

**FOREIGN RELATIONS AUTHORIZATION FOR FISCAL
YEAR 2000-2001: DEPARTMENT OF STATE MAN-
AGEMENT INITIATIVES**

HEARING
BEFORE THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTH CONGRESS

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FOREIGN RELATIONS AUTHORIZATION FOR FISCAL YEAR 2000-2001: DEPARTMENT OF STATE MANAGEMENT INITIATIVES

TUESDAY, MARCH 2, 1999

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INTERNATIONAL OPERATIONS AND
HUMAN RIGHTS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2 p.m., in room 2172, Rayburn House Office Building, Hon. Christopher H. Smith (chairman of the Subcommittee) presiding.

Mr. SMITH. [presiding] The Subcommittee will come to order.

I am very pleased to convene this hearing of the Subcommittee on International Operations and Human Rights. This will be the first in the series of hearings devoted to the preparation and enactment of the Foreign Relations Authorization Act for Fiscal Year 2000 and 2001. I am also pleased to welcome our very distinguished witnesses, Under Secretary of State for Management, Bonnie Cohen, and Patrick Kennedy, the Assistant Secretary of State for Administration.

In the course of these hearings, the Members of the Subcommittee will have, I am sure, many questions for these witnesses and others who will follow. My own questions will address a few fundamental concerns which may be helpful to state at the onset.

First, most government officials and employees emphatically believe that the resources of their agency are stressed to the breaking point, and that the employees are overworked and underpaid for the important tasks that they must perform. While this view is understandable and often justifiable, it can get in the way of making hard decisions and choices about how to allocate scarce resources. I don't believe the majority of the American people want government on the cheap, but they do want government spending to reflect their own priorities, not just of those people who happen to work in Washington.

A related concern is that the budget process is not always designed to show Congress and the American people exactly where the money is going. The voluminous and informative documents submitted to Congress each year sometimes tell us everything except just what the people in the department actually spend their time doing. How many person hours in the operating budget are spent promoting child survival? How many for trade promotion? How many for international population control? How many for pro-

tecting refugees and other people whose human rights have been denied? In my view, these are the questions that matter the most.

So these authorization hearings, like those the Subcommittee has held in the last two Congresses, will be designed to make the budget process more transparent. We seek transparency, not just for its own sake, but to ensure that our foreign policy expenditures really do translate into policies that serve the just interest of the American people.

Let me state three important policies that I believe are undervalued and under-funded in the budget request currently before us. The first is the security of Americans serving overseas. Responding to the attacks on our embassies in Nairobi and Dar es Salaam last year, Congress appropriated \$1.4 billion in emergency expenditures for worldwide security upgrades. Six hundred twenty-seven million of this amount was for the physical security of U.S. missions, including relocation of our highest risk embassies. The Administration has chosen to follow up on this request with a \$3 billion advance appropriation request over 5 years. But as requested, only a tiny fraction of this amount, \$36 million, to begin relocation projects during Fiscal Year 2000.

Frankly, I am concerned that the cost of this delay might be measured in the lives of Americans and other innocent people. And it is my feeling and sense that there are many in the State Department who feel likewise. I therefore intend to schedule a separate hearing on security issues, perhaps as soon as late next week. I ask that the Department come to that hearing with a revised plan for accelerated construction of safer embassies and other worldwide security upgrades.

Another group of innocent people who are put at risk by this budget are refugees. Although the \$690 million for the two refugee accounts is \$20 million more than will be spent in Fiscal Year 1999, it is substantially lower, \$43 million, in fact lower in unadjusted dollars, and as much as 15 to 20 percent lower after inflation, than we spent 5 years ago. During this 5-year period, the refugee account is the only major State Department account for which the Administration has not requested and gotten at least a modest increase. Yet the needs are at least as great. Again, we will have a separate hearing next Tuesday on refugees. I do hope the Administration will reconsider and revise its budget request to give refugee protection at least the same raise that all other State Department accounts are given.

