureau of Democracy, Human Rights, and Labor's Office of International Labor Affairs and labor officer positions abroad be eliminated. We offered this as one of many options and measures that could reduce costs. Our point was that given potential budget shortfalls State needs to scrutinize its functions and reassess its involvement in all areas.

18. We suggested that reporting may be one area that State could reduce if budget levels compel the Department to reassess its workload requirements to match the level of resources it must live with, and stressed that some of State's reports are legislatively mandated. Our report recommends that State identify legislative actions, if any, that would be needed to adjust to proposed funding levels.

We did not recommend elimination or otherwise limiting specific reporting requirements. We mention three reports--the annual country reports on economic policy and trade practices; human rights practices; and science, technology, and American diplomacy--as examples of some of the congressionally mandated reports that consume considerable resources at headquarters and at overseas posts. Although the costs associated with its reports have not been quantified, streamlining some of these reporting requirements has the potential to significantly reduce resource requirements. State will need to maintain cost information it presently does not have in order to weigh the costs and benefits of its reports and other products and services and to prioritize requirements. Where appropriate, we have incorporated the technical changes that State has noted in its comments.

19. We did not attempt to determine the extent of duplication and overlap within the Department. However, we noted that State itself, in a February 1995 study, had identified several areas of potential duplication, including overlap between the Bureau of Intelligence and Research and regional and functional bureaus throughout the Department.

20. We did not suggest that State charge fees for all services. We understand that recouping the costs of certain products and services may not be feasible.

21. We updated the report to acknowledge that, in March 1996, State provided instructions to overseas posts for the collection of fees for commercial services in posts where the Department of Commerce does not provide commercial services. However, State could also explore further options to recoup some of the costs it incurs in providing other services.

22. It was not our intent to tell State or other agencies how to set priorities when downsizing. If other agencies lower their overseas profile and ask State to fill the void, it will be incumbent upon State to adjust its resource allocations based on strategic priorities.

23. In concluding that State must reassess its involvement in certain functions and activities, we noted that State may need to seek legislative relief from certain congressionally mandated reports or obtain legislative authorization to downgrade the level of certain services.

24. This section of the report characterizes the work that State performs overseas and was not intended to describe how the funding for consular programs was managed. Information on funding for consular programs is contained in chapter 3.

25. Chapters 4 and 5 describe how State not only supports its own activities but also those of other agencies. In fact, State supports more of other agencies' U.S. direct-hire employees--whose number has increased steadily--than its own.

26. Our report accurately characterizes how internal and external pressures make closing posts difficult. We have modified the text in our report to note that external pressures contributed to State's decision to maintain six posts that it had proposed to close.

27. Our report accurately characterizes State's policy on universality. If its budget is significantly reduced, State will probably have to reduce its overseas presence and may not be able to afford universal diplomatic representation. Our report recognizes that other agencies are located at U.S. diplomatic posts and depend on State for services. This is one reason why we believe an independent panel to review proposals to close and downsize posts may be useful.

28. We modified the report to note State's concerns about congressional opposition to the National Performance Review recommendation to give ambassadors greater authority. We do not believe that implementation of the overseas staffing model and ICASS is a necessary precondition to initiate a pilot program to test the concept of increasing ambassadors' authority.

29. We agree that requiring overseas personnel to bring their furniture to posts is not necessarily a prudent option, and our report did not offer this as an option. Rather, we noted that the post in The Hague was considering requiring staff to bring their own furniture overseas in order to reduce post costs. We also noted that the cost of shipping household goods is paid by State headquarters. This example demonstrates that posts do not have full control of the resources and as a result may make decisions associated with post operations that protect the post's budget, but do not necessarily reduce State's costs.

30. We did not recommend increased use of the foreign service nationals (FSN), but we believe this option should be considered. We share State's concerns about increased use of FSNs, but we believe that cost-benefit and risk management principles suggest that some level of increased risk may be acceptable in return for significantly reduced costs. State needs to carefully weigh the cost and risk implications of this option.

31. We do not understand the context for this comment. This report did not recommend the sale of properties. However, in a prior report, Overseas Real Estate: Millions of Dollars Could Be Generated by Selling Unneeded Real Estate (GAO/NSIAD-96-36, Apr. 23, 1996), we (1) pointed out that State had a list of over 100 properties for potential sale valued at \$467 million; (2) identified other properties worth millions of dollars not on the list that are potentially excess to State's needs or have a questionable value and are often expensive to maintain; and (3) proposed that an independent panel be established to decide which properties should be sold.

32. Outsourcing is an option that should be considered. State's Strategic Management Initiative called for an outsourcing study of telecommunications services. Studies to determine the cost-effectiveness of outsourcing other functions may also uncover ways to reduce costs.

33. We believe that the Defense Logistics Agency is one outsourcing option available for State to consider, even though the Agency may

not be able to meet all of State's needs. State would need to compare its costs for providing certain support functions to the costs of contracting with the Defense Logistics Agency for these same services.

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#### RELATED GAO PRODUCTS

===== Chapter 1

#### PRODUCTS ON THE STATE DEPARTMENT

Overseas Real Estate: Millions of Dollars Could Be Generated Selling Unneeded Real Estate (GAO/NSIAD-96-36, Apr. 23, 1996).

State Department: Actions Needed to Improve Embassy Management (GAO/NSIAD-96-1, Mar. 12, 1996).

State Department: Additional Actions Needed to Improve Overseas Real Property Management (NSIAD-95-128, May 15, 1995).

Overseas Real Estate: Inaction on Proposals to Sell High-Value Property in Tokyo (GAO/NSIAD-95-73, Apr. 7, 1995).

Overseas Staffing: U.S. Government Diplomatic Presence Abroad (GAO/T-NSIAD-95-136, Apr. 6, 1995).

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State Department: Efforts Underway to Enhance Management of Overseas Real Property (GAO/NSIAD-91-277, Sept. 5, 1991).

State Department: Status of the Diplomatic Security Construction Program (GAO/NSIAD-91-143BR, Feb. 20, 1991).

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# AMERICAN FOREIGN SERVICE ASSOCIATION

## Policy Statement

October 17, 1996

### A CONSULAR STRATEGY FOR THE FUTURE

#### Executive Summary

The consular function of the Department of State stems from the need to protect American citizens abroad. The Department also has statutory responsibilities for issuing passports and visas. Consular operations, which often draw public and media attention, are of vital importance to individuals and essential to United States national interests. Furthermore, consular services touch Americans and foreigners alike in a direct and human way and consular officers are the State Department to most Americans and the U.S. Government to most citizens of other countries.

This policy report reviews problems and challenges facing the Department in performing the consular function at a time of increasing demand for services and significantly declining budgetary resources. Opportunities, as well as problems, are seen in the adaptation of new technologies to consular operations, the growing centralization of passport and visa problems, the current emphasis on controlling legal and illicit immigration across U.S. borders, future demands for timely and innovative consular training, and especially the implications of decreased budgetary resources for the foreign affairs community as a whole. There is also a myriad of consular personnel issues: career progression and assignments, promotions, personal legal liability, the increasing use of non-career employees in consular operations around the world, and the need for better work force planning in overall Department management.

AFSA examines the pros and cons of self-funding and concludes that, in view of budgetary and political trends, **the consular function should become a largely self-funded program within State.** It would be supported primarily by service fees, rather than depending almost solely on Congressional appropriations (a machine-readable visa - MRV - processing fee has been introduced and expanded with great success). The Department of State should not be required to fund an increasing demand for consular services out of a shrinking Congressional appropriation, competing with other, non-germane interests and programs. Indeed, the Department should use the consular function, particularly relating to border security and law enforcement, as leverage to increase resources — something it has not done up to now.

Self-funding would permit the hiring of personnel, both American and foreign national staff, in needed numbers to meet rising demands and to shift personnel and other resources from country to country and within domestic operations. Self-funding would also allow the Bureau of Consular Affairs (CA) to create incentives to use cost-beneficial business methods. Regarding personnel, great care will have to be taken in

developing a self-funding approach that does not isolate the consular function within State; consular operations and personnel should remain integrated in the Department's main policy, operational and personnel structures.

Finally AFSA's policy study concludes that, as an interim measure pending creation of a self-funding consular agency within State, the consular function should be transferred out of the Management ("M") area to Global programs ("G" area) to give emphasis to CA's importance as a primary **program** activity of the Department. Currently, in AFSA's view, CA's concerns and challenges are unwisely subordinated to budgetary and logistical concerns in the M area.

AFSA fully and unequivocally supports the improvement of the consular function within the Department of State and the professional interests and careers of Foreign Service consular officers. It is time for a forward-looking strategy to enhance this important foreign relations function.

# AMERICAN FOREIGN SERVICE ASSOCIATION

## Policy Statement

October 17, 1996

### A CONSULAR STRATEGY FOR THE FUTURE

#### I. INTRODUCTION

The essential interests of the Department of State in the consular function stem from the principle that the protection of American citizens abroad is the Department's highest responsibility. The Department also has the basic statutory responsibility for issuance of passports and visas. In addition, the Department has a policy interest in, for example, who is admitted to the United States or how foreign governments treat U.S. citizens in a crisis zone. Indeed, sometimes entire bilateral relationships can founder on a consular issue such as how visa applicants are treated.

Consular issues grab headlines. Not a month goes by without some consular matter gaining national media coverage. People who eschew the international pages of *The Washington Post* can see TV tabloid stories on the plight of Americans overseas. Whether it is the tragedy of international child abduction, neglect at orphanages in China, the caning of an American teenager, the visa eligibility of Sinn Fein leaders, the extradition of Colombian drug lords, or passport issuance to millionaires hiding their money offshore, Congress and the media will continue to be fascinated by the drama inherent in consular work.

The Department's consular responsibilities and actions are both of vital benefit to individuals and essential to the national interests of the United State. At a time when people-to-people contacts and commercial transactions are increasing exponentially on a global basis, the public demands that State be involved in the inevitable conflicts and situations that arise. The Bureau of Consular Affairs (CA), by the very nature of the assistance it provides to the public, leads the Department in customer service.

The State Department thus must not only do what is essential, but also do what is useful – perhaps leading people to say "The State Department can really help!" Consular services touch Americans and foreigners alike in the most direct, basic and human way possible. Consular officers are the State Department to most Americans and the United States Government to most citizens of other countries.

## **II. PRINCIPAL CONSULAR FUNCTIONS AND FUTURE CHALLENGES**

### **A. American Citizen Services**

The protection of American citizens abroad, with the panoply of services provided, is one of the principal reasons for the Foreign Service's existence. From the Consular Report of Birth and first U.S. passport to the Death Certificate and the inventory of effects, American citizens abroad are taken care of like no other country's nationals. Furthermore, the consular officer is often the only direct contact most overseas Americans have with their government; this contact extends beyond consular emergencies and frequently includes guidance on host country practices or simply lending an ear when problems occur. In the future, more – not fewer – Americans will be travelling abroad and more will be living overseas as international trade grows. Pressure for more and better services will increase.

But as the need for consular services increases, the resources available to the Department shrink. Fewer American Citizens Services consular officers are being assigned to fewer posts and with smaller budgets. The early intervention of a consul for an American wrongfully arrested, sick or mistreated will be difficult if the situation arises in a country where the U.S. no longer has an embassy or where a consulate has closed. Posts are closed and funds are scarce for a consular officer to travel to a citizen's aid, even though early intervention may literally mean life or death. Despite reduced consular resources, the need for those services persists and is growing. We cannot ignore this need.

Looking ahead, the Department must go beyond averting negative attention, whether from the Congress or CNN, toward organizing its consular establishment to better serve American taxpayers overseas. This constituency not only is growing quantitatively, but also it directly reflects America's engagement in the global marketplace on which the President and national leaders have placed highest priority. Seeking ways of helping American citizens abroad should generate support among U.S. taxpayers for State's mission, the Foreign Service and maintaining our overseas presence. To this end, AFSA strongly urges the Department to highlight consular operations in Congressional testimony and public statements, citing the important services provided to American citizens and the millions of dollars earned in consular fees.

## B. Border Security and Law Enforcement

Alien smuggling, drug running, international terrorism, organized crime and money laundering: We can no longer have the luxury of compartmentalization in dealing with these problems. The Bureau of Consular Affairs has often been the catalyst in the interagency process, working with the Immigration and Naturalization Service (INS), law enforcement agencies and private citizens groups. The rise of the Russian "mafia," for example, resulted in the creation of an interagency effort in which CA actively participates. Cross-agency training and computer link-ups are vital to combat these crimes. Congress and the American public will support these efforts, especially if they understand that consular personnel protect our borders as much as INS and the Customs Service do. However, AFSA believes that the Department has failed to take advantage of the public outcry against illegal immigration in order to emphasize the importance of consular operations to border control efforts in public statements and to remind Congress.

To cite achievements in other areas, international child custody cases have been handled expeditiously and sympathetically by CA's Children's Issues Division. The U.S. has been in the forefront of bringing this issue to the attention of the international community, pressing other countries to ratify the Hague Convention. CA has even gone to the extent of using a private non-governmental organization (NGO) to help manage enforcement of the Hague Convention. At the same time as it is dealing with parental abductions, the Children's Issues Division has the enormous responsibility of monitoring international adoptions, one of the most serious and emotional interests of the American public in the consular field.

## C. Visas

Institution of the non-immigrant visa (NIV) waiver program removed the need for diplomatic and consular posts to issue hundreds of thousands of visas and freed up consular positions for other work. One of CA's major goals is to have the Visa Waiver Pilot Program made permanent. Further, the application of new technologies has enabled the State Department to make the NIV process more fraud-free and the U.S. border more secure. But the need remains for millions of NIV applicants to be seen by consular officers. The number of applicants are rising not only in those countries with the worst economic conditions, but also in those emerging countries with improving economies and education. Desperation (and advanced criminal technology) produces increasingly sophisticated fraud. The future is clear: there will be a need to process more applications quickly, while screening for fraud will place severe burdens on consular officers.

Yet these interests are legitimately balanced by the importance of timely and efficient visa processing for tourism and international commerce. Combatting visa fraud and crime are important, but not if the result is to measurably constrain legitimate visa issuance. The two interests must be balanced, if not made complementary, in the totality of CA operations.

The number of immigrant visas (IV's) issued annually is expected to remain essentially static unless Congress repeals the authority in Section 245(i) of the Immigration and Nationality Act (INA) allowing INS to adjust the status of stateside applicants. If Section 245(i) is repealed, IV work abroad will increase dramatically. The centralization of IV files and reducing the number of IV issuing posts have made a difference in managing this workload and CA is exploring additional outsourcing possibilities to further relieve this burden. But if Congress should repeal Section 245(i), CA must request additional resources, perhaps in the form of an additional fee, to handle the work. More resources should also be put into combating the ever-increasing, more sophisticated fraud in IV as well as NIV issuance. (Other visa and regulatory issues brought to AFSA's attention in connection with this study will be pursued by CA separately; we welcome these proposals received from the field.)

As budgets are cut and Junior Officer intake dwindles, it will become more difficult to deal with increasing fraud and pressures for more IV issuance. The challenge for State is to staff the function, including American and Foreign Service National (FSN) positions, adequately.

#### D. Training for the Future

Consular officers serving overseas receive their initial training at the Foreign Service Institute (FSI) in a 26-day course. A two-week advanced consular course is a requirement for those in the consular cone once they have completed several consular tours abroad. While CA does not have a training responsibility, the bureau relies mostly on on-the-job training to meet Civil Service or Foreign Service employee development needs.

CA and FSI should work together more closely regarding formal classroom and other kinds of training. Maximum use should be made of computerization, inasmuch as most posts are now on line with the Department and can receive self-teaching modules; these should be made more widely available and be constantly revised and updated. Even now, the Visa Office has direct e-mail contact with most posts, allowing consular officers to obtain immediate answers to most questions, rather than using time-consuming telegraphic communications, better used for the most complex matters. The use

of technology is the key and training must be continuous. At the same time, management training should be integrated into consular courses at all levels, beginning with basic supervisory skills at the entry level.

On a broader front, consular and other Foreign Service officers are being disadvantaged in career development terms by the contraction for budgetary reasons of long-term training opportunities, including university programs and with think tanks and business and professional organizations. In a more generous resource environment, developmental training should be sought for consular officers in behavioral sciences, foreign and municipal law, multicultural relations, management and public administration.

### **III. PROBLEMS AND SOLUTIONS**

#### **A. Resources**

The Bureau of Consular Affairs cannot provide quality service to the public by well-trained, motivated professionals without control over its two greatest resources: funding and personnel.

It is essential that CA be able to retain the maximum possible amount of consular fees, with flexibility regarding their utilization. Given the existing tight budgetary environment, State cannot modernize and improve consular operations without a reliable and adequate source of funding. Despite public and Congressional recognition of the importance of consular services, the Department's operations budget at present levels does not provide sufficient funding to meet the growing demand for those services.

State should urge Congress to provide for permanent retention of Machine Readable Visa (MRV) fees. CA should also collect from other agencies and retain fees for services consular officers provide on behalf of those agencies. A study underway by a private contractor will provide a basis for the further revision of the consular fee structure and the retention of revenues.

At the same time, CA cannot fund itself on a straight fee-for-service basis. The State Department appropriately provides some American Citizens Services free of charge, such as child custody assistance. While some services provided should remain free of charge, revisions of the fee structure may increasingly provide the basis for reliable and adequate funding needed to provide the American public and foreign nationals with the desired level and caliber of services.

Similarly, CA's control of consular positions must complement fee retention to achieve quality customer service objectives. Current control of consular positions by State's geographic bureaus does not permit the degree of flexibility and reliability needed to respond to local workload fluctuations, global travel trends and downsizing goals.

#### B. Use of Technology

Technology has made consular work easier in some ways, but more difficult and certainly more complex in others. As information technology is increasingly incorporated into consular operations, there should be a more accurate appreciation of its potential and limitations. There is a need also to monitor emerging technologies for applicability to consular work, together with stifling government regulations and decision-making that often accompany the utilization of new technology.

The use of technology should focus on accomplishing the more tedious, least rewarding work, giving officers more time to devote to more important aspects of their work, for example, oversight, supervision and training. As was learned from the introduction of MRV's, technology enhances anti-fraud controls but it can also make a process more time-consuming and more complex.

The State Department can only meet the challenges posed by border security threats by relying on and improving information technology. For example, CA now has a national database which will be used to check if a passport applicant with likely fraudulent intent had been issued another passport in the same identity. Shared access to all U.S. law enforcement databases, more secure machine-readable travel documents, and paperless files contribute to greater national security.

It is equally important, however, to realize that technology will not replace the essential human element of judgment exercised by a well-trained and professional work force. Consular officers must have access to the most sophisticated systems available to document Americans and qualified aliens for travel, but the decision to do so is made by a person, not a computer. Consequently, if there is to be adequate -- not even optimum or absolute -- judgment and accountability, the human factor must be present.

#### C. Consolidation and Centralization

The National Passport Center (NPC) and the National Visa Center (NVC) are prime examples of CA's successful efforts to consolidate and centralize routine operations and record-keeping. The NVC is now engaged in a pilot

project with U.S. posts in Canada to carry immigrant visa processing one step further. CA must be able to explore and exploit consolidation to the extent possible in every area of consular operations.

Similarly, there is potential for applying this approach to overseas consular operations. Consolidating IV issuance on a country or regional basis (for example, Guangzhou for all China posts and Moscow for some former Soviet Union posts) offers major opportunities for achieving economies of scale. At the same time, there are clear limitations on applying centralized processing, primarily to services for American citizens overseas. It must not be forgotten, for example, that issuing immigrant visas for spouses and children of American citizens are a form of American Citizens' Services, thus requiring family members to travel thousands of miles to obtain their visas is not in the Department's or client's best interests.

Greater utilization of the Operations Center in the State Department offers an opportunity to centralize the Department's handling of after-hours emergencies, while reducing costs and improving response time. A consular watch officer in the Operations Center could assume responsibility for after-hours consular duty calls for the CA bureau, eliminating the need for separate duty officer rosters for the Office of Overseas Citizens Services, the Visa Office, and Passport Offices. Furthermore, the use of a special after-hours number at smaller overseas posts having only one or a few consular officers, linking those posts with the Operations Center in Washington, could eliminate frequent call-ins and improve reaction time in addressing after-hours situations. Because the Operations Center functions on a round-the-clock basis, time and distance would be overcome in providing more prompt service to American citizens and those requiring consular attention with a decreased drain on local consular personnel.

#### D. Outsourcing

Several contracting initiatives are underway: the NPC and NVC, the use of 1-900 numbers to provide instant access to consular information, and establishment of an NIV appointment scheduling system at Canadian and Mexican border posts. Some of these pilot initiatives are funded by user-fees. CA is considering the expansion of the contracting option for some of the more clerical aspects of NIV processing. While outsourcing is not a panacea for improving the quantity or quality of consular operations, especially routine processing functions, there should be scope for introducing innovations using private sector techniques and services.

#### **IV. PROFESSIONAL CAREER IMPLICATIONS**

##### **A. Career Perceptions**

Consular officers, and most knowledgeable other Foreign Service personnel, consider the consular function to be the "front line" of our overseas missions. Nevertheless, there is a widespread feeling among career consular officers that they are "second best" or are disadvantaged in the Foreign Service hierarchy and personnel system. At the same time, many non-consular officers have not observed the manifold changes in the nature, volume and level of complexity of consular work. This has led to stereotyping and the mistaken belief that consular duties are inherently routine, boring or simply consist of "stamping visas." The overall impression is that consular work is undervalued and the people performing it other than first-class.

For the consular professional, the dilemma is whether consular work, in which a premium is placed on "people skills" and working intimately in foreign cultures, is viewed as a distinct career or as a sub-set of broader Foreign Service skills. This issue has practical as well as psychological and perceptual aspects. At the same time, one of consular work's greatest attractions is the chance to manage people, processes and funds relatively early in one's career.

##### **B. Legal Accountability**

Consular officers traditionally have had a unique responsibility. Their signature on a document creates a personal statement of the integrity of the document and, at the same time, an individual liability. National concerns with border security and international terrorism have sharpened the focus on consular accountability for the visa decisions officers make; the latest expression of legal accountability was contained in Section 140, P.L. 103-236, the Foreign Affairs Authorization Act for 1994 and 1995. The law requires that consular officers certify in writing that a visa lookout check has been made and that there is no basis for exclusion under that system. The State Department's legal opinion is that Congress clearly intended that the visa lookout requirement be taken very seriously, having career implications. As consular officers are called upon to manage more sophisticated technology, meet the public's demands for greater and faster service, yet still ensure that only qualified people are documented, they feel threatened by legal liabilities and sanctions that appear to be unreasonable, if not unjust.