Perhaps the most grossly disproportionate allocation of resources in the State Department budget is that only \$7.2 million is requested for the Bureau of Democracy, Human Rights and Labor. This is only about one quarter of 1 percent of what the Department has requested for its diplomatic and consular programs.

The DRL Bureau is charged with ensuring that the protection of fundamental human rights is afforded its rightful place in our foreign policy, and it has only 64 employees, about half the size of the Office of Public Affairs with its 113 employees, and about the same size as the Office of Protocol with its 61 employees. The budget and personnel of the regional bureaus with which DRL must sometimes contend in interdepartmental foreign policy debates are literally hundreds of times as large. Even the private Asia Foundation gets

\$15 million in the Administration's request, which is over twice the total budget of the DRL.

We get what we pay for, and this Administration seems willing to pay for almost anything for trade promotion, border enforcement, international fishery commissions, and for public relations, all of which are important. And yet it doesn't pay, in my view, enough for human rights. I see no reason why we cannot dedicate at least 1 percent of our foreign policy budget exclusively to human rights protection.

I will be happy to work with the Administration to find the extra resources for human rights, refugees, embassy security and other programs which are underfunded in the budget. To the extent additional resources are not available, we must reallocate existing resources so that the most important programs, in particular these programs that save lives, are fully funded.

Ms. McKinney will have an opening statement. She will be here shortly, the Ranking Member of our Subcommittee. But I would like to ask if any Members of the Committee, Mr. Sherman, might have opening comments.

[The prepared statement of Mr. Smith appears in the appendix.]

Mr. SHERMAN. Thank you, Mr. Chairman. I have two comments about the budget that was presented to us by the Administration. The first is that I note with sadness that it provides funds for building a new embassy in Berlin, but not for building a new embassy in Jerusalem. Two great capital cities have been divided in this century, both have been reunited by the conclusion of this century. The need for a new embassy in Berlin, occasioned by the reunification of that city and the designation by the German people and the German Government of Berlin as the new capital is obvious. And yet the State Department continues to ignore the equally obvious need for a new embassy in Jerusalem.

I would comment that over the last year or two there have been some miscommunications or delicate problems between the U.S. Government and our great ally, Israel. I would attribute part of that to the fact that we have our embassy in the wrong city. There is no country in the world where we insist upon locating our embassy in a city that is not designated as the capital of that country except for Israel. And to think that we would do that to an ally, when even at the height of the cold war the United States never insisted upon having its embassy in Leningrad or Minsk, but was willing even when we were at great odds with the Soviet Union, to have our embassy in the city designated as that country's capital.

The second issue is one of human rights. We just passed a resolution about how the Government of China is denying its people human rights. But I had occasion to talk to the Secretary of State here about a great denial of human rights imposed on American citizens and their families by the State Department, and that is the incredible delays involved in issuing visas for fiancés and spouses. It was painful, I think, to all of us who have been involved in actually living with the State Department's actions and dealing with people, to see how the Secretary of State was so terribly misinformed about the State Department's own administrative record. She sat at the table where Ms. Cohen sits now and told this, our

Full Committee, including the Members of this Subcommittee, that it was an average of 1 month between when a spouse of a U.S. citizen sought a visa and when that visa was granted. Certainly any of us who have dealt with our embassy in the Dominican Republic, in the Philippines, and in other places knows that the Secretary of State has been terribly misinformed about what really happens on the ground where so many embassy officials have told me and other Members of Congress that, what are we complaining about, that the family has only been separated for a year—usually it takes much longer.

If China were to randomly select families within its borders, and force, without the consent of the couple, that they be separated for months and years for no reason, then I am sure that the chairman of this Subcommittee would make sure that that would be an additional element in our resolution calling for their condemnation. Yet we force couples, American families or families including an American citizen, to be separated for months and years for no reason other than one of the spouses is an American citizen and the other is not.