State and Justice Department lawyers believe that, when an act or omission occurs while an employee is acting within the scope of her or his employment, the exclusive remedy is against the U.S. Government, not the employee as an individual. The prevailing legal belief is that there is no basis on which a consular officer would be subject to personal liability for failure to comply with the law but the employee could be subject to administrative actions, including negative performance evaluations and convening of an accountability review board. Any legal claims under this law would be against the U.S. Government, inasmuch as the visa lookout function is a uniquely governmental function. Consequently the personal liability of a consular officer is not at significant risk, although the law remains to be tested. AFSA should work, however, to mitigate the effects of the legal accountability stricture, if possible removing it from law.

### C. Assignments

Foreign Service generalist officers must continue to be the mainstay of the consular function. At a time when more career mobility and versatility are needed, returning to a system of narrow consular specialization is contraindicated; the re-creation of a consular specialist staff corps should also be avoided as it would lead to a return of needless stratification and decreased flexibility in work force utilization.

In recent years, negative impressions of consular careerists to a degree have been offset by the opening up of new job opportunities through multifunctionality, a more determined pursuit of "equal access" for consular officers in personnel management, and emphasis on career mobility for specialists and others wishing to migrate into the consular function. The unique attributes of the consular officer who possesses high interpersonal, cross-cultural and program management skills are being more highly valued. During a period of increasingly constrained financial and personnel resources, it is not in the Department's interest to retreat from broader and more productive utilization of people with consular skills at higher grade levels, especially O-1's and Senior Foreign Service Officers.

Regarding training and assignment patterns, incoming generalists should basically be trained as managers: groomed as section chiefs, future consuls-general and for the pool of multifunctional officers, especially at the O-2 level and above, with expectation that they would move into top rank of Department managerial positions, including DCM, principal officer and chiefs of mission. At the O-2 or upper O-3 level, it is desirable that consular officers should broaden

their experience by serving in political, economic or multifunctional positions. Mid-level managerial training is imperative for all cones, especially at the upper middle grades, to provide modern theory and skills to supplement traditional on-the-job supervisory training.

In this connection, it is important that all Foreign Service generalist officers should serve a minimum of one tour in a consular position, as much for individual growth and experience as to perform needed work at the junior level. The Department also should promote career mobility, ensuring that there is room for employees already in the Foreign Service to transition to the consular function and to provide for the intake of new generalist officers at the bottom.

#### D. Promotions

Declining promotion rates have become a problem for all Foreign Service personnel. During times of scarcity and declining resources, there is a tendency to view career concerns as a zero-sum proposition and the Foreign Service selection board results are scrutinized and criticized for any seeming advantage given to one or another generalist cone. Some consular officers therefore have come to feel disadvantaged by declining promotion rates, but a broader look at work force planning suggests that:

- advancement in the consular function should be based on position and skills needs at higher levels, not historical rates of progress or equal promotions for all cones.

- job requirements and the composition of the consular cone, by grade and including experience requirements, should be based on need and the functions to be performed. While State is far from achieving this ideal, assessed needs should shape the consular work force and all cones.

In recent years, consular officers have performed exceptionally well in a range of multifunctional and "non-traditional" positions. This record should not be allowed to erode by constraining opportunities to advance into other worthwhile functions. Only by expanding access to non-consular jobs can optimal use be made of important consular officer attributes, especially program management experience, "people" skills and law administration. AFSA believes that the Office of the Director-General should pay particular attention to develop and utilize needed consular skills and to resolve work force planning issues that detract from this objective.

## E. Alternative Hiring Programs

All consular employees should be capable, well-trained and professional. However, budget and career mobility demands will result in more routine consular positions being filled by other than consular generalist officers, i.e., those on the long-term consular managerial career track. There is a greater role for alternative hiring programs designed mainly for eligible family members to staff visa issuance, consular assistant and similar positions that should be occupied by Americans with immunity status, not FSN's or contract employees, for accountability and other reasons.

The extent to which consular assistant employment is needed or desirable should be assessed in the context of improved work force planning. It cannot be more highly emphasized, moreover, that eligible family members and others in alternative hiring programs must be well-trained, have a good command of English, and possess good basic skills essential for meticulous and demanding work.

The myriad of alternative hiring programs, however, are not well coordinated, have widely varying qualifications and skills levels, and do not have common pay and benefits which are portable enough to be of long-term use to the Foreign Service. There has been no attempt, moreover, to take alternative hiring programs into account in total work force management; consequently, the use and number of personnel in these supplemental programs have been largely budget- and exigency-driven.

AFSA believes that, as a matter of priority, the Department of State should rationalize the basis for these programs, establish comparable qualifications and application requirements, harmonize benefits, stipulate training requirements, and specify common conditions of service. Above all, the Department should make an effort to rebut the misconception that alternative hiring programs equate to less-trained and less-capable employees which in turn feeds the canard that "anyone can do consular work."

Career Civil Service employees who work in CA who have extensive consular backgrounds comprise another source of personnel to fill consular openings abroad. A more flexible approach in Civil Service regulations should be sought to allow some Civil Service employees officers to accept overseas tours of duty, temporarily filling their vacant domestic positions for two years with qualified Foreign Service Officers who might not otherwise have an opportunity to serve in CA because of the low number of domestic Foreign Service positions. Such flexibility would have considerable benefit from both the operational and career development perspectives.

An additional possibility would be an intern program to bring college students, including potential affirmative action candidates, into the Department for six month assignments, on a paid basis, thus freeing up domestic personnel for temporary duty abroad during the visa rush season and to augment passport agency staffs. A consular intern program to develop interest and skills in consular operations could become a useful recruiting tool for both Foreign Service generalist and Civil Service ranks.

#### F. Recruitment

Better recruitment is called for to more closely identify those with desirable generalist skills and success factors for intake via the written and oral examination process. In particular, more attention should be given to recruiting for interpersonal and managerial characteristics, as well as an aptitude for legal thinking, if not law-related expertise. Improved recruitment and hiring practices are also required for the panoply of alternative hiring programs.

#### G. Needs-based Work Force Management

During this time of budgetary stress, the Department must come to a realistic definition of needs through vastly improved work force planning. In the consular field, this is accomplished to some extent via the annual Consular Package, but refinements are needed to integrate consular workload management data with nascent Department-wide planning efforts, including mission/bureau program planning and the post staffing models. In this regard, the Department is urged to refine the post staffing models now under development by the new Overseas Staffing Board to incorporate FSN and alternative hiring program staffing which requires constant scrutiny to ensure that adequate budget resources are available to fulfill consular workload demands.

Although alternative forms of organizing the consular function should be explored, as outlined below, an effort must be made to anticipate future needs, to avoid being locked into an inadequate planning framework, and to further adapt to changes and challenges in the consular function, for example, relating to law enforcement and border security. Above all, consular staffing must be closely tied to workload requirements; CA must have the key role in ensuring that this is the case, short of full CA control under a self-funded consular organization. The budget formulation and financial allocation processes ultimately must be reformed to correspond to priorities and actual needs.

## **V. SELF-FUNDED CONSULAR OPERATIONS**

In recent years there have been a number of proposals to remove the consular function from the State Department, either by forming a separate migration agency or by absorbing visa work into another agency. It is in the best interest of the Department and the national interest for State to retain the entire consular function but to consider managing and funding this responsibility in a new way. The preferred option would be to separate consular operations from the main State Department operating budget and appropriations to support those operations from consular fees. Consular operations would remain under the policy and organizational umbrella of the Department. AFSA believes that the Department should work to generate the political and Congressional support for doing so, not merely to assume that this is impossible or simply "too hard."

Different approaches have been suggested on how to achieve a new, self-funded organizational structure: create a consular services organization supported by a public enterprise or revolving fund, as proposed in one recommendation of the Department's Strategic Management Initiative (SMI) or establish a new performance-based organization (similar to the new Patent and Trademark Office), a concept currently promoted by the National Performance Review ("Reinventing Government"). The goal under these options would be to operate consular services like a business to the greatest extent possible, charging fees for services and retaining those fees to finance the cost of doing business and to improve service quality.

In pursuing this option, however, great care will have to be taken in developing an approach that does not isolate or hermetically seal the consular function within State; in particular, consular operations and consular personnel should remain integrated in the policy and operational structures. Considerable attention, therefore, should be given to the interface with the new consular organization. Also, whatever the source of political impetus, greater government reliance on fee-for-service operations, self-sustaining internal service organizations, franchising and privatization are likely to continue and grow over the next few years, thus a self-funded consular organization is indicative of the future, not the past.

To the extent that operating consular services like a business is a valid objective, there are several advantages:

- Fees for consular services would be plowed directly back into the organization providing those services rather than going to the Treasury as general government revenue. Such a modality would allow the consular

services organization to focus on improving customer services using income, rather than depending on Congressional appropriations.

-- The Department would not have to fund an increasing demand for consular services out of a shrinking Congressional appropriation for State's operating budget. Presently CA competes with the full range of demands within the State for budgetary resources, but it is manifestly clear that the Department's appropriation is not large enough to fund consular operations adequately without affecting other priority interests and programs. This is especially true with predicted and steeply declining resource projections; as the overall Department budget shrinks, consular operations will come under steadily increasing pressure. Doing more, or the same, with less and less is not an option.

-- State has not attempted to leverage Congressional concern about border security to gain increased appropriations for consular operations. For whatever reason, State's approaches to the Hill have not focussed on consular requirements, achievements or goals despite Congress' clear statement of this function's importance. In this dynamic, the difference between CA's place in State and the standing of INS in the Justice Department is clear: INS has successfully promoted an expanded border security program to deter illegal immigration, drawing both on user fees and a large line-item appropriation (distinct from Justice's operating budget) to do so. Except for the MRV fee, which has permitted CA to make advances in border security that never would have been possible from State's appropriation, CA is totally funded by State's appropriation.

-- Self-funding would allow CA to create incentives to use cost-effective business methods and make decisions based on the public interests, rather than being hamstrung by resource constraints. For example, NIV demand in Brazil and Korea is increasing much more rapidly than our ability to provide service to the travelling public, despite the fact that visa issuance creates revenue and travellers from these countries pump significant resources into the U.S. economy in terms of investment, business and tourism.

-- Self-funding would permit hiring of personnel in appropriate numbers to get the job done. In the past several years of budget austerity, virtually all of the new consular positions, well substantiated by workload factors, approved by Congress during the past 10 to 15 years have been eliminated, thus feeding the cycle of reduced staffing to cope with increasing work demands. This constitutes a significant vulnerability for the Department as consular operations are already hindered by staffing shortfalls from promoting greater accountability, customer service, and the introduction of technology and innovation. The inability to do high quality work, moreover, has contributed to diminished

perceptions of the value of consular work, as noted above, both within and outside the consular specialty.

-- Professionalism in consular affairs would be measurably enhanced if direct-hire positions could be funded from consular revenues and allocated to posts abroad and to passport agencies on the basis of actual workload needs. Likewise, CA should control the hiring and deployment of consular para-professional employees. Base transfers of personnel positions and funds from the geographic bureaus to CA would be necessary to accomplish this.

Downsides to self-funding include:

-- The consular organization might not generate sufficient fees to cover costs, even if workload declines in some areas. Authority to retain short-term surpluses would be required to protect against this possibility (the trust fund model). At the same time, it might be necessary to have the option of requesting Congressional appropriation to temporarily maintain service levels, meet surge demands, or respond to unanticipated demands of high priority to the national interest.

-- The State Department currently lacks sufficiently sophisticated budget and accounting capabilities to support a self-funding organization. The actual costs of providing services, including the amortization of infrastructure costs and overhead, are not yet available on a world-wide or post basis to determine budgetary levels.

-- Although under study, the current methodology for setting consular fees has proven inadequate. A report in preparation is expected to provide a more reliable methodology for establishing fees, although not complete cost recovery, thus adding significantly to the Department's ability to implement a self-funding approach. If adopted, the new fee structure should be reviewed annually or biennially on the basis of cost reviews; "sunk" costs as well as direct personnel costs should be included.

-- Consular personnel might be disadvantaged in competing for Foreign Service and Civil Service positions outside the consular function. A system would be needed to permit career advancement for Foreign Service, Civil Service and FSN personnel, both within and outside the consular organization.

## RECOMMENDATION:

Considering all factors, AFSA concludes that (a) the self-funding option should be actively promoted, (b) the consular function, for valid foreign relations reasons, should remain within the Department of State, and (c) an initiative to create a self-funded consular program under the Secretary of State, but taking care to maintain personnel integration and interoperability with other policy and program activities of the Department, should be a high priority for the Department leadership after the November 1996 election.

## CONCLUDING NOTE

Whatever else is done to improve consular professionalism and to establish a self-funding organization within the Department of State, it is necessary to establish the Bureau of Consular Affairs as a program activity in its own right. Currently, in AFSA's view, CA's concerns and challenges are unwisely subordinated to budgetary and logistical concerns in the M area -- the domain of the Under Secretary for Management. The consular function, on the contrary, should be viewed as a primary program activity of the Department, along with narcotics (INL), refugees and migration affairs (PRM) and parts of other bureaus.

In the present situation, CA is forced to compete for resources with logistical support organizations in the M area, which must be improved, streamlined and rationalized for inherent efficiency reasons and, unlike CA, do not deliver services to the public. To properly manage the consular function, the Department should not only move to make CA self-funding, but also realign it organizationally with other program bureaus in the G (global affairs) area as an intermediate step, then to establish a separate consular organization responsible to the Secretary of State.

AFSA fully and unequivocally supports the improvement of the consular function and of professional careers in the consular field in the ways described above. It is time for a forward-looking strategy to enhance this important foreign relations function.

*Approved:*

*State Standing Committee - 10/15/96*

*Governing Board - 10/17/96*

STATUTORY BASIS FOR CONSULAR WORK

The Foreign Service Act of 1946, as amended, provides generally for the commissioning of Foreign Service officers and employees as consular officers and the assignment of such officers and employees to posts abroad.

Section 104 of the Immigration and Nationality Act provides for the establishment of the Bureau of Consular Affairs, to be headed by an Assistant Secretary of State. It further provides for a Passport and a Visa Office within the Bureau. It sets forth the duties of the Secretary of State with regard to the administration and enforcement of laws relating to the issuance or refusal of visas.

Statutory sources of consular rights and duties (except with respect to immigration and nationality) are collected in subchapter x of chapter 14 of Title 22, United States Code ("Powers, duties and liabilities of consular officers generally"). This subchapter contains 31 sections, generally derived from 18th and 19th century statutes, dealing with such diverse matters as solemnization of marriages, conservation of estates of decedents, certifications of invoices, retention of papers of American vessels, and depositions and notarial acts.

Consular functions are also specified in the various consular conventions and related treaties to which the U.S. is a party. The most widely representative view of international consular practice is in the 1963 Vienna Convention on Consular Relations, in force for the U.S., and some 91 other countries. It lists 12 general areas of consular responsibility, including such matters as protecting the interests of the sending state and its nationals, promoting commerce, performing notariats, administrative and quasi-judicial services and dealing with ships and aircraft of the sending state.

Taken together, the laws of the U.S. and relevant treaties make clear that consular officers are expected to perform a wide range of facilitative services on behalf of nationals of the sending state. The implementing regulations of the Secretary of State (22 CFR, Chapter I, subchapters H-K) are fully consistent with this characterization of consular functions.

Beyond this, there are a host of presidential decisions and proclamations, regulations, treaties, and legislation dealing with consular work.

| Consular Positions Worldwide     |           |            |           |            |
|----------------------------------|-----------|------------|-----------|------------|
|                                  |           |            |           |            |
|                                  | American  |            | FSN       |            |
|                                  | Positions | Percentage | Positions | Percentage |
| African Affairs                  | 54        | 7          | 86        | 4          |
| InterAmerican Affairs            | 270       | 33         | 608       | 30         |
| East Asia and Pacific Affairs    | 154       | 19         | 389       | 19         |
| European Affairs                 | 257       | 31         | 694       | 35         |
| Near East and South Asia Affairs | 93        | 11         | 228       | 11         |
|                                  |           |            |           |            |
| Total                            | 828       |            | 2005      |            |

**CONSULAR WORKLOAD**

|                                                 | <b><u>FY 93</u></b> | <b><u>FY 94</u></b> | <b><u>FY 95</u></b> |
|-------------------------------------------------|---------------------|---------------------|---------------------|
| Immigrant Visa Cases                            | 708,957             | 679,014             | 605,139             |
| % change                                        |                     | - 5.5%              | - 9.7%              |
| Non-Immigrant Visa Cases                        | 6,942,388           | 7,140,788           | 7,445,064           |
| % change                                        |                     | + 2.9%              | + 4.3%              |
| Passports Issued - Overseas                     | 235,756             | 266,450             | 279,082             |
| % change                                        |                     | + 13%               | + 4.8%              |
| Passports Issued - Domestic                     | 3,393,566           | 4,798,155           | 5,308,522           |
| % change                                        |                     | +41.3%              | +10.6%              |
| Special Consular Services - No. of Cases        | 1,645,165           | 1,512,626           | 1,453,919           |
| % change                                        |                     | - 8%                | - 3.9%              |
| Refugee Visas Issued                            | 68,831              | 59,951              | 22,502              |
| % change                                        |                     | -13%                | -37.5%              |
| Fraud Investigations<br>(Overseas and Domestic) | 107,107             | 101,104             | 115,097             |
| % change                                        |                     | -5.6%               | +13.8%              |

October 26, 1995

AFSA Position on Reductions in Force  
and Budget Priorities

**Issue:** What actions should AFSA urge be taken by the managements of all foreign affairs agencies regarding potential RIF's of Foreign Service personnel?

**Assumption:** Congressional and Administration actions to provide sharply reduced resources for the foreign affairs function portend that RIF's in State, USIA and AID are likely to occur this year or next.

SUMMARY OF VIEWS

- AFSA opposes RIF's as a mechanism for meeting reduced budgets, unless as a clear last resort.
- AFSA opposes the use of furloughs as a convenient tool to relieve budget shortfalls, except where their use would save personnel from being released through a RIF. In such eventuality, furloughs should be brief and designed to minimize hardship.
- AFSA holds that, in the event of a RIF, personnel reductions should not disproportionately fall on the Foreign Service components of the foreign affair agencies in view of the fact that the Foreign Service already has suffered greater losses in recent years.
- AFSA strongly supports the retention and strengthening of professional skills and experience and opposes the further erosion of these skills through misguided work force management.
- Where managements of the foreign affairs agencies determine that a RIF is necessary, AFSA holds that the release of Foreign Service employees be based primarily upon merit and demonstrated performance, and that years of creditable federal service be given consideration but as a secondary criterion.

- AFSA believes that full-time government work funded from operations (salaries and expenses) accounts should be performed by permanent employees, thus the number of contractors should be sharply reduced before Foreign Service personnel are terminated.
- AFSA supports near universality in overseas representation and opposes the elimination of representation in countries where the U.S. has significant interests.
- AFSA in principle supports the continued intake of new Foreign Service personnel to meet policy and statutory responsibilities and workload requirements, depending upon the circumstances of the individual agencies. AFSA opposes any hiring policies and systems that detract from merit principles and fair competition.

#### I. Overall AFSA Position:

1. AFSA opposes the use of RIF's unless as a last resort after all other means of meeting reduced budgets have been exhausted. Measures short of a RIF include the use of buyout and early-out authority, making voluntary egress more attractive through positive outplacement, career transition programs and other humane means, together with more liberal use of existing authority (as well as aggressively seeking new authority) to promote retirements.

2. Furloughs should not be used by Management as a convenient tool to alleviate the budgetary situation but should only be considered to avoid a RIF after careful evaluation of the financial options and tradeoffs. If Management proposes a "rolling furlough," it should be as short as possible (e.g., some days a year, timed to coincide with paid holidays) to minimize hardship and dislocations. AFSA will seek the views of its membership on furlough plans before they are implemented.

3. AFSA accepts that sound management requires personnel force realignments, but insists that they must be done on the basis of careful work force planning. We endorse re-training of the existing Foreign Service work force, enhanced career mobility, constrained hiring (but maintaining minimum levels of generalist and specialist intake in deficit areas as appropriate to each agency to prevent severe downstream personnel shortfalls), and Service discipline to ensure that needed work is performed by on-board personnel.

4. AFSA holds that full-time government work funded through

operations (salaries and expenses) accounts should be performed by permanent employees, thus the number of contractors, other non-career employees, and rehired annuitants in some circumstances and agencies, should be sharply reduced before Foreign Service personnel are terminated.

5. AFSA believes that, in the event of a RIF, separation should be based primarily on merit and demonstrated performance; years of creditable federal service should be given consideration but as a secondary criterion. Unlike the Civil Service, there should not be bumping and retreating rights based solely on seniority, which are at odds with the merit principle.

## II. Equity:

1. The Foreign Service has suffered disproportionate personnel reductions in recent years because of budget stringency, Congressional fiat, and the lack of needs-based work force planning. Thus, AFSA believes that reductions should first occur among other employee populations, beginning with contractors and political appointees, if the Foreign Service is in jeopardy from a general RIF. Non-career officers who encumber Foreign Service positions should be separated prior to any RIF action.

2. Non-career Presidential appointees, who are not subject to a RIF or furlough, should share the burden with rank-and-file employees by voluntarily contributing their wages from furlough days or pledging a week's wages to a fund set up to help permanent Foreign Service employees deal with hardships.

3. Attrition levels, due to the application of non-discriminating time-in-class rules in State and stringencies in USIA and AID, have reduced the skills base at the senior mid-level and in Senior ranks to unacceptably low levels where U.S. interests and the conduct of foreign relations by experienced practitioners are jeopardized.

4. Furthermore, the staffing of overseas missions of State, USIA and AID is also reaching an unacceptably low level. AFSA supports the redeployment of overseas resources from lower to higher priority needs and functions. AFSA supports near universality and opposes the elimination of representation in countries where the U.S. has significant interests and, moreover, reducing posts to become merely support "platforms" for non-foreign affairs agencies.