I would hope that in your presentation, Ms. Cohen, you would tell us about embassies like Manila, like in the Dominican Republic, the problem embassies where it takes a year or two, and show us how the budget of the State Department is being revised to eliminate this incredible blight on our own human rights record.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Mr. Sherman.

I would like to introduce to the Subcommittee and welcome the very distinguished Bonnie Cohen, who was sworn in as Under Secretary of State for Management in August 1997. Previously she served as Assistant Secretary for Policy, Management and Budget at the Department of Interior and as a senior vice president of the National Trust for Historic Preservation. Under Secretary Cohen earned a BA from Smith College and a masters in business administration from the Harvard Business School. She is accompanied today by Patrick Kennedy, who is the Assistant Secretary of State for Administration.

I do welcome you. Your full statement will be made a part of the record, but proceed however you would like.

STATEMENT OF BONNIE COHEN, UNDER SECRETARY OF STATE FOR MANAGEMENT

Ms. COHEN. Thank you, Mr. Chairman and Members. I will summarize from my statement. I am pleased that my statement starts with a review of the activities that are undertaken by the State Department overseas as well as the other agencies, because I think that while you all know what goes on in our embassies, not enough people know the full range of activities that take place.

As you know better than I, the Department of State is the overseas platform on which America conducts its foreign policy, encourages exports, and combats international terrorism and drugs, among many other activities. To carry out its global responsibilities, the Department of State maintains 262 diplomatic and consular posts which provide the necessary infrastructure for about 30 government agencies. They not only carry out relations with for-

eign leaders, they also assist American citizens, support U.S. business and develop the extensive local contacts that are necessary to relationships.

When we discuss the operations of the Department of State, we are talking about helping the more than 6 million Americans who receive passports every year and the almost quarter of a million Americans who lose their passports overseas each year.

Our embassies assist with over 2,000 child custody cases, 6,000 missing person searches, close to 3,000 repatriations, more than 400 medical evacuations and more than 15,000 adoptions a year. They also provide assistance on the deaths of about 6,000 Americans abroad each year, helping families and other loved ones as they deal with foreign regulations. In 1997 there were about 5,700 prison visits to incarcerated Americans by consular officials abroad.

Tourism is the second or third largest industry in America. International tourism is one of the most important components of this. Our missions issue visas to the almost 6 million foreigners who visit the United States as tourists each year, and screen each visa applicant to prevent illegal immigration, protecting us against terrorism and felons. Over 1.5 million non-immigrant visas were refused in 1998.

We issue travel warnings for countries to which we consider it unsafe for Americans to travel. We currently have about 30 travel warnings in effect. In 1998 we issued 69 travel warnings, approximately twice the number of 1997.

In addition, we carried out 17 evacuations of Americans during crises all around the world.

As I said, we support American business overseas, reducing trade barriers, assuring a level playing field and increasing opportunities for U.S. business. In 1970, trade with other countries contributed only 11 percent to the GDP. In 1997, foreign trade accounted for 25 percent. As the world's largest exporter, we exported \$932 billion in goods and services during 1998, a 51 percent increase from 1992.

The U.S. Government, operating under the State Department umbrella overseas, fights crime and combats terrorism on an international scale. Through law enforcement training, technical assistance, extradition treaties, mutual legal assistance agreements and information exchanges, we combat firearms trafficking, alien smuggling, money laundering and more. We are also fighting illegal drugs with our colleagues in other branches of government. Indeed, law enforcement personnel are the fastest growing section of American personnel overseas.

Today more than ever before, U.S. diplomacy is a direct reflection of our domestic priorities. Agencies from EPA to Defense, to Transportation, to HHS, to CDC are resident in the embassies. Department employees account for only, on average, a third of the American civilian presence abroad.