5. While personnel redeployments should be sought from very large embassies and consulates-general, near-term personnel savings should be taken in Washington by:

- o eliminating overstaffing by targeting non-essential and low priority positions through workload and organizational analysis;
- o organizational streamlining, consolidating functions, eliminating administrative overhead;
- o reducing redundancy, particularly in logistical support operations among all foreign affairs agencies; and
- o improving productivity and efficiency in the provision of administrative services.

6. Full-time permanent employees should first be given opportunities to move into unfilled jobs via career mobility programs. Specific job opportunities should then be identified for those in alternative employment programs, expanded as appropriate, with special consideration given to spouses of Foreign Service personnel.

7. AFSA believes that, in the interest of balanced work force management, Foreign Service National (FSN) work force levels are approaching minimum desirable levels. This special expertise, like the Foreign Service itself, should be preserved under more flexible management systems being developed by the Office of Overseas Employment.

8. AFSA most strongly believes that, in the event of a RIF, employee grievance rights should not be further infringed through administrative interpretations of Section 611(c) of the Foreign Service Act of 1980, as amended, or other means which restrict the right of due process as provided in the Constitution. The right of Foreign Service personnel to undertake grievance action on the basis of material defects in their performance files should be preserved and defended to the maximum extent necessary.

### III. Single Foreign Service:

1. AFSA supports the protection of Foreign Service jobs across agency lines. In the spirit of the Foreign Service Act of 1980 and consistent with the President's Executive Order on priority placement for federal employees subject to a RIF, we believe that qualified Foreign Service personnel in one foreign affairs agency should be considered for employment in kindred agencies in jobs for which no on-board personnel are available.

2. Foreign Service personnel having similar selection, training and generalist skills should be considered for lateral mobility to meet deficit needs. Agencies having insufficient on-board employees to fill needed positions should make these opportunities available to other qualified Foreign Service

personnel before recruitment is extended to Civil Service employees, political appointees, contractors or outside hires.

3. At a time when great pressure is being placed on the career Foreign Service work force in all agencies, the position of the Director-General and the Board of the Foreign Service should be enhanced in line with the 1980 Act. The Director-General should become the public representative of all Foreign Service personnel in the several agencies, with special responsibilities to coordinate and lessen the impact of RIF's on Foreign Service employees across agency lines.

#### IV. Budget Priorities:

1. AFSA opposes the concept of a "reconstructive RIF," i.e., reducing the work force without a realistic plan (including redeployments of the existing work force), but we strongly favor aggressive programs to help separated employees and efforts to better enable the employees remaining in reduced organizations and overseas missions to deal with workload demands and to achieve their full career potential. At the same time, AFSA opposes reorganizations solely or primarily designed to abolish Foreign Service positions, including overseas post closures, in the absence of compelling policy and management considerations; the expanded use of arbitrary time-in-class (TIC) measures to hasten involuntary retirements; and the targeting of specific classes or groups of employees for selective RIF's.

2. Where numbers of employees in a particular class or function are persuasively shown to be in excess of position needs, maximum career mobility options should be employed to preclude severance. A RIF should be a true last resort.

3. AFSA endorses foreign affairs agency Management initiatives to reduce budgetary outlays by constraining discretionary operations. Budget choices, however, must be based on a careful prioritization of U.S. policy interests, emergent priorities and the need to continue to staff the foreign policy function. Linking program planning to the budget and financial plan systems is essential in this regard, together with needs-based work force planning.

4. The real cost of overseas administrative support services, primarily for non-foreign affairs agencies, should be recovered by the agency, State or otherwise, providing them. The FAAS system should be abolished immediately in favor more realistic work load costing, including capitation, which allows the provider fair recovery of infrastructural and service costs. Among the foreign affairs agencies, cost recovery should be

structured in ways to prevent RIF's and not to exacerbate a RIF being suffered by another foreign affairs agency.

5. The cost of reimbursable details, including training and overseas support, should be fully recovered from non-foreign affairs agencies. Other-agency details into full-time foreign affairs agency positions should be terminated before RIF's of Foreign Service employees are initiated.

6. AFSA holds that infrastructure investment programs should not be financed wholly or largely through forced personnel reductions. Investment should be postponed if the only means of financing it is through involuntary Foreign Service personnel cuts.

Final 10/26/95  
Approved by AFSA  
Governing Board

PRESIDENTIAL INITIATIVE TO DETER ALIEN SMUGGLING  
REPORT OF THE INTERAGENCY WORKING GROUP

SUMMARY

On February 7, 1995, the President instructed the Departments of State and Justice, in cooperation with other relevant agencies, to establish a new structure to coordinate Administration action to deter alien smuggling. In response the State Department and the Immigration and Naturalization Service (INS), representing Justice, convened an interagency working group to study the problem and provide recommendations. The working group determined that alien smuggling must be dealt with at its source as well as in those transit countries through which migrants are moved to the United States. The working group recommends programs to disrupt global smuggling by increasing the awareness of foreign governments and the public of alien smuggling and its dangers. The group believes the basis for effective international action is the adoption of laws by all countries to make alien smuggling a crime. The United States should take action against foreign officials known to be implicated in alien smuggling by revoking or denying their visas.

The working group recommends that additional human resources be devoted to combatting alien smuggling through expanding our overseas enforcement capability and through expanding our overseas training programs. The handling of information regarding frequently used alien smuggling travel routes, known or suspected smugglers, and fraudulent documents vendors must be improved. This information should be shared with affected governments on a controlled basis. Training should be increased to reduce corruption and professionalize border guards and inspections officers, coupled with the expanded distribution of U.S. printed materials on fraudulent documents to law enforcement officials.

OVERVIEW

Viewed globally, trafficking in illegal migrants is an enormous problem. Hundreds of thousands of illegal migrants are currently being moved by international criminal smuggling syndicates from their countries of origin to Western Europe and the United States. This floating population is at various stages in a pipeline which stretches from Asia, across Europe and through Central America and the Caribbean to the United States.

It involves large numbers of Chinese, South Asians, Latin Americans and persons from countries disrupted by natural disasters, political turmoil and wars. It is under the control of smugglers who vary by geographic area and national identity, and from individual operators to sophisticated international smuggling rings. Migrants are passed along a chain which often involves a number of smugglers, safe houses, transit points and varied means of travel. For some, the trip can be accomplished quickly by commercial air. For those with limited funds, the journey can take years of hardship and danger.

This growing trade in human cargo earns smugglers billions of dollars in annual profits. Nearly standard fees for various nationalities range from a few hundred dollars for Central Americans to \$35,000 for Chinese. A down payment is normally made before departure with the remainder due to smugglers upon completion of the journey. Funds come primarily from persons in developed countries -- either relatives or prospective employers -- and repayment is made by the migrant from working, often in sweat shop conditions, from criminal activities, or on some occasions the migrants may be held for ransom by the criminal gangs. Trafficking organizations operate with near impunity, as alien smuggling is a crime in only a few recipient countries and penalties are minimal. In Central America, alien smugglers operate openly as only Honduras has an anti-smuggling law. The same is often true in Central Europe. In some areas (Western Europe and Southeast Asia), the same criminal organizations may traffic in migrants and narcotics. In other areas, alien smugglers avoid criminal activities, such as drug trafficking, for which they would risk prosecution and stiff penalties.

Alien smuggling is made possible by staggering levels of official corruption. In Belize, the Director and Deputy Director of Immigration were recently arrested for corruption involving alien smuggling; immigration directors in Guatemala and the Dominican Republic were replaced for the same reason. Poorly trained and paid immigration inspectors and border guards are easily bribed to assist smuggled aliens who are "only passing through." As alien smuggling organizations are ethnically based, migrants "disappear" into ethnic communities. Some law enforcement authorities are reluctant to dedicate resources to alien smuggling cases because they have been persuaded that alien smuggling is a victimless crime. Unfortunately, the reality is that migrants are often subjected to inhumane or dangerous treatment and, in the case of Chinese, to extreme forms of violence. Migrants die from suffocation, abandonment, accidents or brutality by smugglers.

German-Polish investigation (with U.S. participation) recently broke a smuggling ring moving hundreds of Polish nationals through Germany to the United States.

#### CENTRAL AMERICA

Central America is a major conduit and source of illegal migrants entering the United States. In addition to being the source of 200,000 to 300,000 illegal aliens who attempt to enter the U.S., it has emerged as a transit route for some 100,000 aliens from outside the region (primarily Chinese, South Americans and South Asians), most of whom arrive by air from Europe and South America. Several smuggling rings and hundreds of independent smugglers operate in Central America, including travel agents, guides, and support personnel who run hotels and provide documents. Alien smuggling is not illegal (except in Honduras) so smugglers operate openly and are regarded as "businessmen" and not criminals. Most smugglers are of local origin but resident Chinese and Indians are also involved.

Every country in Central America plays a significant role as either a gateway, a transit route, or both. Guatemala, for example, is a regional hub for movement of illegal aliens who arrive by air, overland, or, in the case of Chinese, by ships off-loading at isolated points along the coast. Alien smuggling is abetted by high levels of official corruption and the bribing of officials who often provide active assistance to move illegal migrants who are "just passing through." In the past year, several governments have taken action against such corruption. The immigration directors in Belize and Guatemala were fired for accepting bribes from alien smugglers. The new Immigration Director in Panama has actively sought U.S. assistance to reform his department.

Alien smuggling has become a booming business in Central America. Smuggling operations remain relatively simple and groups are not hierarchically organized. Smugglers have links to international organizations and local agents, employing "subcontractors" to provide guides, documents, housing and transport. Aliens are usually moved in groups from "gateways" by land and air routes through Mexico to the United States. As smugglers are accustomed to operating openly, they make "soft" targets for enforcement operations. Spot checks at airports, roadblocks and stings are effective means of derailing smuggling operations. As enforcement efforts become more effective, however, we can expect the smugglers to become more sophisticated and hard-core criminal groups to become involved in this extremely lucrative trade.

Anti-smuggling efforts by the United States and Western European countries have begun to have some impact on the problem, but a great deal more remains to be done. Fortunately, governments in transit countries are beginning to recognize the destructive impact of official corruption, that illegal migrants commit crimes in transit, and that not all migrants move on.

## EUROPE

Europe is a major gateway to the United States for illegal migration and alien smuggling. It is estimated that between 300,000 to 500,000 illegal aliens enter Western Europe each year, with an equal or larger number of migrants poised in adjacent Central European states and Russia and the Newly Independent States. While some of these migrants will remain in Europe, a substantial number will eventually attempt to illegally enter the United States. The influx of illegal migrants into countries composing the European Union has been aided by increased economic integration, the reduction or removal of border controls, the collapse of strong central authority in the former communist states, improved frequency and convenience in air travel, and expansion of computer and telecommunication technologies.

While alien smugglers use a bewildering variety of routes to move their human cargo, Moscow has emerged as a major transit hub with an estimated 200,000 illegal aliens in temporary residence at any time. From Moscow, many routes lead through Central Europe to West European capitals and onward to transit points in Latin America. Alien smuggling in Europe is accomplished by both major international criminal organizations and by small, independent operators. In nearly all cases, smuggling is ethnically based with the criminals and the migrants of the same nationality.

Most European countries recognize the problem and, within their resources, are attempting to address it. Central and Western European countries are working to harmonize anti-smuggling, immigration and asylum laws in the Budapest Group and other fora. These efforts may be hampered, however, by the Schengen Accord, which went into effect in March 1995, and which will abolish internal border controls among signatory states. Great differences in legal systems and the capabilities of law enforcement agencies also frustrate an effective response. Many Central European countries have recently reorganized their law enforcement and immigration services and have sought to cooperate with their Western counterparts. A joint

## THE CARIBBEAN

The Caribbean Basin is both the source of substantial illegal immigration and an increasingly important transit route for illegal migrants. Estimates based upon the number of illegal migrants apprehended indicate possibly hundreds of thousands of illegal migrants are utilizing this route. The key problem in the region is migrants brought by small boats called "yolas" across the narrow Mona Passage from the Dominican Republic to Puerto Rico and then by domestic flights to the continental United States. Smugglers range from individuals to highly organized groups with global connections. In addition to the Caribbean Basin, migrants come from South and Central America and in lesser numbers from China, India and Pakistan. Recently Central Europeans, including Albanians and former Yugoslavs, are arriving in growing numbers. Haitians and Cubans are typically smuggled via the Bahamas to southern Florida.

Inadequate policing, lack of relevant or effective laws, and corruption of officials in transit countries hinder enforcement efforts to stem the flow through the Caribbean. Poverty is a major factor, both in inducing people to go to the United States and in the susceptibility of government officials to bribery. When traveling by air, aliens from the Caribbean enter the United States principally by using carriers whose personnel have either been intimidated or bribed to participate in smuggling ventures.

As in other areas of the world, danger and possible detection are the most serious obstacles facing smuggled aliens in the Caribbean. Many migrants have died in unsafe conveyances, especially in high seas or during the hurricane season.

Several governments in the region are beginning to acknowledge the growing problem of alien smuggling. The governments of the Dominican Republic and the Bahamas have been publicly outspoken against alien smuggling and have taken active measures to combat the problem. The Bahamas is especially vigilant against undocumented migrant workers.

## CHINA

Since 1992, the U.S. has experienced a growing influx of illegal immigration from China organized by highly effective alien smuggling organizations which operate globally and earn hundreds of million of dollars in

illicit profits. Chinese pay several times more than other nationalities to be smuggled to the U.S., typically paying from \$25,000 to \$35,000. The UN estimates annual gross proceeds from smugglers and associated gangs bringing Chinese to the U.S. at \$3.5 billion. Estimates on the number of Chinese illegally entering the U.S. vary widely but perhaps up to 50,000 enter annually.

The origin of the Chinese migrant has changed. Traditionally, most Chinese migrants to the U.S. came from counties near Hong Kong. Illegal Chinese migrants now come instead from the southern Fujian province which historically was one of the poorer regions of China, but has recently enjoyed considerable economic growth.

Illegal migrants from China come to the U.S. by myriad routes on journeys that last from a few days to well over a year. The largest number smuggled into the U.S. arrive by commercial aircraft, usually in small groups with fraudulent documents. A substantial number arrive in this hemisphere aboard smuggling ships, usually converted driftnet fishing vessels. Since August of 1991, there have been over 40 known or suspected vessels which have smuggled Chinese aliens to the Western Hemisphere. Most of these vessels landed migrants in the Caribbean, Central America, and Mexico, where alien smugglers then transported them to the U.S.

Chinese Triads, operating from Hong Kong, Thailand, Singapore, and elsewhere in East and Southeast Asia, have ties to south China. The ethnic Chinese syndicates in these areas and others assist in the transit of smuggled aliens. Corruption of airline personnel, airport authorities and government officials is a key factor in the smuggling of illegal Chinese at most stages of their travels. Corruption is extensive in several of the countries of Southeast Asia allowing for the ease of transit of smuggled aliens.

The attitude of the governments in the region is mixed. The Chinese have cracked down on the alien smugglers in Fujian Province. The Chinese government has arrested smugglers and corrupt local officials, but has problems controlling crime in southern China. The problem seems to be the inability of central government law enforcement and judicial authorities to act effectively against provincial and local officials who abet smuggling.

The cooperation on the part of Taiwanese authorities has been unsatisfactory. Over half the vessels interdicted since January 1993 were either Taiwan-flagged or have had Taiwanese captains and crew members. It is

not clear that Taiwan has done enough to police against the misuse of ships as migrant smuggling vessels. Since most of the vessels are not equipped and do not meet minimal international standards for carrying passengers, Taiwan has the authority to insist they not leave port.

Most importantly, Taiwan has failed to enact laws to make migrant smuggling a crime. Taiwan's legislature is currently considering such legislation, but the bill has not yet passed its initial review.

#### INDIA AND PAKISTAN

India and Pakistan are major source countries for illegal immigration to the economically developed countries of the West, particularly the U.S. During fiscal years 1993 and 1994, INS apprehended a total of 1,617 Pakistanis and 1,402 Indians who either entered the country illegally or over-stayed their visas. It is believed that at least as many entered the U.S. without detection. While the demographics of the migrants vary, the vast majority are overwhelmingly males between the ages of 20 and 40. They tend to be poorly educated, with little or no employment prospects.

The majority of these mala fide migrants are transported to the U.S. by smuggling organizations. Most arrive by air, but an increasing number are crossing our southern border or attempting entry by boat. As with the Chinese, Indian and Pakistani nationals await transport to the U.S. at staging areas throughout Central and South America and Europe. Intelligence reports indicate that up to 40,000 South Asians, predominately Indians, are in Russia, awaiting transport to the U.S.

Corruption is endemic in South Asian source countries, and smugglers continually test the will of government officials. Police have been known to protect smugglers, and both high- and low-level immigration and airline personnel have been involved with smuggling rings. Airlines have been receptive to anti-fraud training, but sustaining momentum is difficult without constant oversight.

Both India and Pakistan have made efforts to attack large-scale document fraud, and U.S. agencies abroad report good cooperation with law enforcement and immigration officials at a working level. However, conflict between law enforcement agencies, corruption, and the culture of "protection," often permits perpetrators to be back in business within a short time.

CURRENT U.S. RESPONSE

Although there have been official exchanges between the U.S. and the governments of sending and transit countries, there are not many formal agreements on combating alien smuggling. Most of our efforts to combat the problem have been through training airline personnel and local government officials at a working level. State Department Consular Officers and INS Carrier Consultant and Overseas Deterrence/Liaison Programs provide admissibility and fraud deterrence assistance to the airline industry, immigration, border and police officials, and foreign consular officers. This training has been most successful in Eastern Europe. However, the training is not generally conducted on an ongoing basis and its effects diminish over time.

In addition, several U.S. agencies have representation or observer status in regional or international organizations that deal with refugee, immigration or alien smuggling issues. Every attempt is made to engage governments on a bilateral and multilateral basis regarding alien smuggling. Through diplomatic channels, we have called upon other nations to increase domestic enforcement, tighten laws and regulations concerning travel documentation, increase vigilance at their borders, tighten and enforce registration requirements for flag vessels and strictly enforce international conventions concerned with safety at sea.

The U.S. Coast Guard (USCG) continues patrolling and other enforcement efforts to deter and intercept vessels attempting to smuggle migrants to the U.S. by sea. Such operations are primarily focused against migrant threats from Haiti, Cuba, the Dominican Republic and the People's Republic of China. Vessels appear to be relying more heavily on offload points in Central and South America, with migrants then using overland routes to reach the U.S.



United States Department of State  
*Bureau of Consular Affairs*

## VISA BULLETIN

Number 69

Volume VII

Washington, D.C.

### IMMIGRANT NUMBERS FOR DECEMBER 1996

#### A. STATUTORY NUMBERS

1. This bulletin summarizes the availability of immigrant numbers during December. Consular officers are required to report to the Department of State documentarily qualified applicants for numerically limited visas; the Immigration and Naturalization Service reports applicants for adjustment of status. Allocations were made, to the extent possible under the numerical limitations, for the demand received by November 7th in the chronological order of the reported priority dates. If the demand could not be satisfied within the statutory or regulatory limits, the category or foreign state in which demand was excessive was deemed oversubscribed. The cut-off date for an oversubscribed category is the priority date of the first applicant who could not be reached within the numerical limits. Only applicants who have a priority date earlier than the cut-off date may be allotted a number. Immediately that it becomes necessary during the monthly allocation process to retrogress a cut-off date, supplemental requests for numbers will be honored only if the priority date falls within the new cut-off date.

2. Section 201 of the Immigration and Nationality Act (INA) sets an annual minimum family-sponsored preference limit of 226,000. The worldwide level for annual employment-based preference immigrants is at least 140,000. Section 202 prescribes that the per-country limit for preference immigrants is set at 7% of the total annual family-sponsored and employment-based preference limits, i.e., a minimum of 25,620. The dependent area limit is set at 2%, or 7,320.

3. Section 203 of the INA prescribes preference classes for allotment of immigrant visas as follows:

#### FAMILY-SPONSORED PREFERENCES

First: Unmarried Sons and Daughters of Citizens: 23,400 plus any numbers not required for fourth preference.

Second: Spouses and Children, and Unmarried Sons and Daughters of Permanent Residents: 114,200, plus the number (if any) by which the worldwide family preference level exceeds 226,000, and any unused first preference numbers:

A. Spouses and Children: 77% of the overall second preference limitation, of which 75% are exempt from the per-country limit;

B. Unmarried Sons and Daughters (21 years of age or older): 23% of the overall second preference limitation.

Third: Married Sons and Daughters of Citizens: 23,400, plus any numbers not required by first and second preferences.

Fourth: Brothers and Sisters of Adult Citizens: 65,000, plus any numbers not required by first three preferences.

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EMPLOYMENT-BASED PREFERENCES

First: Priority Workers: 28.6% of the worldwide employment-based preference level, plus any numbers not required for fourth and fifth preferences.

Second: Members of the Professions Holding Advanced Degrees or Persons of Exceptional Ability: 28.6% of the worldwide employment-based preference level, plus any numbers not required by first preference.

Third: Skilled Workers, Professionals, and Other Workers: 28.6% of the worldwide level, plus any numbers not required by first and second preferences, not more than 10,000 of which to "Other Workers".

Fourth: Certain Special Immigrants: 7.1% of the worldwide level.

Fifth: Employment Creation: 7.1% of the worldwide level, not less than 3,000 of which reserved for investors in a targeted rural or high-unemployment area, and 300 set aside for investors in regional centers by Sec. 610 of P.L. 102-395.

4. INA Section 203(e) provides that family-sponsored and employment-based preference visas be issued to eligible immigrants in the order in which a petition in behalf of each has been filed. Section 203(d) provides that spouses and children of preference immigrants are entitled to the same status, and the same order of consideration, if accompanying or following to join the principal. The visa prorating provisions of Section 202(e) apply to allocations for a foreign state or dependent area when visa demand exceeds the per-country limit. These provisions apply at present to the following oversubscribed chargeability areas: INDIA, MEXICO, and PHILIPPINES.

5. On the chart below, the listing of a date for any class indicates that the class is oversubscribed (see paragraph 1); "C" means current, i.e., numbers are available for all qualified applicants; and "U" means unavailable, i.e., no numbers are available. (NOTE: Numbers are available only for applicants whose priority date is earlier than the cut-off date listed below.)

PREFERENCES

| <u>Family</u> | All Charge-<br>ability Areas<br>Except Those<br>Listed | INDIA   | MEXICO  | PHILIPPINES |
|---------------|--------------------------------------------------------|---------|---------|-------------|
| 1st           | 08FEB96                                                | 08FEB96 | 22MAR92 | 01JUL86     |
| 2A*           | 01FEB93                                                | 01FEB93 | 01MAY92 | 01FEB93     |
| 2B            | 01JAN91                                                | 01JAN91 | 01JAN91 | 01JAN91     |
| 3rd           | 22SEP93                                                | 22SEP93 | 01DEC87 | 08SEP85     |
| 4th           | 15MAY86                                                | 01DEC84 | 22MAR85 | 07NOV77     |

\*NOTE: For December, 2A numbers EXEMPT from per-country limit are available to applicants from all countries with priority dates earlier than 01MAY92. 2A numbers SUBJECT to per-country limit are available to applicants chargeable to all countries EXCEPT MEXICO with priority dates beginning 01MAY92 and earlier than 01FEB93. (2A numbers subject to per-country limit are "unavailable" for applicants chargeable to MEXICO.)

December 1996

| All Charge-<br>ability Areas<br>Except Those<br>Listed |         | INDIA   | MEXICO  | PHILIPPINES |
|--------------------------------------------------------|---------|---------|---------|-------------|
| <u>Employment-<br/>Based</u>                           |         |         |         |             |
| 1st                                                    | C       | C       | C       | C           |
| 2nd                                                    | C       | 08MAY95 | C       | C           |
| 3rd                                                    | C       | 15MAR94 | C       | 01JAN96     |
| Other<br>Workers                                       | 22SEP89 | 22SEP89 | 22SEP89 | 22SEP89     |
| 4th                                                    | C       | C       | C       | C           |
| Certain<br>Religious<br>Workers                        | C       | C       | C       | C           |
| 5th                                                    | C       | C       | C       | C           |
| Targeted Employ-<br>ment Areas/<br>Regional Centers    | C       | C       | C       | C           |

The Department of State has available a recorded message with visa availability information which can be heard at: (area code 202) 663-1541. This recording will be updated in the middle of each month with information on cut-off dates for the following month.

#### B. DIVERSITY IMMIGRANT (DV) CATEGORY

Section 203(c) of the Immigration and Nationality Act provides 55,000 immigrant visas each fiscal year to provide immigration opportunities for persons from countries other than the principal sources of current immigration to the United States. DV visas are divided among six geographic regions. Not more than 3,850 visas (7% of the 55,000 visa limit) may be provided to immigrants from any one country.

For December, immigrant numbers in the DV category are available to qualified applicants chargeable to all regions/eligible countries on a "CURRENT" basis.

(NOTE: For January, a rank cut-off will be established for Africa and Asia (regional) as well as for Bangladesh, Ghana, and Nigeria (country) to hold issuances within the annual limits. All other areas will remain "Current" for January. For February, there will be rank cut-offs for Albania and Poland as well.)

Entitlement to immigrant status in the DV category lasts only through the end of the fiscal (visa) year for which the applicant is selected in the lottery. The year of entitlement for all applicants registered for the DV-97 program ends as of September 30, 1997. DV visas may not be issued to DV-97 applicants after that date. Similarly, spouses and children accompanying or following to join DV-97 principals are only entitled to derivative DV status until September 30, 1997.

C. NOTE ON VISA AVAILABILITY IN THE "SR" (CERTAIN RELIGIOUS WORKER) CLASSES

Heavy applicant demand for numbers (particularly for adjustment of status cases at INS offices) may oversubscribe the "SR" (Certain Religious Worker) visa category and require the establishment of a worldwide "SR" cut-off date as early as January. (This concerns "SR" cases only, and not "SD" Ministers of Religion or any other Employment Fourth preference applicant class.)

D. RECENT AMENDMENTS TO THE VISA PORTION OF THE FOREIGN AFFAIRS MANUAL (FAM)

The following Transmittal Letters (TLs), which update the visa portion (Vol. 9) of the FAM, are now available:

VISA-154, Statutory Provisions and/or Regulations for Sections 40.11; 40.63; 40.65; 40.66; 40.92; 40.111; 41.2; 42.22; and 42.61. Cost \$7.75  
VISA-155, Sections 40.102 Notes; 41.101(c); 41.104(e); 41.105(a)(3)(iv), 41.113(k)(3); 42.12 Exhibits I and II; and 42.67(a)(2). Cost \$6.25.  
VISA-156, Sections 41.91 Notes and 41.92 Notes have been redesignated as 41.82 Notes and 41.83 Notes, respectively. Cost \$2.50.

A check payable to the Department of State must accompany the order. These TLs may be obtained from:

Distribution Services (OIS/PS/PR)  
Room B847 A  
Department of State  
Washington, D.C. 20520

OBTAINING THE MONTHLY VISA BULLETIN: The Department of State's Bureau of Consular Affairs offers the monthly "Visa Bulletin" on the INTERNET'S WORLDWIDE WEB. The INTERNET Web address to access the Bulletin is:  
<http://travel.state.gov>

From the home page, select the Visa section which contains the Visa Bulletin.

In addition to the INTERNET, the "Visa Bulletin" can be accessed and downloaded from the Consular Affairs electronic bulletin board. Those with a computer and modem should dial (202) 647-9225. No password or special software are required.

Individuals may also obtain the "Visa Bulletin" by FAX. From a FAX phone, dial (202) 647-3000. Follow the prompts and enter in the code 1038 to have the Bulletin FAXed to you.

(The Department of State also has available a recorded message with visa cut-off dates which can be heard at: (area code 202) 663-1541. The recording is updated in the middle of each month with information on cut-off dates for the following month.)

To be placed on the Department of State's Visa Bulletin mailing list or to change an address, please write to:

Visa Bulletin  
Visa Office  
Department of State  
Washington, D.C. 20522-0106

Only addresses within the U.S. postal system may be placed on the mailing list. Please include a recent mailing label when reporting changes or corrections of address; the Postal Service does NOT automatically notify the Visa Office of address changes. (Obtaining the Visa Bulletin by mail is a much slower option than any of the alternatives mentioned above.)

The Visa Bulletin can also be contacted by E-mail at the following address:  
[VISABULLET@SALWPOA.US-STATE.GOV](mailto:VISABULLET@SALWPOA.US-STATE.GOV)

(The Visa Bulletin is not distributed by E-mail, however.)



United States Department of State  
*Bureau of Consular Affairs*

## VISA BULLETIN

Number 69A Volume VII

Washington, D.C.

### REGISTRATION FOR THE 1998 DIVERSITY IMMIGRANT VISA PROGRAM

#### Diversity Immigrant Visa (DV) "Lottery" Program:

Sections 201(a)(3), 201(e), 203(c) and 204(a)(1)(G) of the Immigration and Nationality Act, taken together, establish an annual numerical limitation of 55,000 for diversity immigrants. Natives of countries determined by the Immigration and Naturalization Service according to a mathematical formula specified by the law are able to compete for these visas. The law specifies that there must be a separate registration for each year's DV visas. The information contained in this Bulletin concerns the registration during 1997 for visas to be issued in Fiscal Year 1998 (from October 1, 1997 through September 30, 1998).

#### Qualifying Countries Under the DV-98 Program:

The law apportions DV-98 immigrant visa issuance among six geographic regions

- Africa,
- Asia,
- Europe,
- North America (excluding Mexico, Central America, and the Caribbean),
- Oceania, and
- South America, Central America, and the Caribbean,

according to a formula based on immigrant admissions over the most recent five-year period. The formula identifies both high and low admission regions and high admission foreign states. A greater share of the Diversity visas goes to low admission regions than to high admission regions. High admission states, i.e., the principal source countries for immigrants in the Family-Sponsored and Employment-Based categories, are excluded entirely from the program. No single country may receive more than 7% (3,850) of the world-wide total of DV visa numbers.

The Immigration and Naturalization Service determines the countries whose natives (as that term is explained in Question 1 below) may be entitled to DV-98 visas. According to the law, countries are grouped by region. (See detailed regional lists at the end of this Visa Bulletin.) The allotment of visas per region for Fiscal Year 1998 is shown in parentheses below, followed by summary information on eligible countries. (The eligible countries and regional numbers may change each year depending on variations in immigration rates.):

|                                                          |          |                                                                                                                                                                          |
|----------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AFRICA:                                                  | (21,179) | All countries.                                                                                                                                                           |
| ASIA:                                                    | (7,280)  | All countries <u>EXCEPT</u> the following:<br>CHINA-mainland born and Taiwan born, INDIA,<br>PHILIPPINES, SOUTH KOREA, and VIETNAM.<br>( <u>Hong Kong is eligible.</u> ) |
| EUROPE:                                                  | (23,213) | All countries <u>EXCEPT</u> the following: GREAT BRITAIN<br>(United Kingdom) and its dependent territories,<br>and POLAND. ( <u>Northern Ireland is eligible.</u> )      |
| NORTH AMERICA:                                           | (8)      | <u>The Bahamas is the ONLY eligible country included in<br/>the North America region. CANADA is NOT eligible.</u>                                                        |
| OCEANIA:                                                 | (844)    | All countries.                                                                                                                                                           |
| SOUTH AMERICA,<br>CENTRAL AMERICA,<br>and the CARIBBEAN: | (2,476)  | All countries <u>EXCEPT</u> COLOMBIA, DOMINICAN REPUBLIC,<br>EL SALVADOR, JAMAICA, and MEXICO.                                                                           |

How and When to Apply for DV-98 Status:

The application period for registration for the DV visas to be issued during Fiscal Year 1998 (i.e., from October 1997 through September 1998) will begin at noon (Eastern Time) on Monday, February 3, 1997, and will end at noon on Wednesday, March 5, 1997. Applications must be typed or clearly printed in the English alphabet, and must be mailed to one of the six following addresses, depending upon the region of the applicant's native country, so that they are received during the application period:

ASIA: DV-98 Program  
National Visa Center  
Portsmouth, NH 00210  
U.S.A.

SOUTH AMERICA,  
CENTRAL AMERICA,  
and CARIBBEAN: DV-98 Program  
National Visa Center  
Portsmouth, NH 00211  
U.S.A.

EUROPE: DV-98 Program  
National Visa Center  
Portsmouth, NH 00212  
U.S.A.

AFRICA: DV-98 Program  
National Visa Center  
Portsmouth, NH 00213  
U.S.A.

OCEANIA: DV-98 Program  
National Visa Center  
Portsmouth, NH 00214  
U.S.A.

NORTH AMERICA:  
(Bahamas only) DV-98 Program  
National Visa Center  
Portsmouth, NH 00215  
U.S.A.

IT IS IMPORTANT TO USE THE CORRECT POSTAL ZIP CODE FOR EACH REGION. (A list of qualifying countries within each region appears on pages 7 and 8.)

Typed or clearly printed in the English alphabet in the upper left hand corner of the front of the envelope must be the country or area of which the applicant is a native. (See Question 1 on page 4 of this Visa Bulletin for a definition of the term "native".) Typed or clearly printed below the country must be the same name and mailing address of the applicant as are shown on the application for registration contained within. Failure to include this information will disqualify the application.

|                                                                                                         |                                                                                       |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| ← 6" to 10" or 15 cm to 25 cm →                                                                         |                                                                                       |
| Applicant's Native Country<br>Applicant's Full Name<br>Applicant's Address<br>(as shown on application) |  |
| DV-98 Program<br>National Visa Center<br>Portsmouth, NH 00---(see above for appropriate zip)<br>U.S.A   |                                                                                       |
| ↑                                                                                                       |                                                                                       |

3 1/2" to 4 1/2"

↑

or

9 cm to 11 cm

↓

(If, for instance, the applicant's country is Kenya (in Africa), the postal zip code for Africa would be used, that is, 00213.)

Only one application may be submitted by or for each applicant during this registration period. (Submission of more than one application will disqualify the person from registration.) Applications for registration will be grouped by region and will be selected strictly in a random order from among all those received during the application period. Every application received will have an equal chance of being selected.

Applications for registration must be sent to the addresses above by regular mail or air mail only, and may be mailed from within the United States or abroad. The information required on the envelope must be typed or clearly printed. Any applications submitted by hand, telegram, FAX, or by any means requiring any form of special handling or acknowledgment of receipt, such as registered mail, express mail, or certified mail will not be eligible for the visa lottery. Postcards are not acceptable. Applications received at the DV-98 Program address either before or after the application period or delivered to any other address will not be processed for registration. Only one application may be included in each envelope. An application returned to the sender, for whatever reason, will not be considered unless such application is resubmitted and received during the application period.

Size of Envelope:

The envelope in which each application is mailed must be BETWEEN 6 inches and 10 inches (15 cm to 25 cm) IN LENGTH, and BETWEEN 3 1/2 inches and 4 1/2 inches (9 cm to 11 cm) IN WIDTH. This is necessary to assist the automated processing of the mail.

INFORMATION WHICH MUST BE INCLUDED WITH APPLICATION FOR REGISTRATION:

There is NO fee for submitting an application for registration, and NO special application form. The request for registration in the lottery must furnish the following information on a plain sheet of paper. Answers must be typed or clearly printed in the English alphabet. The applicant's signature is required on the application. A recent 1 1/2 inch by 1 1/2 inch (37 mm X 37 mm) photograph of the applicant with his or her name printed on the reverse side of the photograph must be submitted with the application.

Each application must be in the following format:

A. APPLICANT'S FULL NAME

Last Name, First Name and Middle Name  
(Underline Last Name/Surname/Family name)  
Example: Public, George Quincy

B. APPLICANT'S DATE AND PLACE OF BIRTH

Date of birth: Day, Month, Year  
Example: 15 November 1961  
Place of birth: City/Town, District/County/Province, Country  
Example: Munich, Bavaria, Germany

C. NAME, DATE AND PLACE OF BIRTH OF APPLICANT'S SPOUSE AND CHILDREN, IF ANY

The spouse and child(ren) of an applicant who is registered for DV-98 status are automatically entitled to the same status. To obtain a visa on the basis of this derivative status, a child must be under 21 years of age and unmarried. NOTE: Do NOT list parents of the applicant as they are not entitled to derivative status.

D. APPLICANT'S MAILING ADDRESS

The mailing address must be clear and complete, since it will be to that address that the notification letter for the persons who are registered will be sent. A telephone number is optional, but useful.

E. APPLICANT'S NATIVE COUNTRY IF DIFFERENT FROM COUNTRY OF BIRTH

See the answer to Question 1 on page 4 of this Visa Bulletin regarding the meaning of "native" for the purposes of the DV-98 program. This item must be completed by applicants claiming a native country different from their country of birth.

F. APPLICANT'S SIGNATURE

The applicant must sign the application using his/her normal signature.

G. PHOTOGRAPH OF THE APPLICANT

A recent 1 1/2 inch by 1 1/2 inch (37 mm X 37 mm) photograph of the applicant with his or her name printed on the reverse side of the photograph must be attached to the application. (The photo should be ATTACHED WITH CLEAR TAPE, not attached by staples or paper clips since staples and clips can jam the mail processing equipment.)

FREQUENTLY ASKED QUESTIONS ABOUT DV-98 REGISTRATION:

1. HOW IS THE TERM "NATIVE" DEFINED? ARE THERE ANY BASES UPON WHICH PERSONS WHO HAVE NOT BEEN BORN IN A QUALIFYING COUNTRY MAY BE ELIGIBLE FOR REGISTRATION?

"Native" ordinarily means someone born within a particular country, regardless of the individual's current country of residence or nationality.

"Native" also means someone entitled to be "charged" to a particular country under the provisions of Section 202(b) of the Immigration and Nationality Act. Applicants for DV-98 registration may under Section 202(b) claim chargeability to the country of birth of a spouse; a minor dependent child can be charged to the country of birth of a parent; and an applicant born in a country of which neither parent was a native or a resident at the time of his/her birth may be charged to the country of birth of either parent. An applicant who claims the benefit of alternate chargeability must include a statement to that effect on the application for registration (see item E of the application format on page 3 of this Visa Bulletin), and must show the country of chargeability on the upper left hand corner of the envelope in which the registration request is mailed.

2. ARE THERE ANY CHANGES OR NEW REQUIREMENTS IN THE APPLICATION PROCEDURES FOR THIS DIVERSITY VISA REGISTRATION?

The requirements for this DV registration are the same as for the last registration. The information required on the application and on the envelope in which it is submitted is specified in detail earlier in this Visa Bulletin. Each application must be signed by the applicant, and a recent photograph of the applicant must be attached. The applicant's name must be printed on the back of the photograph.

3. ARE SIGNATURES AND PHOTOGRAPHS REQUIRED FOR EACH FAMILY MEMBER, OR ONLY FOR THE PRINCIPAL APPLICANT?

The signature and photograph of the principal applicant only are required. NO SIGNATURE OR PHOTOGRAPH IS NEEDED FOR THE SPOUSE OR CHILD(REN) OF A PRINCIPAL APPLICANT.

4. WHY DO CERTAIN COUNTRIES NOT QUALIFY FOR THE DIVERSITY PROGRAM?

Diversity visas are intended to provide an immigration opportunity for persons from countries other than the main source countries of immigration to the U.S. The law states that no Diversity visas shall be provided for "high admission" countries, that is, countries from which during the previous five years there were more than 50,000 immigrants in the Family-Sponsored and Employment-Based visa categories. Each year, the Immigration and Naturalization Service adds the family and employment immigrant admission figures for the previous five years, to identify the countries which must be excluded from the annual Diversity lottery. Since there is a separate determination made prior to each lottery application period, the list of countries which do not qualify is subject to change from one year to the next. For the DV-98 lottery, one country (POLAND) which was eligible for earlier Diversity visa lotteries has been added to the list of "high admission" countries for which no visas will be available.

5. MAY PERSONS WHO ARE IN THE U.S. APPLY FOR REGISTRATION?

Yes, an applicant may be in the U.S. or in another country, and the application may be mailed in the U.S. or abroad.

6. IS EACH APPLICANT LIMITED TO ONLY ONE APPLICATION DURING THIS DV-98 REGISTRATION PERIOD?

Yes, the law allows only ONE application BY OR FOR each person during each registration period; SUBMISSION OF MORE THAN ONE APPLICATION WILL DISQUALIFY THE PERSON FROM REGISTRATION. Applicants may be disqualified at time of registration or at the time of the visa interview if more than one entry is detected. Submission of an application during one or more previous DV registration has no effect on entitlement to participate in the DV-98 lottery.

7. MAY A HUSBAND AND A WIFE EACH SUBMIT A SEPARATE APPLICATION?

Yes, if otherwise qualified, a husband and a wife may each submit one application for registration; if either is registered, the other would be entitled to derivative status.

8. MUST EACH APPLICANT SUBMIT HIS/HER OWN REQUEST, OR MAY SOMEONE ACT ON BEHALF OF AN APPLICANT?

Applicants may prepare and submit their own request for registration, or have someone act on their behalf. Regardless of whether an application is submitted by the applicant directly, or assistance is provided by an attorney, friend, relative, etc., ONLY ONE APPLICATION MAY BE SUBMITTED IN THE NAME OF EACH PERSON. The applicant's signature is required on the application, regardless whether it is prepared and submitted by the applicant or by someone else. Only one notification letter will be sent for each case registered, to the address provided on the application.

9. WHAT ARE THE REQUIREMENTS FOR EDUCATION OR WORK EXPERIENCE?

The law and regulations require that every applicant must have at least a high school education or its equivalent or, within the past five years, have two years of work experience in an occupation requiring at least two years training or experience. A "high school education or equivalent" is defined as successful completion of a twelve-year course of elementary and secondary education comparable to that of a high school degree in the United States. Qualifying work experience shall be based upon the most recent edition of the Dictionary of Occupational Titles published by the Employment and Training Administration of the United States Department of Labor.

Documentary proof of education or work experience should NOT be submitted with the application, but must be presented to the consular officer at the time of formal immigrant visa application.

10. HOW WILL CASES BE REGISTERED?

At the National Visa Center all mail received will be separated into one of six geographic regions and individually numbered. After the end of the application period, a computer will randomly select cases from among all the mail received for each geographic region. Within each region, the first letter randomly selected will be the first case registered, the second letter selected the second registration, etc. It makes no difference whether an application is received early or late in the application period; all applications received during the mail-in period will have an equal chance of being selected within each region. When a case has been registered, the applicant will immediately be sent a notification letter by the National Visa Center, which will provide appropriate visa application instructions. The National Visa Center will continue to process the case until those who are registered are instructed to make formal application at a U.S. consular office or until those able to do so apply at an INS office in the United States for change of status.

11. MAY REGISTERED APPLICANTS ADJUST THEIR STATUS WITH THE INS?

Yes, provided they are otherwise eligible to adjust status, registered applicants who are physically present in the United States may apply to the Immigration and Naturalization Service (INS) for adjustment of status to permanent resident. Applicants must ensure that INS can COMPLETE ACTION on their cases before September 30, 1998, since on that date registrations for the Fiscal Year 1998 DV-98 program expire.

12. WILL APPLICANTS WHO ARE NOT REGISTERED BE INFORMED?

No, applicants who are not registered will receive no response to their registration request. Only those who are registered will be informed. All notification letters are expected to be sent within about five months of the end of the application period. Anyone who does NOT receive a letter will know that his/her application has not been registered.

13. HOW MANY APPLICANTS WILL BE REGISTERED?

There are only 55,000 visas available for Fiscal Year 1998 but more than that number of individuals will be registered. A total of about 100,000 persons, both principal applicants and their spouses and children, will be registered. Since it is likely that some of the first 55,000 persons who are registered will not pursue their cases to visa issuance, this larger figure should ensure use of all DV-98 numbers, but it also risks some registrants being left out. All applicants who are registered will be informed promptly of their place on the list. Each month visas will be issued, visa number availability permitting, to those applicants who are ready for issuance during that month. Once all of the Fiscal Year 1998 visas have been issued, the program for the year will end. In principle, visa numbers could be exhausted before September 1998. Registered applicants who wish to receive visas must be prepared to ACT PROMPTLY on their cases.

14. IS THERE A MINIMUM AGE FOR APPLICANTS FOR REGISTRATION UNDER THE DV-98 PROGRAM?

There is NO minimum age for submission of an application for registration, but the requirement of a high school education or work experience for each principal applicant at the time of visa issuance will effectively disqualify most persons who are under age 18.