In my first year and a half at the Department, I have been struck again and again by the scope and complexity of our operational requirements and the need for resources. Our visa and passport workload has increased by 20 percent. We have expanded geographically into the Newly Independent States and other places, without a significant increase in the budget. The impact of this is

felt not just in the Department of State, but by all the agencies for which the Department provides a platform. It is one of the causes of the many management challenges we face.

Our buildings are in disrepair overseas. As to security, our top priority, over 80 percent of our embassies do not have adequate setback from the street and are in need of substantial improvement. Our posts in China are overcrowded and seriously in need of improvement. We do need a sustained infusion of funds for building security, as you acknowledged, for people and training, or we will not be able to maintain our worldwide activities. We will not be able to offer U.S. Government employees and everyone who does business with the Department of State a safe, secure and well-managed environment. That is really important because, for example, in Kenya when the bomb blast went off, over 240 Kenyans were killed and over 5,000 wounded.

In the last 2 years with Congress' bipartisan help, we have begun to reverse this erosion in diplomatic readiness. In particular, we want to thank you for the bipartisan support of our \$1.4 billion emergency supplemental.

As you know though, we face major management challenges. But we are addressing them, even within the resource constraints. First, we have brought on board new leadership in some key management areas. Assistant Secretary for Diplomatic Security, Dave Carpenter, took his post immediately after the August bombings, and brings to the Department 26 years of experience with the Secret Service. He is the first Assistant Secretary for Diplomatic Security with a law enforcement background. Chief Financial Officer Bert Edwards brings 34 years of experience in the private sector accounting as a partner with Arthur Anderson. And the Chief Information Officer, Fernando Berbano, joined the Department last May after several years of public and private sector experience, most recently as the Director of Information Systems at NIH. And of course you all know the depth of experience that Pat Kennedy brings to his job. Many of you have had the opportunity to work with him before.

Pat will now tell you where our integration coordination stands with ACDA and USIA.

STATEMENT OF HONORABLE PATRICK KENNEDY, ASSISTANT SECRETARY OF STATE FOR ADMINISTRATION, U.S. DEPARTMENT OF STATE

Mr. KENNEDY. Thank you, Bonnie. I appreciate the opportunity to address the status of our reorganization efforts. They are substantial, and they reflect the high priority that the President and the Congress gives to this issue.

The Foreign Affairs Reform and Restructuring Act requires the President to submit a detailed plan and report to the Congress, which he did on December 30. The Congress has a 90-day period in which to review it. The Administration may need to submit some revisions to the plan and report. We have received a number of comments from the Congress, some in the last few days. We are also in touch with non-governmental organizations and others who are expressing interest in reorganization. We are giving all these

views expeditious consideration in order to enable the President to make any appropriate revisions within the 90-day clock.

At the same time, we are continuing intensive efforts so that we can move quickly on implementation as the 90-day clock ends. Planning involves everything from personnel and floor space, to how best to assure the key missions of public diplomacy, arms control and nonproliferation, and sustainable development are maintained. In this regard, on February 2, Secretary Albright wrote welcoming letters to the heads of the three affected agencies, ACDA, USAID, and USIA. They highlight the importance of these missions, and note our plans for new structures in the Department.

The Secretary and others have held a number of town meetings and other discussions with employees both here and abroad. Information is on the Internet web site, and the Foreign Service Institute will shortly conduct a special course for incoming State employees. In short, we are doing all we can to ensure that reorganization is implemented in an open and transparent environment.

[The prepared statements of Mr. Kennedy and Ms. Cohen appear in the appendix.]

Ms. COHEN. Thank you, Pat. I will just touch briefly on a number of other management issues. In GPRA, we have revised and strengthened our approach. We have out new computer software around the world to make it easier to have a useful document, and we think we have made a lot of progress. We did receive an unqualified audit opinion on our Fiscal Year 1997 financial statement and we anticipate that again this year.