15. WILL THERE BE ANY SPECIAL FEE FOR DV-98 CASE PROCESSING?

There is NO FEE FOR SUBMITTING A REQUEST FOR REGISTRATION, and NO FEE should be included with the letter sent to the mailing addresses indicated above. A special DV case processing fee will be payable later by persons whose applications are actually selected and processed for DV-98 visas. DV-98 applicants, like all other immigrant visa applicants, must also pay the regular visa fees at the time of visa issuance.

16. ARE DV-98 APPLICANTS SPECIALLY ENTITLED TO APPLY FOR A WAIVER OF ANY OF THE GROUNDS OF VISA INELIGIBILITY?

No. Applicants are subject to all grounds of ineligibility specified in the Immigration and Nationality Act and there are no special provisions for the waiver of any ground of visa ineligibility other than those ordinarily provided in the Act.

17. MAY APPLICANTS WHO ARE ALREADY REGISTERED FOR AN IMMIGRANT VISA IN ANOTHER CATEGORY APPLY IN THIS REGISTRATION FOR THE DV-98 CATEGORY?

Yes, such persons may seek DV-98 status through this registration as well.

18. HOW LONG DO APPLICANTS WHO ARE REGISTERED ON THE BASIS OF THIS APPLICATION PERIOD REMAIN ENTITLED TO APPLY FOR VISAS IN THE DV-98 CATEGORY?

Under the law, persons registered following this DV-98 application period are entitled to apply for visa issuance ONLY DURING FISCAL YEAR 1998, i.e., from October 1997 through September 1998. There is no carry-over of DV benefit into another year for persons who are registered but who do not obtain visas during FY-1998. Similarly, spouses and children who derive status from a DV-98 registration can only obtain visas in the DV category between October 1997 and September 1998.

THERE IS ABSOLUTELY NO ADVANTAGE TO MAILING EARLY, OR MAILING FROM ANY PARTICULAR LOCALE. EVERY APPLICATION RECEIVED DURING THE MAIL-IN PERIOD WILL HAVE AN EQUAL RANDOM CHANCE OF BEING SELECTED WITHIN ITS REGION. HOWEVER, MORE THAN ONE APPLICATION PER PERSON WILL DISQUALIFY THE PERSON FROM REGISTRATION. ALSO, FAILURE TO INCLUDE THE APPLICANT'S NATIVE COUNTRY AND FULL NAME AND ADDRESS ON THE ENVELOPE WILL DISQUALIFY THE APPLICATION.

LISTS OF QUALIFYING COUNTRIES BY REGION

The lists below show the countries QUALIFIED within each geographic region for this year's Diversity Program. The determination of countries within each region is based on information provided by the Geographer of the Department of State. The countries which do not qualify for this year's program were identified by the Immigration and Naturalization Service according to the formula in Section 203(c) of the Immigration and Nationality Act. Dependent areas overseas are included within the region of the governing country. Any countries which do NOT qualify for this year's program are noted in parentheses after the respective regional list.

AFRICA (21,179 visas for Fiscal Year 1998):

|                             |               |                       |
|-----------------------------|---------------|-----------------------|
| ALGERIA                     | GABON         | NIGERIA               |
| ANGOLA                      | GAMBIA, THE   | RWANDA                |
| BENIN                       | GHANA         | SAO TOME AND PRINCIPE |
| BOTSWANA                    | GUINEA        | SENEGAL               |
| BURKINA FASO                | GUINEA-BISSAU | SEYCHELLES            |
| BURUNDI                     | KENYA         | SIERRA LEONE          |
| CAMEROON                    | LESOTHO       | SOMALIA               |
| CAPE VERDE                  | LIBERIA       | SOUTH AFRICA          |
| CENTRAL AFRICAN REPUBLIC    | LIBYA         | SUDAN                 |
| CHAD                        | MADAGASCAR    | SWAZILAND             |
| COMOROS                     | MALAWI        | TANZANIA              |
| CONGO                       | MALI          | TOGO                  |
| COTE D'IVOIRE (IVORY COAST) | MAURITANIA    | TUNISIA               |
| DJIBOUTI                    | MAURITIUS     | UGANDA                |
| EGYPT                       | MOROCCO       | ZAIRE                 |
| EQUATORIAL GUINEA           | MOZAMBIQUE    | ZAMBIA                |
| ERITREA                     | NAMIBIA       | ZIMBABWE              |
| ETHIOPIA                    | NIGER         |                       |

ASIA (7,280 visas for Fiscal Year 1998):

|             |             |                      |
|-------------|-------------|----------------------|
| AFGHANISTAN | ISRAEL      | OMAN                 |
| BAHRAIN     | JAPAN       | PAKISTAN             |
| BANGLADESH  | JORDAN      | QATAR                |
| BHUTAN      | NORTH KOREA | SAUDI ARABIA         |
| BRUNEI      | KUWAIT      | SINGAPORE            |
| BURMA       | LAOS        | SRI LANKA            |
| CAMBODIA    | LEBANON     | SYRIA                |
| HONG KONG   | MALAYSIA    | THAILAND             |
| INDONESIA   | MALDIVES    | UNITED ARAB EMIRATES |
| IRAN        | MONGOLIA    | YEMEN                |
| IRAQ        | NEPAL       |                      |

(Asia countries which do not qualify for this year's Diversity Program:  
CHINA - mainland born and Taiwan born, INDIA, SOUTH KOREA, PHILIPPINES,  
and VIETNAM.)

EUROPE (23,213 visas for Fiscal Year 1998):

|            |                        |                      |
|------------|------------------------|----------------------|
| ALBANIA    | BELGUIM                | DENMARK              |
| ANDORRA    | BOSNIA AND HERZEGOVINA | including components |
| ARMENIA    | BULGARIA               | and dependent areas  |
| AUSTRIA    | CROATIA                | overseas             |
| AZERBAIJAN | CYPRUS                 | ESTONIA              |
| BELARUS    | CZECH REPUBLIC         | FINLAND              |

EUROPE (continued)

|                                                                |                                                         |              |
|----------------------------------------------------------------|---------------------------------------------------------|--------------|
| FRANCE<br>including components and<br>dependent areas overseas | MACEDONIA, THE<br>FORMER YUGOSLAV<br>REPUBLIC OF        | ROMANIA      |
| GEORGIA                                                        | MALTA                                                   | RUSSIA       |
| GERMANY                                                        | MOLDOVA                                                 | SAN MARINO   |
| GREECE                                                         | MONACO                                                  | SERBIA       |
| HUNGARY                                                        | MONTENEGRO                                              | SLOVAKIA     |
| ICELAND                                                        | NETHERLANDS                                             | SLOVENIA     |
| IRELAND                                                        | including components<br>and dependent areas<br>overseas | SPAIN        |
| ITALY                                                          | NORTHERN IRELAND                                        | SWEDEN       |
| KAZAKSTAN                                                      | NORWAY                                                  | SWITZERLAND  |
| KYRGYZSTAN                                                     | PORTUGAL                                                | TAJIKISTAN   |
| LATVIA                                                         | including components<br>and dependent areas<br>overseas | TURKEY       |
| LIECHTENSTEIN                                                  |                                                         | TURKMENISTAN |
| LITHUANIA                                                      |                                                         | UKRAINE      |
| LUXEMBOURG                                                     |                                                         | UZBEKISTAN   |
|                                                                |                                                         | VATICAN CITY |

(Europe countries not qualified for this year's Diversity Program: GREAT BRITAIN and POLAND. GREAT BRITAIN (UNITED KINGDOM) includes the following dependent areas: ANGUILLA, BERMUDA, BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS, FALKLAND ISLANDS, GIBRALTAR, MONTserrat, PITCAIRN, ST. HELENA, TURKS AND CAICOS ISLANDS. Note that for purposes of the Diversity Program only, Northern Ireland is treated separately; Northern Ireland does qualify and is listed among the qualifying countries. Hong Kong is a separate immigrant visa chargeability area and does qualify; Hong Kong is included on the regional list for Asia.)

NORTH AMERICA (8 visas for Fiscal Year 1998):

BAHAMAS, THE

(In North America, CANADA does not qualify for this year's Diversity Program.)

OCEANIA (844 visas for Fiscal Year 1998):

|                                                                   |                                                      |                  |
|-------------------------------------------------------------------|------------------------------------------------------|------------------|
| AUSTRALIA<br>including components and<br>dependent areas overseas | MICRONESIA, FEDERATED<br>STATES OF                   | PAPUA NEW GUINEA |
| FIJI                                                              | NAURU                                                | SOLOMON ISLANDS  |
| KIRIBATI                                                          | NEW ZEALAND                                          | TONGA            |
| MARSHALL ISLANDS                                                  | including components and<br>dependent areas overseas | TUVALU           |
|                                                                   | PALAU                                                | VANUATU          |
|                                                                   |                                                      | WESTERN SAMOA    |

SOUTH AMERICA, CENTRAL AMERICA, AND THE CARIBBEAN (2,476 visas for Fiscal Year 1998):

|                     |           |                                     |
|---------------------|-----------|-------------------------------------|
| ANTIGUA AND BARBUDA | ECUADOR   | SAINT KITTS AND NEVIS               |
| ARGENTINA           | GRENADA   | SAINT LUCIA                         |
| BARBADOS            | GUATEMALA | SAINT VINCENT AND<br>THE GRENADINES |
| BELIZE              | GUYANA    | SURINAME                            |
| BOLIVIA             | HAITI     | TRINIDAD AND<br>TOBAGO              |
| BRAZIL              | HONDURAS  | URUGUAY                             |
| CHILE               | NICARAGUA | VENEZUELA                           |
| COSTA RICA          | PANAMA    |                                     |
| CUBA                | PARAGUAY  |                                     |
| DOMINICA            | PERU      |                                     |

(Countries in this region which do not qualify for this year's Diversity Program: COLOMBIA, DOMINICAN REPUBLIC, EL SALVADOR, JAMAICA, and MEXICO.)



United States Department of State  
*Bureau of Consular Affairs*

# VISA BULLETIN

Number 49A

Volume VII

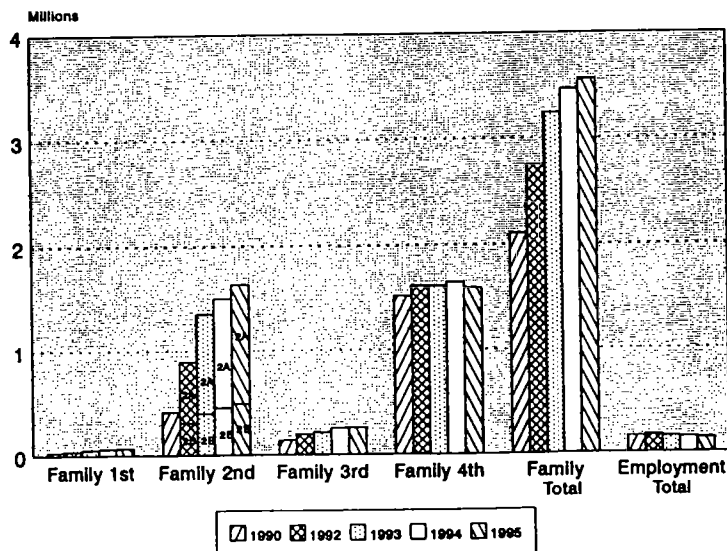
Washington, D.C.

IMMIGRANT VISA WAITING LIST  
IN THE FAMILY-SPONSORED AND EMPLOYMENT-BASED PREFERENCES  
AS OF JANUARY 1995

Most prospective immigrant visa applicants qualify for status under the law on the basis of family relationships or employer sponsorship. Entitlement to visa processing in these classes is established ordinarily through approval by the Immigration and Naturalization Service of a petition filed on the applicant's behalf. When such petitions are forwarded by INS to the Department of State, applicants in categories subject to numerical limit are registered on the visa waiting list. Each case is assigned a priority (i.e., registration) date based on the filing date accorded to the petition. Visa issuance within each numerically limited category is possible only if the applicant's place on the waiting list has been reached, i.e., the case priority date is within the visa availability dates published each month by the Department of State. Family and employment preference applicants compete for visa numbers within their respective categories on a worldwide basis according to priority date; a per-country limit on such preference immigrants set by INA 202 places a maximum on the amount of visas which may be issued in a single year to applicants from any one country, however.

The Department of State periodically asks consular offices at which immigrant visa cases are registered as well as the National Visa Center at Portsmouth, New Hampshire to report the totals of applicants on the waiting list in the various numerically-limited immigrant categories. (Visa Bulletin No. 36A, Vol. VII, contained a summary of last year's waiting list count.)

Immigrant Waiting List  
By Category



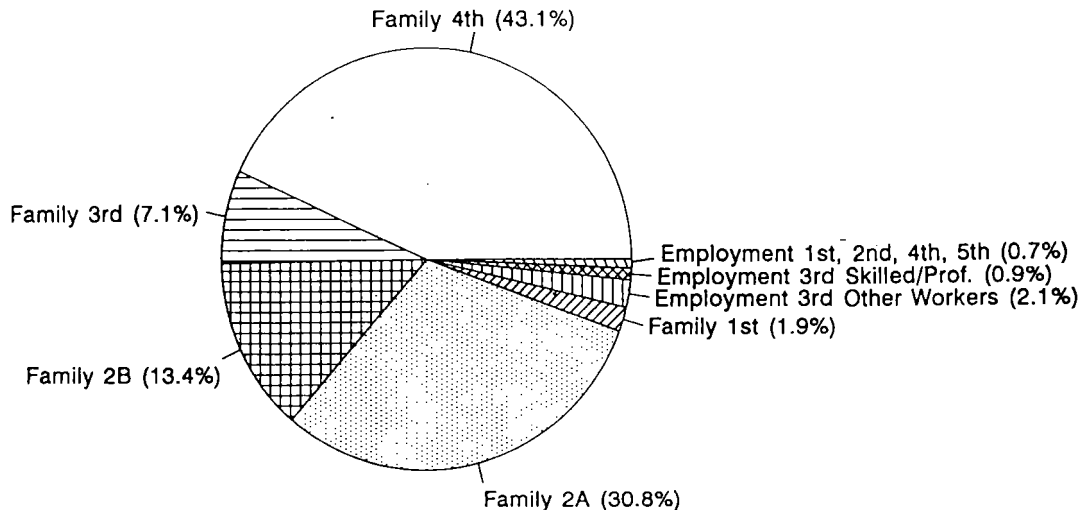
The figures below have been compiled from the reports submitted to the Department in January 1995 and show the number of immigrant visa applicants on the waiting list in the various preferences and subcategories established under the Immigration Act of 1990. Provided for comparison are totals prepared following the January 1994 tabulation. All figures reflect persons registered under each respective numerical limitation, i.e., the totals represent not only principal applicants or petition beneficiaries, but their spouses and children entitled to derivative status under INA 203(d) as well.

| <u>Category</u>                                      | <u>January 1995 Totals<br/>(and % of total registrants)</u> | <u>January 1994 Totals</u> | <u>Increase/Decrease<br/>From 1994 Totals<br/>(and % of change)</u> |
|------------------------------------------------------|-------------------------------------------------------------|----------------------------|---------------------------------------------------------------------|
| Family Prefs.:                                       |                                                             |                            |                                                                     |
| FAMILY FIRST                                         | 69,540 ( 1.9%)                                              | 63,499                     | +6,041 (+ 9.5%)                                                     |
| FAMILY SECOND                                        |                                                             |                            |                                                                     |
| Spouses/Children:                                    | 1,138,544 (30.8%)                                           | 1,047,496                  | +91,048 (+ 8.7%)                                                    |
| Adult Sons/<br>Daughters:                            | 494,064 (13.4%)                                             | 450,579                    | +43,485 (+ 9.7%)                                                    |
| Pref. Total                                          | 1,632,608 (44.2%)                                           | 1,498,075                  | +134,533 (+ 9.0%)                                                   |
| FAMILY THIRD                                         | 260,414 ( 7.1%)                                             | 257,110                    | +3,304 (+ 1.3%)                                                     |
| FAMILY FOURTH                                        | 1,592,424 (43.1%)                                           | 1,643,463                  | -51,039 (- 3.1%)                                                    |
| FAMILY TOTAL                                         | 3,554,986 (96.3%)                                           | 3,462,147                  | +92,839 (+ 2.7%)                                                    |
| Employment Prefs.:                                   |                                                             |                            |                                                                     |
| EMPL. FIRST                                          | 9,361 ( 0.3%)                                               | 8,315                      | +1,046 (+12.6%)                                                     |
| EMPL. SECOND                                         | 9,097 ( 0.2%)                                               | 11,159                     | -2,062 (-18.5%)                                                     |
| EMPL. THIRD                                          |                                                             |                            |                                                                     |
| Skilled Workers/<br>Baccalaureate<br>Degree Holders: | 32,560 ( 0.9%)                                              | 30,735                     | +1,825 (+ 5.9%)                                                     |
| Other (i.e.,<br>Unskilled)<br>Workers:               | 78,946 ( 2.1%)                                              | 94,348                     | -15,402 (-16.3%)                                                    |
| Pref. Total                                          | 111,506 ( 3.0%)                                             | 125,083                    | -13,577 (-10.9%)                                                    |
| EMPL. FOURTH                                         | 7,393 ( 0.2%)*                                              | 5,241*                     | +2,152 (+41.1%)                                                     |
| EMPL. FIFTH                                          | 163 (minimal)**                                             | 176**                      | -13 (- 7.4%)                                                        |
| EMPL. TOTAL                                          | 137,520 ( 3.7%)                                             | 149,974                    | -12,454 (- 8.3%)                                                    |
| GRAND TOTAL                                          | 3,692,506 (100.%)                                           | 3,612,121                  | +80,385 (+ 2.2%)                                                    |

\*of which, certain religious workers in the classes established under the Immigration Act of 1990: 1995: 3,331; 1994: 1,823

\*\*of which, investors in targeted employment areas: 1995: 79;  
1994: 76

## Immigrant Waiting List By Visa Category January 1995



Since the 1994 count, the family-sponsored preference total has increased about 93,000 (2.7%), with the addition concentrated almost entirely in the second preference. This relatively modest growth in registrations during the past year contrasts with the nearly half a million increase between the 1992 and 1993 counts. The single greatest element in that increase was petition filing for spouses and children by beneficiaries of the 1986 legalization programs, who had become permanent residents of the United States by the early 1990s and were then able to file second preference petitions. Such petitioning peaked in 1992. Nevertheless, even with the more restrained second preference growth over the past couple of years, that preference is now for the first time the largest component of the family-sponsored waiting list, surpassing the fourth (sibling) preference in which the ten or more year wait for a visa seems to be discouraging new case filings. The total family preference waiting list has just about doubled since 1987.

The employment-sponsored preferences as a group show a decrease. This is not surprising, since the Labor Department has been reporting a decline in labor certification filings over the past few years. Further, with visas now immediately available in most employment preference categories (the "other worker" category being the one notable exception), qualified applicants are able to proceed to prompt final action on their cases and do not need to spend an extended period on the waiting list. Although the "other (i.e., unskilled) worker" category remains substantially oversubscribed, even here the number of pending cases has declined for the second consecutive year. The nearly six year interlude from labor certification filing in this category to the beneficiary's turn for a visa being reached may be discouraging both prospective employers and intending workers from pursuing such cases.

Immigrant visa issuances during fiscal year 1995 are limited by the terms of INA 201 to no more than 253,721 in the family-sponsored preferences and to 146,503 in the employment-based preferences.

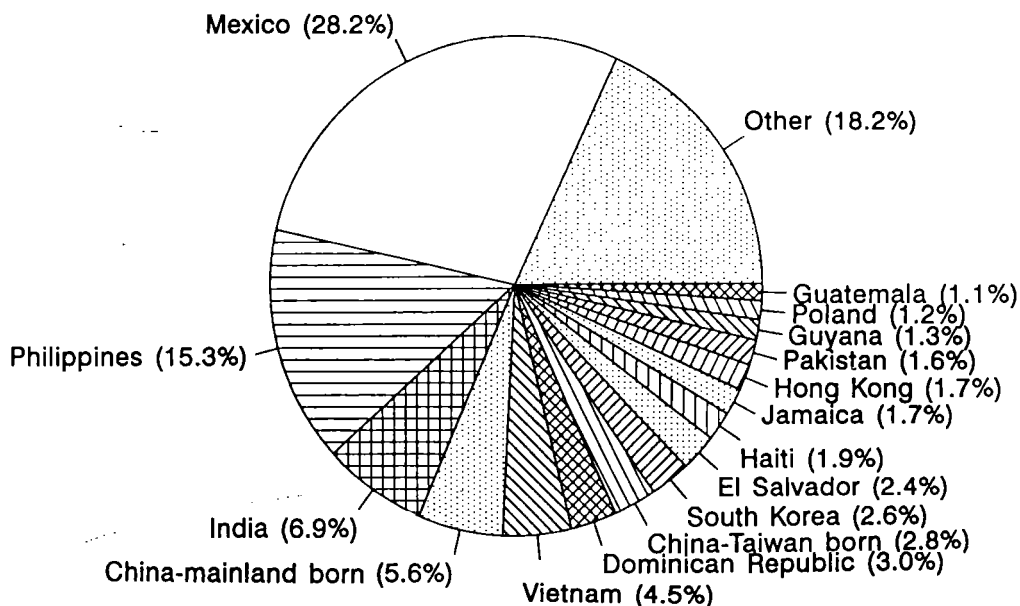
It should by no means be assumed that once an applicant is registered, the case is then continually included in the waiting list totals unless and until a visa is issued. The consular procedures mandate a regular culling of visa cases to remove from the count those unlikely to see further action, so that totals are not unreasonably inflated. If, for example, a consular post receives no response within one year from an applicant to whom the visa application instruction letter (i.e., the consular "Packet 3" letter) is sent when the

movement of the visa availability cut-off date indicates a visa may become available within a reasonable time frame, the case is considered "inactive" under the consular procedures and is no longer included in waiting list totals.

The sixteen countries/areas with the highest number of waiting list registrants are listed below; together these represent about 82% of the total. This list includes all countries with at least 38,700 persons on the waiting list. Last year the same sixteen were also at the top of the listing by largest number of applicants, although the country order was a bit different. (The per-country limit in INA 202 sets an annual maximum on the amount of preference visas which may be issued to applicants from any one country; the 1995 per-country limit is 28,016.)

|                     | 1995 TOTAL | 1994 TOTAL |
|---------------------|------------|------------|
| MEXICO              | 1,039,706  | 983,966    |
| PHILIPPINES         | 564,207    | 568,552    |
| INDIA               | 254,333    | 260,188    |
| CHINA-mainland born | 207,489    | 192,291    |
| VIETNAM             | 167,051    | 158,493    |
| DOMINICAN REPUBLIC  | 111,118    | 103,139    |
| CHINA-Taiwan born   | 103,925    | 113,388    |
| SOUTH KOREA         | 96,754     | 108,869    |
| EL SALVADOR         | 88,108     | 91,799     |
| HAITI               | 71,808     | 68,563     |
| JAMAICA             | 64,024     | 64,352     |
| HONG KONG           | 63,191     | 62,638     |
| PAKISTAN            | 59,101     | 56,946     |
| GUYANA              | 47,731     | 46,640     |
| POLAND              | 44,874     | 43,023     |
| GUATEMALA           | 38,700     | 42,450     |
| All Others          | 670,386    | 646,824    |
| Worldwide Total     | 3,692,506  | 3,612,121  |

### Immigrant Waiting List By Country January 1995



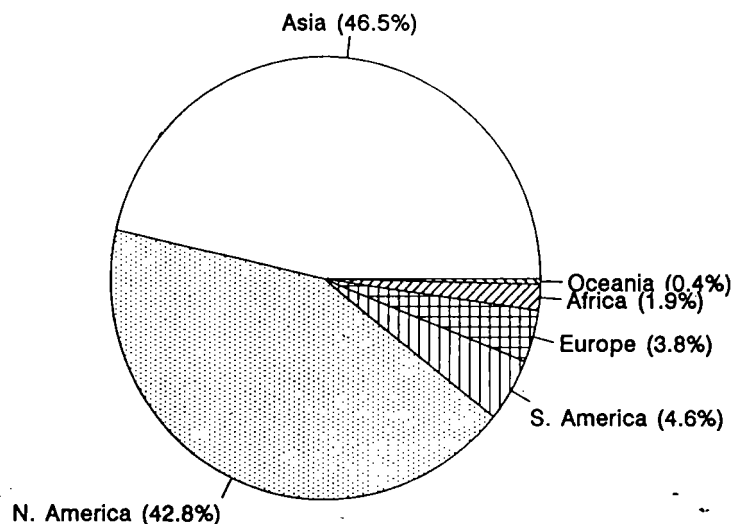
The greatest country increase in this year's count is reflected in the figure for Mexico (where the additional registrations are concentrated in the Family SECOND preference classes for close family members of U.S. residents). The totals for many countries actually show a small decline. Mexico registrations alone account for about 69% of the net increase in this year's worldwide waiting list total.

A breakdown of the worldwide waiting list by region is:

|             | Fam. Prefs. (% of Family Total) | Empl. Prefs. (% of Empl. Total) | Total (% of Total Waiting List) |
|-------------|---------------------------------|---------------------------------|---------------------------------|
| Africa      | 64,934 ( 1.8%)                  | 4,301 ( 3.1%)                   | 69,235 ( 1.9%)                  |
| Asia        | 1,660,726 (46.7%)               | 57,651 (41.9%)                  | 1,718,377 (46.5%)               |
| Europe      | 124,916 ( 3.5%)                 | 14,183 (10.3%)                  | 139,099 ( 3.8%)                 |
| N. America* | 1,533,347 (43.2%)               | 45,297 (33.0%)                  | 1,578,644 (42.8%)               |
| Oceania     | 15,049 ( 0.4%)                  | 636 ( 0.5%)                     | 15,685 ( 0.4%)                  |
| S. America  | 156,014 ( 4.4%)                 | 15,452 (11.2%)                  | 171,466 ( 4.6%)                 |
| Total       | 3,554,986 (100.%)               | 137,520 (100.%)                 | 3,692,506 (100.%)               |

\*North America includes Canada, Mexico, Central America and the Caribbean.

### Immigrant Waiting List By Applicants' Region January 1995



#### FAMILY-SPONSORED PREFERENCES

##### Family FIRST Preference:

The worldwide Family FIRST preference numerical limitation is 23,400. Visas are immediately available at present for applicants from all but one country (Philippines) which is oversubscribed on account of its very heavy applicant demand. Waiting list details are:

| <u>Country/Area</u> | <u>Fam. First Preference Total</u> | <u>Percent of Category Waiting List</u> |
|---------------------|------------------------------------|-----------------------------------------|
| PHILIPPINES         | 51,842                             | 74.5%                                   |
| MEXICO              | 4,021                              | 5.8%                                    |
| Other Countries     | 13,677                             | 19.7%                                   |
| Total               | 69,540                             | 100.0%                                  |

Under the terms of INA 202(e), immigrant numbers for oversubscribed countries are prorated among the various preferences. During FY 1995, there will be 1,638 Family FIRST preference numbers for Philippines. (This compares to 4,000 numbers annually under the former terms of INA 202(e).) For Philippines applicants, the cut-off date has advanced only three months during the past year. The waiting list is already more than 31 times the annual visa limit, and the considerable demand will assure very slow cut-off date movement as far as can be foreseen. Cases are added to the waiting list in this category not only by the approval of new FIRST preference petitions, but also through automatic conversion of pending 2B cases into FIRST preference upon the naturalization of the petitioner. For Philippines applicants, the naturalization of petitioners can surprisingly have an adverse impact on the visa case of their adult unmarried sons/daughters. Since under visa prorating there are more Philippines numbers available for the 2B class (sons/daughters of non-citizen permanent residents) than for FIRST preference (sons/daughters of U.S. citizens), the shift of a Philippines case from 2B (where the cut-off date is more favorable than its FIRST preference counterpart) can result in a greatly increased delay before the would-be immigrant obtains a visa. Thus, there is a de facto disincentive toward naturalization for petitioners with sons/daughters from the Philippines who are waiting for a visa based on that family relationship.

For other countries, the preference is likely to remain "current" for the near term, but there is a real prospect of oversubscription within the next few years, given the nearly half a million Family 2B waiting list. The several years' interval between 2B petition filing and visa issuance assures that more and more petitioners will be eligible to naturalize and convert the petitions to Family FIRST preference long before 2B visas become available. When FIRST preference demand exceeds the 23,400 annual limit, a worldwide visa availability cut-off date will need to be established.

#### Family SECOND Preference:

The total Family SECOND preference waiting list figure is 1,632,608. Of these, 1,138,544 (70%) are spouses and children of permanent residents of the United States (the 2A class), and 494,064 (30%) are adult unmarried sons/daughters of permanent residents (the 2B class). The Family SECOND preference waiting list has increased by 134,533 applicants in the past year. This is the most significant increase in any of the categories, and has for the first time moved the Family SECOND preference ahead of FOURTH preference as the largest single component of the waiting list.

The worldwide Family SECOND preference limit for FY 1995 is 141,921 plus unused FIRST preference numbers; 77% of this total are provided to "2A" applicants, while the remaining 23% go to the "2B" class.

2A: About 115,000 visa numbers are expected to be available to this applicant class during FY 1995. The countries with the highest 2A waiting list totals are:

| <u>Country/Area</u> | <u>Family 2A<br/>Preference<br/>Total</u> | <u>Percent of<br/>Category<br/>Waiting List</u> |
|---------------------|-------------------------------------------|-------------------------------------------------|
| MEXICO              | 770,281                                   | 67.6%                                           |
| DOMINICAN REPUBLIC  | 40,032                                    | 3.5%                                            |
| EL SALVADOR         | 39,730                                    | 3.5%                                            |
| HAITI               | 38,562                                    | 3.4%                                            |
| PHILIPPINES         | 21,984                                    | 1.9%                                            |
| INDIA               | 18,680                                    | 1.6%                                            |
| GUATEMALA           | 17,927                                    | 1.6%                                            |
| JAMAICA             | 13,870                                    | 1.2%                                            |
| PAKISTAN            | 13,322                                    | 1.2%                                            |
| VIETNAM             | 13,169                                    | 1.2%                                            |
| Other Countries     | <u>150,987</u>                            | <u>13.3%</u>                                    |
| Total               | 1,138,544                                 | 100.0%                                          |

The 1990 Act has significantly increased the number of visas for the 2A class (issuances during FY 1995 will be close to 75% more than would have been possible under the former provisions of law), and has now virtually equalized the visa waiting period for applicants from all countries. (Previously, there had been substantially earlier cut-off dates for Mexico, Philippines and Dominican Republic applicants.) It is apparent, however, that even with the greater visa availability, the large and rapidly growing waiting list assures continued oversubscription in the foreseeable future, and the prospect of a lengthening delay between the filing of a petition and the applicant's turn for visa issuance being reached. Over the past year, the visa availability cut-off date for this applicant class advanced about six months, but in view of the heavy concentration of applicants, even slower movement in the year ahead is probable.

The major factor contributing to the greatly increased Family 2A visa demand is the filing of petitions for immediate family members by persons legalized under the terms of the Immigration Reform and Control Act of 1986, who began to be admitted to permanent residence in large numbers during 1989. Spouses and children of legalization beneficiaries are estimated to represent approximately 80% of the 1.1 million 2A applicants. Since persons from Mexico comprised about three-quarters of the legalization beneficiaries, it is not surprising to find that Mexico represents so large a part of the 2A waiting list. (Separate and in addition to the Family 2A category, the Immigration Act of 1990 also established a transition program under which 142,031 visas were provided to spouses and children of legalization beneficiaries; this program concluded in 1994.)

Over the next few years, as the petitioners in 2A cases become eligible to apply for naturalization, many may become citizens and thus pending 2A petitions for their spouses and children would be converted automatically into the immediate relative visa category, which is not subject to numerical limit and for which, therefore, there is no waiting period. This makes possible, indeed probable, a major increase in immediate relative visas in coming years, with a corresponding drop in the Family 2A waiting list. There is no basis at present to quantify this prospect, however.

2B: Visa numbers for this class of adult sons and daughters are expected to total about 34,500 during FY 1995, about one-quarter fewer than might have been available under the former terms of the law. The waiting list far exceeds the annual limit. Applicant totals are:

| <u>Country/Area</u> | <u>Family 2B<br/>Preference<br/>Total</u> | <u>Percent of<br/>Category<br/>Waiting List</u> |
|---------------------|-------------------------------------------|-------------------------------------------------|
| MEXICO              | 106,797                                   | 21.6%                                           |
| DOMINICAN REPUBLIC  | 47,704                                    | 9.7%                                            |
| PHILIPPINES         | 41,906                                    | 8.5%                                            |
| CHINA-mainland born | 23,439                                    | 4.7%                                            |
| EL SALVADOR         | 22,139                                    | 4.5%                                            |
| HAITI               | 21,483                                    | 4.3%                                            |
| JAMAICA             | 21,312                                    | 4.3%                                            |
| INDIA               | 16,825                                    | 3.4%                                            |
| GUYANA              | 15,094                                    | 3.1%                                            |
| CHINA-Taiwan born   | 10,689                                    | 2.2%                                            |
| SOUTH KOREA         | 10,458                                    | 2.1%                                            |
| Other Countries     | <u>156,218</u>                            | <u>31.6%</u>                                    |
| Total               | 494,064                                   | 100.0%                                          |

The combination of the reduced numerical limit under the terms of the Immigration Act of 1990 and the growing applicant demand indicated by the substantially greater waiting list (up more than 43,000 in the past year) means slow movement of this visa cut-off date and an increasingly long wait for a 2B visa. The worldwide Family 2B cut-off date has advanced only about four months during the past year and the pace of movement is unlikely to increase in the foreseeable future.

Family THIRD Preference:

The annual visa limit is 23,400 compared with 27,000 under the former provisions of law. Two oversubscribed countries (Philippines and Mexico) have sufficiently heavy demand in this preference to require a cut-off date substantially earlier than the worldwide date. Countries with highest registrations are:

| <u>Country/Area</u> | <u>Fam. Third<br/>Preference<br/>Total</u> | <u>Percent of<br/>Category<br/>Waiting List</u> |
|---------------------|--------------------------------------------|-------------------------------------------------|
| PHILIPPINES         | 146,905                                    | 56.4%                                           |
| MEXICO              | 29,770                                     | 11.4%                                           |
| POLAND              | 13,076                                     | 5.0%                                            |
| Other Countries     | <u>70,663</u>                              | <u>27.2%</u>                                    |
| Total               | 260,414                                    | 100.0%                                          |

The heavy applicant demand in the Family THIRD preference makes likely a gradually lengthening wait for a visa in the years ahead.

Family FOURTH Preference:

Applicants registered in the Family FOURTH preference total 1,592,424. Annual visa issuances are limited to 65,000. Because of the demand so much in excess of available visas, the waiting period is longer than in any other category. The countries listed below have the largest number of FOURTH preference applicants:

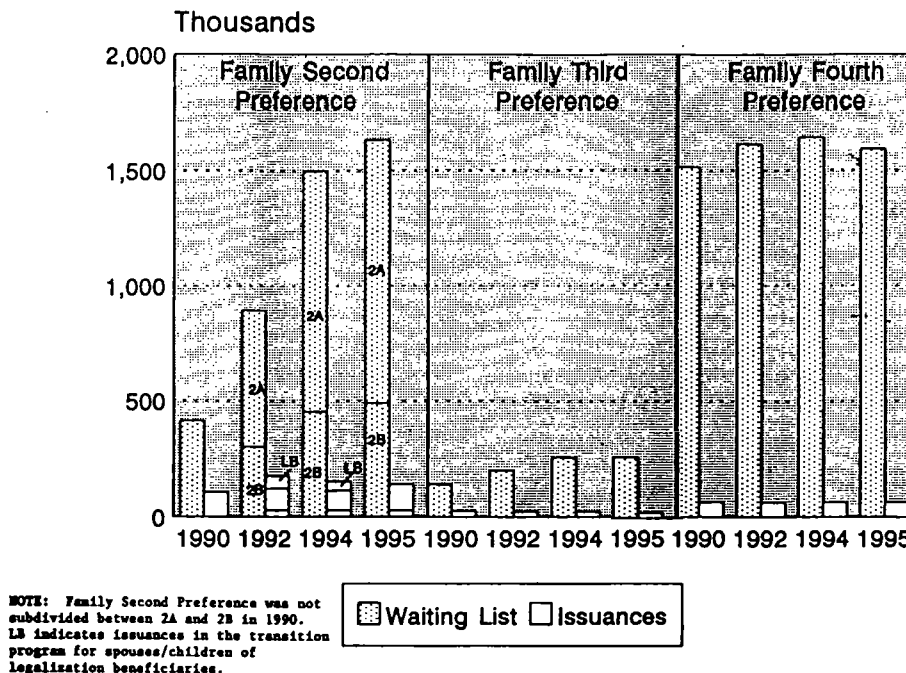
| <u>Country/Area</u> | <u>Fam. Fourth<br/>Preference<br/>Total</u> | <u>Percent of<br/>Category<br/>Waiting List</u> |
|---------------------|---------------------------------------------|-------------------------------------------------|
| PHILIPPINES         | 283,989                                     | 17.8%                                           |
| INDIA               | 207,263                                     | 13.0%                                           |
| CHINA-mainland born | 153,805                                     | 9.7%                                            |
| VIETNAM             | 134,860                                     | 8.5%                                            |
| MEXICO              | 121,826                                     | 7.7%                                            |
| CHINA-Taiwan born   | 86,176                                      | 5.4%                                            |
| SOUTH KOREA         | 67,316                                      | 4.2%                                            |
| HONG KONG           | 52,137                                      | 3.3%                                            |
| PAKISTAN            | 36,987                                      | 2.3%                                            |
| Other Countries     | <u>448,065</u>                              | <u>28.1%</u>                                    |
| Total               | 1,592,424                                   | 100.0%                                          |

For many years this preference was the largest single element of the visa registration list. The steadily growing waiting period, now about ten years for countries of most favorable visa availability and even longer for some oversubscribed countries, appears to have discouraged new petition filing, however, and the result has been a relatively constant FOURTH preference applicant figure in the recent past. This January's preference total, down 3% from last year, is below the figures for 1993 and 1992 also, and is not very much greater than the 1990 figure. Indeed, Family SECOND preference has surpassed FOURTH preference as the largest waiting list component.

Applicant registrations so much in excess of the annual visa limit assure that cut-off dates in the preference are likely to continue to move slowly. Estimated FY 1995 Family FOURTH preference visa issuances under the per-country limit for the three countries with the earliest cut-off dates are: Philippines 4,550; India 9,000; Mexico 6,500. A comparison of these figures with their waiting list totals illustrates the extent of oversubscription and the inevitable very slow progress expected in the cut-off dates.

## Immigrant Waiting List vs. Issuances

Family 2nd, 3rd, and 4th Preferences



### EMPLOYMENT-BASED PREFERENCES

The employment-based categories were extensively revised by the 1990 Act and the numerical limits were considerably increased, from a total of 54,000 for the former third and sixth preferences to at least 140,000 for the entire new series of employment preferences. Before the provisions of the 1990 Act took effect, the former third and sixth preferences had been oversubscribed; for most countries, the Employment FIRST and SECOND preferences and the skilled worker/professional segment of THIRD preference became "current" in October 1991 and remain so. With Employment preference visas readily available for most qualified applicants (except for those in the Other [i.e., Unskilled] Worker category) and with new labor certification filings down in recent years, it is not surprising that the Employment waiting list total has in fact declined every year since the 1990 Act took effect. It is important to note that more than half of all Employment preference immigrants are adjustment of status cases at INS offices. Cases pending with INS are not counted in the consular waiting list tally. Thus, in several Employment preference categories the waiting list understates actual immigrant demand.

#### Employment FIRST Preference:

As of January, registrations in this category were 9,361 against a FY 1995 limit of 41,900 (28.6% of 146,503), plus any unused numbers from the Employment FOURTH and FIFTH preferences, which fall "up" to FIRST. Visa availability is "current" for all countries. During FY 1994, 21,646 numbers were used in this preference; FY 1995 number use is likely to be close to that figure, with about half of Employment FIRST preference numbers falling to the SECOND preference. The country with the largest number of applicants currently on the FIRST preference waiting list is Canada, with 1,556 (17% of the worldwide total), followed by Great Britain and Northern Ireland, with 1,067 (11%).

#### Employment SECOND Preference:

The FY 1995 visa limit is 41,900 plus unused numbers from the FIRST preference. The waiting list as of January 1995 (9,097) is down 18.5% from last year, and 72% from the 32,452 of January 1992. That total consisted primarily of former

third preference cases automatically carried into the category when the 1990 Act took effect. The preference has been "current" since October 1991 and, with more visas issued than new petitions approved, the size of the waiting list has diminished. Consular registration figures show only two countries with more than 1,000 applicants on the SECOND preference waiting list:

| <u>Country/Area</u> | <u>Empl. Second<br/>Preference<br/>Total</u> | <u>Percent of<br/>Category<br/>Waiting List</u> |
|---------------------|----------------------------------------------|-------------------------------------------------|
| PHILIPPINES         | 2,593                                        | 28.5%                                           |
| INDIA               | 1,468                                        | 16.1%                                           |
| Other Countries     | <u>5,036</u>                                 | <u>55.4%</u>                                    |
| Total               | 9,097                                        | 100.0%                                          |

This category is "current" at present for all chargeabilities and is likely to remain so in the foreseeable future, with total FY 1995 number use expected to be no more than the 14,517 used in FY 1994.

#### Employment THIRD Preference:

The preference is entitled to 28.6% of the 146,503 FY 1995 Employment numbers, i.e., 41,900, plus the unused numbers from the category above. INA 203(b)(3)(B) specifies that no more than 10,000 of these numbers may be provided to applicants in the "Other (i.e., Unskilled) Worker" subcategory, however.

The Employment THIRD preference waiting list components for "Skilled Workers" (i.e., at least two years of training or experience required for labor certification) and "Professionals with Baccalaureate Degree" total 32,560 (29% of all registrations in the preference). This figure is up by 1,825 from last year's total. The category is "current" for all but two chargeabilities at the present time. Countries with the highest number of such applicants are:

| <u>Country/Area</u> | <u>Empl. Third<br/>Preference:<br/>Skilled Wkr/<br/>Professional<br/>Components</u> | <u>Percent of<br/>Waiting List<br/>in These<br/>Classes</u> |
|---------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------|
| PHILIPPINES         | 7,611                                                                               | 23.4%                                                       |
| CHINA-mainland born | 5,229                                                                               | 16.1%                                                       |
| SOUTH KOREA         | 1,745                                                                               | 5.4%                                                        |
| INDIA               | 1,438                                                                               | 4.4%                                                        |
| MEXICO              | 1,341                                                                               | 4.1%                                                        |
| CHINA-Taiwan born   | 856                                                                                 | 2.6%                                                        |
| CANADA              | 822                                                                                 | 2.5%                                                        |
| IRAN                | 801                                                                                 | 2.5%                                                        |
| Other Countries     | <u>12,717</u>                                                                       | <u>39.0%</u>                                                |
| Total               | 32,560                                                                              | 100.0%                                                      |

The most significant increase is in the CHINA-mainland born chargeability, and represents to a great extent spouses and children of persons who received permanent resident status under the Chinese Student Protection Act during 1993 and 1994. Such family members are entitled by law to derivative following-to-join status in the THIRD preference.

Other Workers: Applicants within this segment of the Employment THIRD preference amount to 78,946, i.e., 57% of the entire Employment preference waiting list, and about 71% of the THIRD preference total. The figure includes not just the workers themselves, but (as in all other preference categories) derivative spouses and children as well, who are entitled to the same status and order of consideration as the principal under INA 203(d). As noted above, the annual limit set by law for issuances to this component of THIRD preference is 10,000.