Turning to the Y2K issue about which there has been much publicity, first let me say that the Department of State will be ready for the year 2000. We appreciate, again, the emergency funding we have received from the Congress. Y2K is one of our top priorities at the highest level of government. We are well under way, and by the end of March, we anticipate being 90 percent implemented. Secretary Albright has taken this issue as one of the issues she is focusing on in the international arena and doesn't have a meeting with a foreign minister or a head of government where she doesn't mention Y2K.

We have already issued our first Y2K travel public announcement, alerting American citizens to be aware of the potential problems. We have distributed that to you. Each of our embassies is assessing its host country's vulnerability to this problem. The Secretary has instructed each chief of mission to prepare a Y2K contingency plan to be available by April 16, 1999, to address internal post readiness and country readiness. In addition, we have sent out notification that essential personnel will be at post over the Christmas and New Year holidays next year. The same is true of Department of State personnel in Washington.

The Department of State during the past year has strengthened information technology by realigning the Office of Information Management, formerly in the Administrative Bureau, to the Chief Information Officer so that we have just one control system for that.

In the personnel area, as you discussed, our most difficult choices involve how best to allocate our limited personnel resources. The need for adequate training often competes directly against the need

to have personnel in the field immediately, and we are working on that. In Fiscal Year 1998, we were able to begin to address these challenges by stabilizing employment at the 1997 level, and we have initiated more aggressive hiring. Just Saturday we had a job fair out at the Foreign Service Institute (FSI) for information technology specialists—we had had difficulty in recruiting these people into the government. We aren't the only agency that is having that problem. I have met with the Defense Department and other people. We had an open session where we advertised on the Internet. We advertised in the *Technology Weekly* at all the universities and in *The Post* and *Wall Street Journal*, and we were very pleased to get over 1,100 applicants. I was out there. It was very well organized. We were able to test people when they were there, fingerprint them when they were there, and we have made about 150 offers, conditional on security clearance. So we think we are making a difference. In addition, it turns out, when you advertise and have something as open as that, you get a much more diverse pool of applicants from which to choose, which you know has been a struggle of the State Department for a long time.

Training of our foreign national employees is also an area where we can and must do more. For 1999, we are holding more training sessions for foreign national employees than ever before.

We are in the midst of implementing a massive infrastructure project in Mexico to carry out the mandate of section 104 of the 1996 Illegal Immigration Reform and Immigrant Responsibility Act, and are up and running with the laser visa at all of our border posts. We have adjudicated nearly a quarter of a million cases, and nearly as many of these very secured documents are now being used by Mexican border crossers in place of the old and easily forged cards.

Nevertheless, the target of completing this project by the new deadline of October 1, 2001 is unlikely to be met without substantial further increases in the ability of INS to produce the cards.

Through the Office of Foreign Buildings Operations, the Department manages almost all of the non-military property overseas, about 12,000 properties with an estimated value of \$10 billion. We are continuing to take a critical look at our overseas properties and how we dispose of them. The Real Property Advisory Board, a seven-member panel that includes senior Department executives as well as people from other agencies, is the final arbiter. In addition, we have entered into a MOU with the IG, who goes out periodically to inspect our properties so that the IG's people can identify properties that they think are surplus.

I understand that you will be having a separate hearing on our security requirements. But I want to assure you that it is a top priority of the Department, and we have taken significant steps, both to improve the security of our posts overseas and to see that the security supplemental is spent efficiently and effectively. To ensure that, we have sought help from the private sector, we have consulted with OMB, GSA, the Inspector General, the Army Corps of Engineers, and many multinational corporations and others to benefit from their expertise and their approach to large-scale cost-effective construction. We have also met for a day with the people who implemented the earlier Inman Program to learn from their

successes and their mistakes. We have also detailed month-by-month plans for obligating funds and implementing programs, and we are providing careful oversight through periodic meetings.