It is the one element within the Employment preferences which has been consistently oversubscribed. The Other Worker applicant total has dropped by about 15,000 (16%) over the past year, perhaps because the long (about six year) wait for a visa has helped to discourage new cases and has given persons previously registered time to reconsider their employment and immigration plans. Countries with the most registrations are:

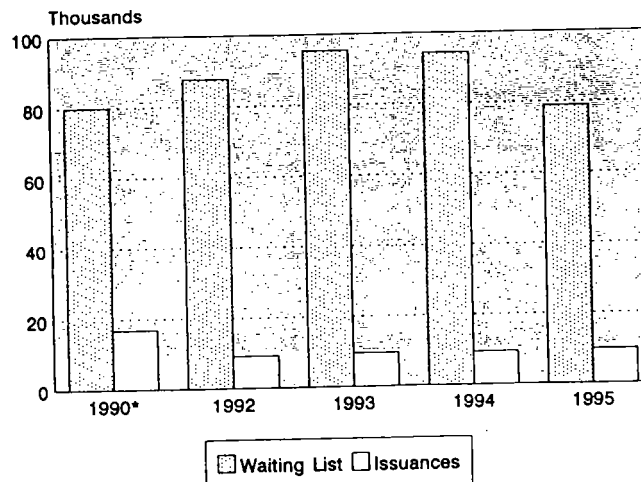
| <u>Country/Area</u> | <u>Empl. Third Preference: Other Worker Component</u> | <u>Percent of Waiting List in This Class</u> |
|---------------------|-------------------------------------------------------|----------------------------------------------|
| EL SALVADOR         | 10,830                                                | 13.7%                                        |
| SOUTH KOREA         | 8,702                                                 | 11.0%                                        |
| TRINIDAD AND TOBAGO | 6,919                                                 | 8.8%                                         |
| PHILIPPINES         | 5,638                                                 | 7.1%                                         |
| MEXICO              | 5,010                                                 | 6.4%                                         |
| GUATEMALA           | 3,344                                                 | 4.2%                                         |
| JAMAICA             | 2,663                                                 | 3.4%                                         |
| PERU                | 2,567                                                 | 3.3%                                         |
| CHINA-mainland born | 2,308                                                 | 2.9%                                         |
| Other Countries     | <u>30,965</u>                                         | <u>39.2%</u>                                 |
| Total               | 78,946                                                | 100.0%                                       |

The estimated total number use in the Employment THIRD preference during FY 1995 will probably be about 62,000. In view of the anticipated fall into this preference of many thousands of numbers from above, visas can be expected to remain "current" in the immediate future for most applicants within the "Skilled Worker" and "Professional" components.

The notable exceptions are allocations for Philippines and China. Philippines registrations are considerably in excess of the visas available annually under the country limit; continued oversubscription is in prospect for the foreseeable future. In the China-mainland born chargeability, several thousand spouses and children of Chinese Student Protection Act beneficiaries are likely to "follow-to-join" the principals in the year ahead; this "extra" visa demand will assure continued oversubscription of China Employment THIRD preference numbers and a slow moving visa cut-off date.

In the "Other Worker" subcategory, with visa demand so much in excess of the annual limit, a significant wait for a visa must be expected to continue for the indefinite future.

Immigrant Waiting List vs. Issuances  
"Other Workers"



\*1990 figures are estimates

Employment FOURTH Preference:

The worldwide FY 1995 visa limit (7.1% of 146,503) is 10,402 in this preference. Only 7,393 applicants were counted in the January 1995 waiting list tally, 3,331 of whom in the classes for "certain religious workers" established under INA 101(a)(27)(C)(ii)(II) and (III).

The preference should remain "current" for applicants from all countries other than Philippines. Under prorating, the Philippines Employment FOURTH preference is entitled to 728 numbers for FY 1995 and visa demand, particularly from former U.S. government employees, is likely to remain in excess of that limit. The Philippines waiting list for this preference is 1,528 (21% of the worldwide total). There are likely to be perhaps two to three thousand unused FOURTH preference numbers, which fall up to Employment FIRST preference.

Employment FIFTH Preference:

The FY 1995 limit is 10,401. There are 163 applicants currently registered on the visa waiting list, 79 of whom are investors in "targeted areas". The four chargeabilities with the greatest number of registrants (China-Taiwan born: 48, China-mainland born: 25, South Korea: 15, and Hong Kong: 12) together represent 61% of the waiting list. (As noted above, cases being processed by INS for adjustment of status are not included in the consular waiting list count.)

During FY 1994, 464 Employment FIFTH preference numbers were used. Visas are available at present for all applicants; the current estimate is that about 500 numbers will be used this year. Any unused numbers from this annual limit fall up to Employment FIRST preference.

CA/VO:March 22, 1995

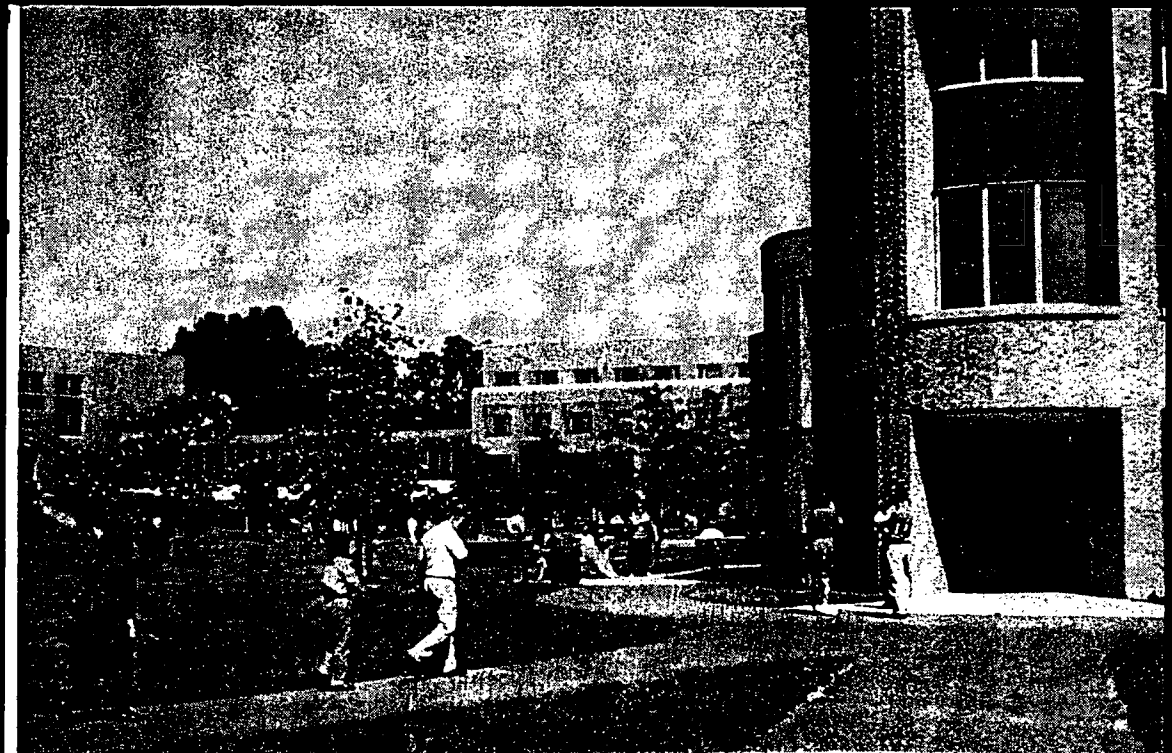
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# NATIONAL FOREIGN AFFAIRS TRAINING CENTER

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## SCHEDULE OF COURSES

OCT 1, 1996 - SEPT 30, 1998



FOREIGN SERVICE INSTITUTE

## INTRODUCTION

# National Foreign Affairs Training Center

The Foreign Service Institute is located at the National Foreign Affairs Training Center in Arlington, Virginia. Situated on a campus-like setting of 72 acres of land, the National Foreign Affairs Training Center is only ten minutes from the main State Department building in Washington, D.C.

The site on which the National Foreign Affairs Training Center is built once served as an Army installation, Arlington Hall Station. In 1989, this land was transferred to the Department of State to be used for the training of foreign affairs personnel. Formerly the home of Arlington Hall Junior College, historians have deemed the site noteworthy "for its local architectural importance and nationally significant role in American military intelligence operations during World War II." Four structures dating from the early history of the site have been renovated and incorporated into the training center.

The National Foreign Affairs Training Center (NFATC) of the Department of State is the federal government's primary training institution for personnel of the foreign affairs community. In addition to State Department personnel, the NFATC provides training for more than 43 other government agencies.

NFATC is a community of people—students, faculty, families drawn from U.S. foreign affairs agencies—engaged in training for diplomatic and related service in an increasingly competitive and complex international environment.

The center's more than 300 courses including some 60 languages, range in length from several days to two years. They are designed to promote successful performance in each professional assignment, to ease the adjustment to other countries and cultures, to assure meaningful family experiences, and to enhance the leadership and management capabilities of the foreign affairs community.

Courses offered from October 1996 through September 1998 are listed in this publication. If you have any questions, please call the Office of the Registrar at (703) 302-7144 or send a fax to (703) 302-7152.

## CONSULAR

### AUTOMATION FOR CONSULAR MANAGERS

Course Code PC 116

*For information call (703)302-7165.*

The five-day course is designed to provide consular officers with the background and skills needed to oversee the daily performance of the Machine-Readable Visa system (MRV), as well as other consular computer systems. The course format is hands-on simulation and practice using "real-life" scenarios with supportive lectures and demonstrations. Technical areas where MRV systems management issues overlap with consular affairs policy will also be presented.

Participants learn to:

- Control all MRV system changes;
- Set up and maintain user access;
- Manage system statistics reporting;
- Implement preventative maintenance programs;
- Provide accountability;
- Troubleshoot an MRV system;
- Effectively utilize the VS-based consular systems including the Citizens Services (CSS), Machine Readable Passports (MRP), Immigrant Visas (IVACS) and Miscellaneous Consular Functions (CX);
- Oversee and manage the PC-based Registration and Warden (RWS), Diversity Visa (IV/DV) and the Automated Cash Register (ACRS) systems;

**Audience:**

Consular officers who will have responsibility for managing consular sections using automated systems.

**Schedule:**

Time: 9:00 a.m. to 5:00 p.m., Room F3116  
Pre-Registration directly with Consular Training is required.

**Dates:**

| Begin    | End      | Length | Section |
|----------|----------|--------|---------|
| FY 97    |          |        |         |
| 02/03/97 | 02/07/97 | 5 Days | 001     |
| 05/05/97 | 05/09/97 | 5 Days | 002     |
| 07/07/97 | 07/11/97 | 5 Days | 003     |
| 08/04/97 | 08/08/97 | 5 Days | 004     |
| FY 98    |          |        |         |
| 02/03/98 | 02/07/98 | 5 Days | 001     |
| 05/04/98 | 05/08/98 | 5 Days | 002     |
| 07/06/98 | 07/10/98 | 5 Days | 003     |
| 08/03/98 | 08/07/98 | 5 Days | 004     |

**Minimum/Maximum:** 8/12

**Tuition:** \$420

### CONSULAR COURSE, BASIC

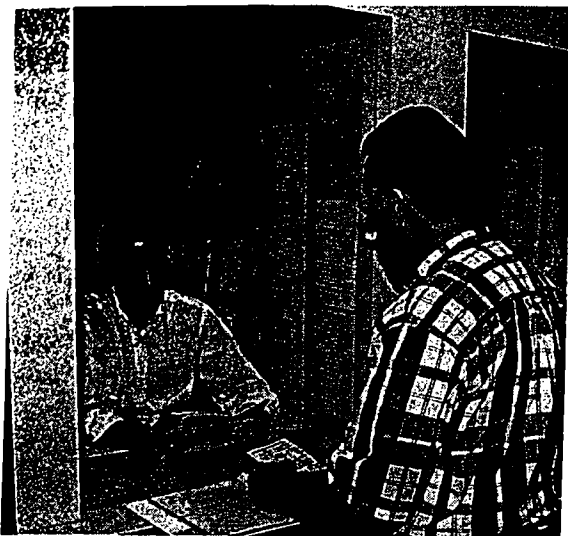
Course Code PC 530

*For information call (703)302-7165.*

The Basic Consular Course offers intensive training in immigration and nationality law and regulations, and in consular policies, responsibilities, and procedures. Rotating among different "offices" in "ConGen Rosslyn," students are introduced to the law and regulations through study guides and lectures. In addition to extensive case study exercises that test the student's understanding of the material, practice in applying it is obtained in role plays and simulations. Students also receive an introduction to the basic automated systems used in consular work. Examinations are given in the first four segments. For information concerning academic credit contact the Office of the Dean of the School of Professional and Area Studies.

Participants learn to:

- Apply the immigration and nationality laws and regulations accurately and effectively;
- Provide routine and emergency services to Americans abroad and aliens seeking to enter the U.S.;
- Handle difficult clients and sensitive situations;



- Carry out consular procedures;
- Use consular equipment and operate consular computer systems, including IVACS, MRV, MRP, and ACRS;
- Recognize and combat fraud and alien smuggling;
- Address consular management issues.

## Audience:

Foreign Service Officers assuming consular positions abroad or in the Department. NOTE: This course is also offered, on a space-available basis, to American-citizen eligible family members (EFMs) of direct-hire U.S. government employees about to be assigned or already assigned overseas (there is a charge for non-State Department EFMs). While completion of the course does not guarantee employment at post, it does enhance employment opportunities. Enrollment for EFMs is arranged through M/FLO.

## Schedule:

Time: 8:30 a.m. to 5:00 p.m.  
Enrollment is continuous with new classes beginning every other day. Pre-registration is required.

**Minimum/Maximum:** 3/4

**Tuition:** \$2,190

## CONSULAR COURSE, ADVANCED

Course Code PC 532

For information call (703)302-7165.

Experienced consular officers who are moving into consular management need practical job-related training to update functional knowledge and skills in all areas of consular work. Participants will receive this training, as well as theoretical and practical knowledge of management issues and skills. The policy context in which consular work is carried out, the inter-agency process, crisis management, and customer service will also be addressed in discussions, simulations, and field trips.

## Participants learn to:

- Effectively manage a consular section, including personnel and logistical issues;
- Apply current regulations and procedures in the areas of passports, visas, services to American citizens abroad, children's issues, and crisis management;
- Interact with other offices at posts and in the Department, as well as other agencies, Congress, and the private sector;
- Apply principles of customer service within the context of U.S. policy interests.

## Audience:

Consular officers at the FO-3 level (or the GS equivalent).

## Schedule:

Time: 9:00 a.m. to 5:00 p.m. Room F3116  
Pre-registration is required.

## Dates:

| Begin    | End      | Length | Section |
|----------|----------|--------|---------|
| FY 97    |          |        |         |
| 01/13/97 | 01/31/97 | 3 wks  | 001     |
| 07/14/97 | 08/01/97 | 3 wks  | 002     |
| FY 98    |          |        |         |
| 01/05/98 | 01/23/98 | 3 wks  | 001     |
| 07/13/98 | 07/31/98 | 3 wks  | 002     |

**Minimum/Maximum:** 10/20

**Tuition:** \$1,260

## CONSULAR TRAINING SEGMENTS

For information call (703)302-7165.  
Course Codes:

*Consular Training Segment:*  
**OVERSEAS CITIZENS SERVICES**  
PC 535 (6 days)  
Tuition: \$500

*Consular Training Segment:*  
**PASSPORT AND NATIONALITY**  
PC 536 (5 days)  
Tuition: \$420

*Consular Training Segment:*  
**IMMIGRANT VISAS**  
PC 537 (5 days)  
Tuition: \$420

*Consular Training Segment:*  
**NONIMMIGRANT VISAS**  
PC 538 (7 days)  
Tuition: \$590

*Consular Training Segment:*  
**FRAUD AND AUTOMATION**  
PC 539 (2 days)  
Tuition: \$170

The five sections of the Basic Consular Course (PC-530) may be taken separately in certain cases. Working along with students already enrolled in PC-530, participants are introduced to immigration and nationality laws and regulations through lectures, study guides, and videotapes. Case study exercises and roleplays develop understanding of the materials and their practical applications. An examination is given at the end of the OCS, PPT, IV and NIV segments.

Participants learn to:

- Apply the immigration and nationality laws and regulations accurately and effectively;
- Provide routine and emergency services to Americans abroad and aliens seeking to enter the U.S.;
- Handle difficult clients and sensitive situations;
- Carry out consular procedures;
- Use consular equipment and operate consular computer systems, including IVACS, MRV, MRP, and ACRS;
- Recognize and combat fraud and alien smuggling;
- Address consular management issues.

### Audience:

New civil service employees who need functional training in one or more of the segments of the Basic Consular Course (PC 530), and experienced consular officers who need to update consular knowledge in one or more of these areas.

**NOTE:** Officers who are assigned to consular positions overseas, or Eligible Family Members who hope to qualify for positions as Consular Associates or Professional Associates, should plan to take the entire course PC 530 as a unit. Please see course description of PC 530.

### Schedule:

Time: 8:30 a.m. to 5:00 p.m. Room F3116  
Continuous Enrollment on a space-available basis at the request of the CA Bureau, any CA Division or Office Chief, or any consular officer, with the concurrence of his/her supervisor or training officer. Pre-registration directly with Consular Training Division is required.

## CONSULAR REVIEW AND AUTOMATION UPDATE

Course Code PC 540

For information call (703)302-7165.

This three-day course is designed to provide an opportunity for CA consultations for the purpose of updating knowledge of various consular issues, and to provide an introduction to current consular computer systems.

Participants learn to:

- Understand and apply current CA policies;
- Use automated systems found at their post of assignment, including VS-MRV, PC-MRV, PC LAN-MRV, ACRS, IVACS, RWS, and/or MRP.

### Audience:

Experienced consular officers, assigned either overseas or in the Department.

### Prerequisite:

Completion of the 26-day Basic Consular Course.

### Schedule:

Time: 8:30 a.m. to 5:00 p.m. Room F3116 Continuous Enrollment. A specific program of study will be designed for each officer based on his/her particular needs. Where possible, officers are placed in on-going ConGen classes where the automation training is scheduled. This course is offered on a needs basis at the request of the CA Bureau, any CA Division or Office Chief, or any consular officer, with the concurrence of his/her supervisor or training officer. Pre-registration directly with Consular Training Division is required.

Minimum/Maximum: 2/4\*

\*depending upon PC 530 enrollment.

Tuition: \$420

## CRISIS MANAGEMENT

Course Code PC 113

For information call (703)302-7165.

The particular focus of this two-day course is to prepare employees to fulfill one of the Department's most visible and demanding responsibilities: rendering assistance to American citizens affected by a crisis. It deals with meeting the Department of State's statutory obligations to American citizens affected by a crisis overseas, including the dead and injured, the bereaved, and family members of victims, as well as Members of Congress, the press, and the general public.

Participants learn to:

- Develop strong interpersonal and organizational skills;
- Apply logistics and processes necessary for handling crisis situations;
- Serve on Department of State task forces;
- Handle working under stress;
- Identify the role of the Department's Operations Center;
- Use the facilities, equipment, and automated systems of the Operations Center task force area.

### Audience:

Foreign Service and Civil Service employees in the Bureau of Consular Affairs, and other employees interested in serving on task forces.

### Schedule:

Location: DOS Operations Center, Room 7516, Department of State. Time: 8:45 a.m. to 4:15 p.m. The course will be offered occasionally as circumstances permit. Prospective students should contact the Consular Training Division to indicate their interest.

Minimum/Maximum: 8/20

Tuition: \$170

## CONSULAR

### ORIENTATION TO OVERSEAS CONSULAR FUNCTIONS

Course Code PC 105

For information call (703)302-7165.

Foreign Service officers assigned abroad, who can anticipate serving as a post duty officer, should have sufficient familiarity with consular work to provide emergency services to American citizens and visa applicants. In addition, every officer should know basic consular functions in order to answer public inquiries and to understand the integration of consular affairs into the post's mission. This six-day course provides this orientation through intensive readings, presentations, videos, and role-plays. An examination is given on the last day.

Participants learn to:

- Provide emergency services to Americans abroad, including issuing passports, visiting arrested Americans in jail, and emergency evacuations;
- Provide emergency visa services to aliens wishing to travel to the U.S.;
- Communicate the basic principles of consular services to an interested public;

- Understand the role of consular services within the context of post's mission and U.S. foreign policy.

#### Audience:

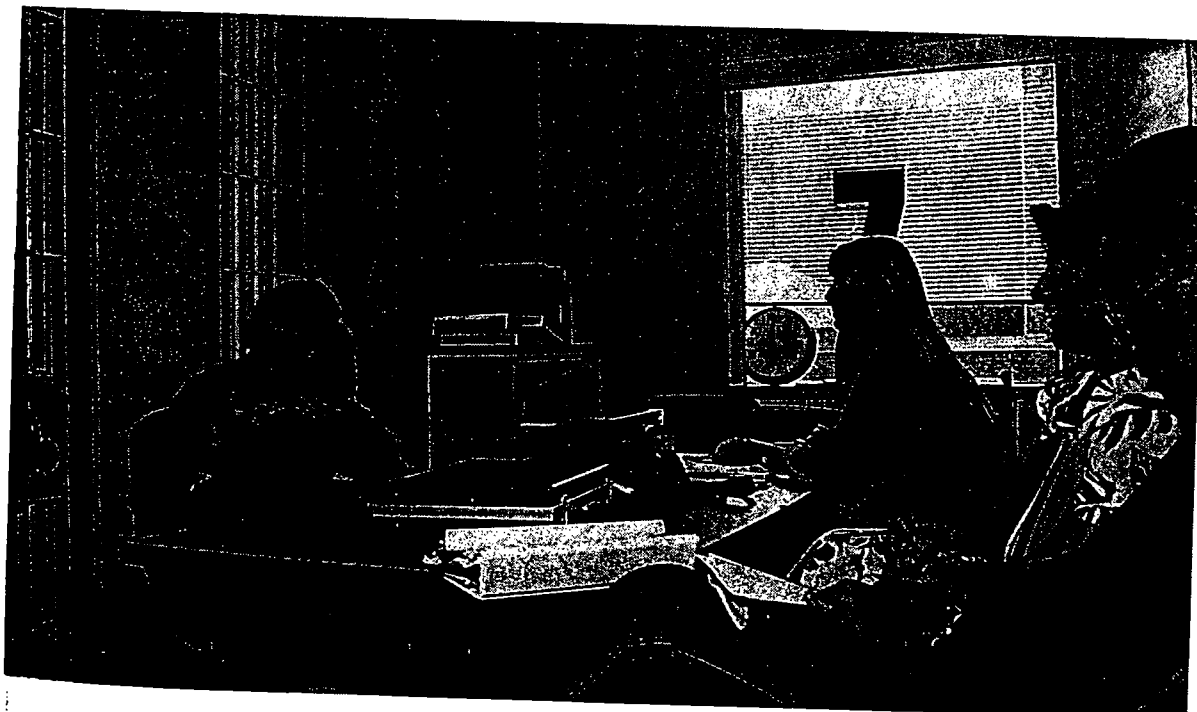
Foreign Service officers of the foreign affairs agencies assigned abroad with consular titles, Foreign Service officers who expect to perform duty-officer responsibilities, and principal officers who need orientation to the consular function. The course is not intended for officers assigned to positions with responsibilities for regularly performing consular duties, since it does not lead to the consular commission required for such activities.

#### Schedule:

Time: 8:30 a.m. to 5:00 p.m. Room F3116  
The course is offered twice monthly, except in November and December when one session is offered each month. Pre-registration is required.

Minimum/Maximum: 2/16

Tuition: \$500



## CORRESPONDENCE COURSES

For information call (703) 302-7165.  
Course Codes:

### IMMIGRATION LAW AND VISA OPERATIONS

Course Code PC 102

### NATIONALITY LAW AND CONSULAR PROCEDURES

Course Code PC 103

### OVERSEAS CITIZENS SERVICES

Course Code PC 104

Modeled after the Basic Consular Course, these courses are designed to help the Foreign Service National employee understand the large and complex body of laws and regulations with which he or she works. Each course includes readings, written exercises, quizzes, and a final examination.

Participants learn to:

- Understand the Immigration and Nationality Act and the regulations found in the Foreign Affairs Manual;
- Recognize the basic principles and procedures of consular work;
- Apply their knowledge to real-world consular cases.

#### Audience:

Foreign Service National employees working in consular positions at posts abroad.

#### Schedule:

Location: Offsite. Course is offered on demand. Information on administration of the courses at post is found in 92 State 61318.

Tuition: none

## PASSPORT EXAMINERS CORRESPONDENCE COURSE

Course Code PC 110

For information  
call (703)302-7165

The course presents the basic concepts and legal foundations of U.S. nationality law to allow passport examiners to adjudicate the issuance of passports to U.S. citizens. Readings in self-study guides, laws, and regulations guide the student to an understanding of principles and procedures of passport issuance, while quizzes help the student identify areas needing further study. A final examination is provided by FSI.

Participants learn to:

- Identify the basis of acquiring U.S. citizenship;
- Understand the Immigration and Nationality Act and relevant regulations concerning passports and citizenship;
- Interpret laws and regulations and apply them to passport and citizenship cases;
- Understand procedures for issuing U.S. passports.

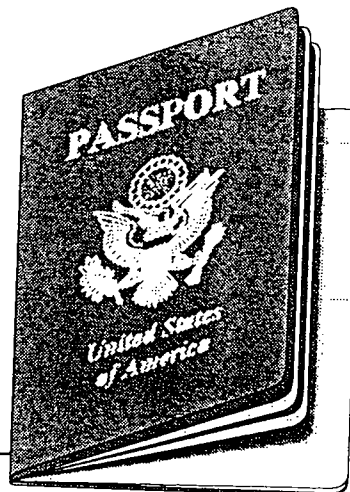
#### Audience:

Passport examiners working at the domestic U.S. passport agencies.

#### Schedule:

Location: Offsite. This course is offered on demand, and is administered through the employee's passport agency.

Tuition: none



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## CRISIS MANAGEMENT

### **EVACUATION COURSE FOR POST MANAGEMENT OFFICERS**

Course Code PN504

Participants review:

- Department of State evacuation policies and procedures.

**Audience:**

Post Management Officers and other officers who deal with evacuations.

**Schedule:**

Four hours. Offered two times a year, usually in May and October.

**Dates:** To be announced.

**Minimum/Maximum:** 8/20

**Tuition:** none

*For further information:*

*Call S/S-O/CMS at 202-647-7640*

### **EVACUATION SEMINAR FOR DEPARTMENT OF DEFENSE PERSONNEL**

Course Code PN505

Participants review:

- Department of State evacuation policies and procedures.

**Audience:**

Department of Defense personnel who work on evacuation issues.

**Schedule:**

Four hours. Offered two times a year.

**Dates:** To be announced.

**Minimum/Maximum:** 8/35

**Tuition:** none

*For information call S/S-O/CMS,  
202-647-7640*

### **ORIENTATION FOR DESIGNATED POSTS**

Course Code PN112

This course prepares contractors and direct-hire employees for the stresses of living in countries with hostile political environments and active intelligence/espionage organizations. Participation is mandatory for employees assigned to "Designated Posts." Newcomers attend for four days; direct-hires for three days, entering on the second day.

Participants learn:

- Appropriate responses to various kinds of approaches and surveillance, and
- Strategies for dealing with the stress of maintaining a heightened counter-intelligence posture.

**Audience:**

All direct-hire employees and contractors assigned to "Designated Posts."

**Schedule:**

Three or four days, 8:15 a.m. - 5:00 p.m.

**Dates:**

| Begin<br>FY97 | End      | Length   | Section |
|---------------|----------|----------|---------|
| 10/22/96      | 10/25/96 | 3/4 days | 001     |
| 02/04/97      | 02/07/97 | 3/4 days | 002     |
| 03/11/97      | 03/14/97 | 3/4 days | 003     |
| 05/20/97      | 05/23/97 | 3/4 days | 004     |
| 06/30/97      | 07/03/97 | 3/4 days | 005     |
| 08/12/97      | 08/15/97 | 3/4 days | 006     |
| FY 98         |          |          |         |
| 10/21/97      | 10/24/97 | 3/4 days | 001     |
| 02/03/98      | 02/06/98 | 3/4 days | 002     |
| 03/10/98      | 03/13/98 | 3/4 days | 003     |
| 05/19/98      | 05/22/98 | 3/4 days | 004     |
| 06/30/98      | 07/03/98 | 3/4 days | 005     |
| 08/18/98      | 08/21/98 | 3/4 days | 006     |

*For information call 703-302-6996.*

**Minimum/Maximum:** 15/60

**Tuition:** \$300



**UNITED  
NATIONS**

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**INTERNATIONAL CONFERENCE ON  
POPULATION AND DEVELOPMENT**

Cairo, Egypt  
5-13 September 1994

Distr.  
GENERAL

A/CONF.171/13  
18 October 1994  
ENGLISH  
ORIGINAL: ENGLISH/FRENCH/  
SPANISH

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**REPORT OF THE INTERNATIONAL CONFERENCE ON  
POPULATION AND DEVELOPMENT\***

(Cairo, 5-13 September 1994)

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\* The present document is a preliminary version of the report of the International Conference on Population and Development. Annexes I to IV will appear in an addendum to the present document.

## Chapter X

### INTERNATIONAL MIGRATION

#### A. International migration and development

##### Basis for action

10.1. International economic, political and cultural interrelations play an important role in the flow of people between countries, whether they are developing, developed or with economies in transition. In its diverse types, international migration is linked to such interrelations and both affects and is affected by the development process. International economic imbalances, poverty and environmental degradation, combined with the absence of peace and security, human rights violations and the varying degrees of development of judicial and democratic institutions are all factors affecting international migration. Although most international migration flows occur between neighbouring countries, interregional migration, particularly that directed to developed countries, has been growing. It is estimated that the number of international migrants in the world, including refugees, is in excess of 125 million, about half of them in the developing countries. In recent years, the main receiving countries in the developed world registered a net migration intake of approximately 1.4 million persons annually, about two thirds of whom originated in developing countries. Orderly international migration can have positive impacts on both the communities of origin and the communities of destination, providing the former with remittances and the latter with needed human resources. International migration also has the potential of facilitating the transfer of skills and contributing to cultural enrichment. However, international migration entails the loss of human resources for many countries of origin and may give rise to political, economic or social tensions in countries of destination. To be effective, international migration policies need to take into account the economic constraints of the receiving country, the impact of migration on the host society and its effects on countries of origin. The long-term manageability of international migration hinges on making the option to remain in one's country a viable one for all people. Sustainable economic growth with equity and development strategies consistent with this aim are a necessary means to that end. In addition, more effective use can be made of the potential contribution that expatriate nationals can make to the economic development of their countries of origin.

##### Objectives

10.2. The objectives are:

(a) To address the root causes of migration, especially those related to poverty;

(b) To encourage more cooperation and dialogue between countries of origin and countries of destination in order to maximize the benefits of migration to

those concerned and increase the likelihood that migration has positive consequences for the development of both sending and receiving countries;

- (c) To facilitate the reintegration process of returning migrants.

#### Actions

10.3. Governments of countries of origin and of countries of destination should seek to make the option of remaining in one's country viable for all people. To that end, efforts to achieve sustainable economic and social development, ensuring a better economic balance between developed and developing countries and countries with economies in transition, should be strengthened. It is also necessary to increase efforts to defuse international and internal conflicts before they escalate; to ensure that the rights of persons belonging to ethnic, religious or linguistic minorities, and indigenous people are respected; and to respect the rule of law, promote good governance, strengthen democracy and promote human rights. Furthermore, greater support should be provided for the attainment of national and household food security, for education, nutrition, health and population-related programmes and to ensure effective environmental protection. Such efforts may require national and international financial assistance, reassessment of commercial and tariff relations, increased access to world markets and stepped-up efforts on the part of developing countries and countries with economies in transition to create a domestic framework for sustainable economic growth with an emphasis on job creation. The economic situation in those countries is likely to improve only gradually and, therefore, migration flows from those countries are likely to decline only in the long term; in the interim, the acute problems currently observed will cause migration flows to continue for the short-to-medium term, and Governments are accordingly urged to adopt transparent international migration policies and programmes to manage those flows.

10.4. Governments of countries of origin wishing to foster the inflow of remittances and their productive use for development should adopt sound exchange rate, monetary and economic policies, facilitate the provision of banking facilities that enable the safe and timely transfer of migrants' funds, and promote the conditions necessary to increase domestic savings and channel them into productive investment.

10.5. Governments of countries of destination are invited to consider the use of certain forms of temporary migration, such as short-term and project-related migration, as a means of improving the skills of nationals of countries of origin, especially developing countries and countries with economies in transition. To that end, they should consider, as appropriate, entering into bilateral or multilateral agreements. Appropriate steps should be taken to safeguard the wages and working conditions of both migrant and native workers in the affected sectors. Governments of countries of origin are urged to facilitate the return of migrants and their reintegration into their home communities, and to devise ways of using their skills. Governments of countries of origin should consider collaborating with countries of destination and engaging the support of appropriate international organizations in promoting the return on a voluntary basis of qualified migrants who can play a crucial role in the transfer of knowledge, skills and technology. Countries of destination are

encouraged to facilitate return migration by adopting flexible policies, such as the transferability of pensions and other work benefits.

10.6. Governments of countries affected by international migration are invited to cooperate, with a view to integrating the issue into their political and economic agendas and engaging in technical cooperation to aid developing countries and countries with economies in transition in addressing the impact of international migration. Governments are urged to exchange information regarding their international migration policies and the regulations governing the admission and stay of migrants in their territories. States that have not already done so are invited to consider ratifying the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.

10.7. Governments are encouraged to consider requests for migration from countries whose existence, according to available scientific evidence, is imminently threatened by global warming and climate change.

10.8. In cooperation with international and non-governmental organizations and research institutions, Governments should support the gathering of data on flows and stocks of international migrants and on factors causing migration, as well as the monitoring of international migration. The identification of strategies to ensure that migration contributes to development and international relations should also be supported. The role of international organizations with mandates in the area of migration should be strengthened so that they can deliver adequate technical support to developing countries, advise in the management of international migration flows and promote intergovernmental cooperation through, inter alia, bilateral and multilateral negotiations, as appropriate.

#### B. Documented migrants

##### Basis for action

10.9. Documented migrants are those who satisfy all the legal requirements to enter, stay and, if applicable, hold employment in the country of destination. In some countries, many documented migrants have, over time, acquired the right to long-term residence. In such cases, the integration of documented migrants into the host society is generally desirable, and for that purpose it is important to extend to them the same social, economic and legal rights as those enjoyed by citizens, in accordance with national legislation. The family reunification of documented migrants is an important factor in international migration. It is also important to protect documented migrants and their families from racism, ethnocentrism and xenophobia, and to respect their physical integrity, dignity, religious beliefs and cultural values. Documented migration is generally beneficial to the host country, since migrants are in general concentrated in the most productive ages and have skills needed by the receiving country, and their admission is congruent with the policies of the Government. The remittances of documented migrants to their countries of origin often constitute a very important source of foreign exchange and are instrumental in improving the well-being of relatives left behind.

## Objectives

10.10. The objectives are:

- (a) To ensure the social and economic integration of documented migrants, especially of those who have acquired the right to long-term residence in the country of destination, and their equal treatment before the law;
- (b) To eliminate discriminatory practices against documented migrants, especially women, children and the elderly;
- (c) To ensure protection against racism, ethnocentrism and xenophobia;
- (d) To promote the welfare of documented migrants and members of their families;
- (e) To ensure the respect of the cultural and religious values, beliefs and practices of documented migrants, in so far as they accord with national legislation and universally recognized human rights;
- (f) To take into account the special needs and circumstances of temporary migrants.

## Actions

10.11. Governments of receiving countries are urged to consider extending to documented migrants who meet appropriate length-of-stay requirements, and to members of their families whose stay in the receiving country is regular, treatment equal to that accorded their own nationals with regard to the enjoyment of basic human rights, including equality of opportunity and treatment in respect of religious practices, working conditions, social security, participation in trade unions, access to health, education, cultural and other social services, as well as equal access to the judicial system and equal treatment before the law. Governments of receiving countries are further urged to take appropriate steps to avoid all forms of discrimination against migrants, including eliminating discriminatory practices concerning their nationality and the nationality of their children, and to protect their rights and safety. Women and children who migrate as family members should be protected from abuse or denial of their human rights by their sponsors, and Governments are asked to consider extending their stay should the family relationship dissolve, within the limits of national legislation.

10.12. In order to promote the integration of documented migrants having the right to long-term residence, Governments of receiving countries are urged to consider giving them civil and political rights and responsibilities, as appropriate, and facilitating their naturalization. Special efforts should be made to enhance the integration of the children of long-term migrants by providing them with educational and training opportunities equal to those of nationals, allowing them to exercise an economic activity, and facilitating the naturalization of those who have been raised in the receiving country. Consistent with article 10 of the Convention on the Rights of the Child and all other relevant universally recognized human rights instruments, all Governments,

particularly those of receiving countries, must recognize the vital importance of family reunification and promote its integration into their national legislation in order to ensure the protection of the unity of the families of documented migrants. Governments of receiving countries must ensure the protection of migrants and their families, giving priority to programmes and strategies that combat religious intolerance, racism, ethnocentrism, xenophobia and gender discrimination and that generate the necessary public sensitivity in that regard.

10.13. Governments of countries of destination should respect the basic human rights of documented migrants as those Governments assert their right to regulate access to their territory and adopt policies that respond to and shape immigration flows. With regard to the admission of migrants, Governments should avoid discriminating on the basis of race, religion, sex and disability, while taking into account health and other considerations relevant under national immigration regulations, particularly considering the special needs of the elderly and children. Governments are urged to promote, through family reunion, the normalization of the family life of legal migrants who have the right to long-term residence.

10.14. Governments should consider providing assistance and cooperation for programmes that would address the adverse social and economic consequences of forced migration.

### C. Undocumented migrants

#### Basis for action

10.15. It is the right of every nation State to decide who can enter and stay in its territory and under what conditions. Such right, however, should be exercised taking care to avoid racist or xenophobic actions and policies. Undocumented or irregular migrants are persons who do not fulfil the requirements established by the country of destination to enter, stay or exercise an economic activity. Given that the pressures for migration are growing in a number of developing countries, especially since their labour force continues to increase, undocumented or irregular migration is expected to rise.

#### Objectives

10.16. The objectives are:

- (a) To address the root causes of undocumented migration;
- (b) To reduce substantially the number of undocumented migrants, while ensuring that those in need of international protection receive it; to prevent the exploitation of undocumented migrants and to ensure that their basic human rights are protected;

(c) To prevent all international trafficking in migrants, especially for the purposes of prostitution;

(d) To ensure protection against racism, ethnocentrism and xenophobia.

#### Actions

10.17. Governments of countries of origin and countries of destination are urged to cooperate in reducing the causes of undocumented migration, safeguarding the basic human rights of undocumented migrants including the right to seek and to enjoy in other countries asylum from persecution, and preventing their exploitation. Governments should identify the causes of undocumented migration and its economic, social and demographic impact as well as its implications for the formulation of social, economic and international migration policies.

10.18. Governments of both receiving countries and countries of origin should adopt effective sanctions against those who organize undocumented migration, exploit undocumented migrants or engage in trafficking in undocumented migrants, especially those who engage in any form of international traffic in women, youth and children. Governments of countries of origin, where the activities of agents or other intermediaries in the migration process are legal, should regulate such activities in order to prevent abuses, especially exploitation, prostitution and coercive adoption.

10.19. Governments, with the assistance of appropriate international organizations, should deter undocumented migration by making potential migrants aware of the legal conditions for entry, stay and employment in host countries through information activities in the countries of origin.

10.20. Governments of countries of origin of undocumented migrants and persons whose asylum claims have been rejected have the responsibility to accept the return and reintegration of those persons, and should not penalize such persons on their return. In addition, Governments of countries of origin and countries of destination should try to find satisfactory solutions to the problems caused by undocumented migration through bilateral or multilateral negotiations on, inter alia, readmission agreements that protect the basic human rights of the persons involved in accordance with relevant international instruments.

#### D. Refugees, asylum-seekers and displaced persons

##### Basis for action

10.21. In less than 10 years, from 1985 to 1993, the number of refugees has more than doubled, from 8.5 million to 19 million. This has been caused by multiple and complex factors, including massive violations of human rights. Most of those refugees find asylum in developing countries, often imposing great burdens on those States. The institution of asylum is under severe strain in industrialized countries for a variety of reasons, including the growing numbers of refugees and asylum-seekers and the misuse of asylum procedures by migrants attempting to circumvent immigration restrictions. While two thirds of all

countries in the world have ratified the 1951 Convention relating to the Status of Refugees or the 1967 Protocol, which establish standards for the protection of refugees, there is a need to strengthen the support for international protection of and assistance to refugees, especially refugee women and refugee children, who are particularly vulnerable. Displaced persons, who do not qualify for refugee status and are in some cases outside their country, are also vulnerable and need international assistance. Regional agreements to provide protection to persons fleeing war should be considered.

#### Objectives

10.22. The objectives are:

- (a) To reduce pressures leading to refugee movements and displacement by combating their root causes at all levels and undertaking related preventive action;
- (b) To find and implement durable solutions to the plight of refugees and displaced persons;
- (c) To ensure effective protection of and assistance to refugee populations, with particular attention to the needs and physical security of refugee women and refugee children;
- (d) To prevent the erosion of the institution of asylum;
- (e) To provide adequate health, education and social services for refugees and displaced persons;
- (f) To integrate refugee and returnee assistance and rehabilitation programmes into development planning, with due attention to gender equity.

#### Actions

10.23. Governments are urged to address the root causes of movements of refugees and displaced persons by taking appropriate measures, particularly with respect to conflict resolution; the promotion of peace and reconciliation; respect for human rights, including those of persons belonging to minorities; respect for independence, territorial integrity and sovereignty of States. Moreover, factors that contribute to forced displacements need to be addressed through initiatives related to the alleviation of poverty, democratization, good governance and the prevention of environmental degradation. Governments and all other entities should respect and safeguard the right of people to remain in safety in their homes and should refrain from policies or practices that force people to flee.

10.24. Governments are urged to strengthen their support for international protection and assistance activities on behalf of refugees and, as appropriate, displaced persons and to promote the search for durable solutions to their plight. In doing so, Governments are encouraged to enhance regional and international mechanisms that promote appropriate shared responsibility for the protection and assistance needs of refugees. All necessary measures should be

taken to ensure the physical protection of refugees - in particular, that of refugee women and refugee children - especially against exploitation, abuse and all forms of violence.

10.25. Adequate international support should be extended to countries of asylum to meet the basic needs of refugees and to assist in the search for durable solutions. Refugee populations should be assisted in achieving self-sufficiency. Refugees, particularly refugee women, should be involved in the planning of refugee assistance activities and in their implementation. In planning and implementing refugee assistance activities, special attention should be given to the specific needs of refugee women and refugee children. Refugees should be provided with access to adequate accommodation, education, health services, including family planning, and other necessary social services. Refugees are invited to respect the laws and regulations of their countries of asylum.

10.26. Governments should create conditions that would allow for the voluntary repatriation of refugees in safety and dignity. Rehabilitation assistance to repatriating refugees should, where possible, be linked to long-term reconstruction and development plans. The international community should provide assistance for refugee repatriation and rehabilitation programmes and for the removal of land mines and other unexploded devices that constitute a serious threat to the safety of returnees and the local population.

10.27. Governments are urged to abide by international law concerning refugees. States that have not already done so are invited to consider acceding to the international instruments concerning refugees - in particular, the 1951 Convention and the 1967 Protocol relating to the Status of Refugees. Governments are furthermore urged to respect the principle of non-refoulement (i.e., the principle of no forcible return of persons to places where their lives or freedom would be threatened because of race, religion, nationality, membership in a particular social group, or political opinion). Governments should ensure that asylum-seekers in the Government's territory have access to a fair hearing and should facilitate the expeditious processing of asylum requests, ensuring that guidelines and procedures for the determination of refugee status are sensitive to the particular situation of women.

10.28. In cases of sudden and massive arrivals of refugees and displaced persons in need of international protection, Governments of receiving countries should consider according to them at least temporary protection and treatment in accordance with internationally recognized standards and with national law, practices and regulations, until a solution to their plight can be found. Persons in need of protection should be encouraged to stay in safe areas and, to the extent possible and as appropriate, near their countries of origin. Governments should strengthen protection mechanisms and provide aid to assist the population in such areas. The principles of collective cooperation and international solidarity should be followed in assisting host countries, upon their request.

10.29. The problems of refugees and displaced persons arising from forced migration, including their right to repatriation, should be settled in

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accordance with the relevant principles of the Charter of the United Nations, the Universal Declaration of Human Rights, other international instruments and relevant United Nations resolutions.