With the emergency appropriation, the Department of State has sent emergency security assessment teams to 32 posts. These are cross-discipline teams from many government agencies. We have deployed 120 DS special agents overseas on temporary duty. We have increased local guards by over 1,000 around the world. We have worked with local governments to close or change traffic patterns in several cities. We have enhanced physical security with bollards, delta barriers, video cameras and other measures. And, we have acquired or placed under contract land to increase setbacks at five posts.

There is a lot we have done and there is a lot we are still are doing, including expanding crisis management training overseas. In our 2000 budget, we request the money to continue these expenditures. The annualization of these expenditures are very important to us.

In approximately 7 weeks, the Secretary will be submitting to you a report on the Department's actions taken in response to the Accountability Review Board investigation, chaired by Admiral Crowe. He concluded that the Department "must undertake a comprehensive and long-term strategy for protecting American officials overseas, including sustained funding for enhanced security measures, for long-term cost increases for increased personnel, and for a capital building program." The Department of State agrees with virtually all of the Board's recommendations, and we are implementing them.

With the funding budgeted within the 1999 appropriation, the Department of State has also joined with other agencies to institute a high-level panel to review overseas presence in general. They will take a look at the composition of American presence overseas, and the idea that I think has been around for a long time, of possible regional embassies in some locations with smaller embassies at others.

As we have outlined, the Department is making strides to address a range of management issues, and to improve our ability to do America's important business around the world. With your assistance, we can work to sustain these programs and the people we need to serve America in our nation's interest.

Mr. SMITH. Thank you, Madam Secretary. I would like to ask unanimous consent that the distinguished chairman of the Full Committee proceed out of order. He does have to go on to something else, but is here and we are grateful that he is here.

Mr. GILMAN. Thank you, Mr. Chairman. I appreciate that, and I will try to be brief.

I want to welcome our two panelists who are here today, Secretary Cohen and Secretary Kennedy, to discuss a range of management issues with this Committee.

As we consider the Department's budget, it is certainly important that we have accurate information. Let me say to you, Under Secretary Cohen, in your testimony before the Commerce, Justice, State Appropriations Subcommittee last week, you stated that in the last 7 years of real dollar budget, Department of State has de-

clined by some 22 percent, and your testimony includes a chart that portrays a steady reduction in State programs accounts since Fiscal Year 1992. Is that an accurate review of what your testimony was?

Ms. COHEN. It is.

Mr. GILMAN. And do the amounts portrayed in your testimony include the fees collected and spent by the State Department, such as machine-readable visa fees and passport fees?

Ms. COHEN. No, it doesn't. One of the staff people, I think, has talked to us about that. I think there is some question as to what we included and didn't include and we are revising that information. At least preliminarily, the information I have is that it doesn't take away from the main point, which is that in real dollars, the State Department has had a decline in its budget at the same time—

Mr. GILMAN. Well, Madam Secretary, isn't it true that when you count in these sources of real income, the State's program budget last year was the highest ever in real dollars?

Ms. COHEN. I am not sure, in real dollars. I would be glad to have people analyze your information and get back to you.

[The information below was submitted following the hearing.]

The statement that Department of State funding has declined by 22% applied to the funds directly appropriated for Diplomatic and Consular Programs, Salaries and Expenses, and the Capital Investment Fund—not to fee-funded activities. A more complete picture would have included those portions of the MRV fee-funded Border Security Program that were funded by direct appropriations in prior years. However, even if you include these MRV fees (\$154 million in FY 1999), the Department's real dollar budget still has declined by 15% in the last 7 years.

It is not appropriate to include all MRV fees and the Expedited Passport Fees because this distorts the true picture of the Department's overall funding trend. These fees are used, for the most part, for new activities and modernization efforts that were not funded within Department appropriations in the past.

The bulk of MRV fees have been used to finance consular modernization and improvements that could not possibly have been funded by the base appropriations that existed in FY 1993. This involves the Border Security Program that increased in importance after the World Trade Center bombings. Congress recognized this in providing the MRV fee retention authority for the Border Security Program beginning in FY 1994.

Since that time, the Department has made enormous progress including installing the Year 2000 compliant MRV system, modernizing the consular namecheck system, launching the Border Crossing Card Program, beginning to implement the passport photodigitization program, processing record numbers of passports, and supporting the ALMA system and funding increased communications bandwidth to support overseas consular operations.

Expedited Passport Fees have been dedicated to modernization of antiquated Information Technology Systems through implementation of the Department's IRM Tactical Plan. Again, this activity could not possibly have been funded by the base appropriations that existed in FY 1993. This is the reason that OMB directed the Department to apply this new funding authority to IT enhancements beginning in FY 1995 and one of the keys to the great strides the Department has made in improving its worldwide IT infrastructure and confronting the Y2K problem.

The Department's overall operating appropriations have clearly been flat or slightly declining since 1993. Operating appropriations fund the bulk of the Department's worldwide network of 250+ embassies and consulates. In estimating the real dollar impact of these flat funding levels, we have applied a modest 4% worldwide inflation rate. This is slightly higher than the OMB inflation index but it is much more realistic for the Department's operating accounts which are personnel (mandatory pay raise) intensive and which are subject to the higher rates of overseas inflation. Even at the 4% overseas rate, most embassies feel a higher rate of price increases is warranted. These flat budgets with growing requirements—mandatory pay raises, worldwide inflation, exchange rate fluctuations, and real workload growth—mean real program cuts.

Mr. GILMAN. Well I am raising this, in particular, with respect to the tables and charts handed out in last week's hearing before the Commerce, Justice, State Subcommittee. In addition, Secretary Albright's testimony about the Department's budget last week complained that, and I quote, "We have lost ground during this decade. In real terms, funding has declined sharply," and the contention that the State Department budget has been cut deeply has been widely distributed. It is simply not true. The Department has more money to spend this Fiscal Year in real dollars than you have ever received, according to the information I have received. Now you are asking for and will be receiving even more for next year. Even if we accept your special overseas buying power deflator, the cuts have been modest and were made, in large part, before this new majority took over the Congress.

Madam Secretary, permit me to note that your charts, at best, are not accurate because they do not reflect the over \$300 million in visa and passport fees available to the Department, and they conceal the effects of the overseas inflation adjustment. Even if we accept your adjustment, resources are off only modestly in comparison to most of the rest of the government.

So I am asking you, please make note of these MRV fees in connection with your statements about resources. We know you have a big jump ahead with the implementation of the embassy security plan. We want to work with you as these plans are designed and executed to be certain that the best decisions are made. But I think it is important we start from a fair estimate of where we are.

Ms. COHEN. I agree with you that that is important, and I think there is an issue on our inclusion or exclusion of the MRV fees. We would be glad to get together with your staff and—

Mr. GILMAN. Well, I am pointing out to you your chart. And if you add the \$300 million more that was collected, it is obvious from the chart that you would have more money this year than you have had in the years gone by.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Chairman Gilman. Let me just follow up on that, Madam Secretary, because I also serve as vice chairman of the Veterans Affairs Committee, and last week and this, we have held a series of hearings. We heard from the Secretary, and in that budget submission, they take third-party reimbursement—that is to say, collections from insurance companies that are billed for services at VA hospitals and outpatient clinics—and they overstate that because they have not gotten anywhere near the amount of third-party monies that they had hoped for. It shows a fictitious, higher number for veterans. We see the precisely opposite here, as Chairman Gilman pointed out, with regard to your not counting machine-readable visas and passport fees.

I would respectfully submit that all revenues should be on the table. I hope that revision would reflect that because I think we do get a false impression of either slackness on Congress' part or on the Administration's part that more money has not been made available to our friends in the State Department.

So I would hope that we could get an absolutely transparent, accurate picture of all revenue streams so that we all know the

amount of the pie that we are dealing with, so that we don't have any false viewpoints. Let's just get it all on the table.

Also, the deflators used by the Department to calculate these supposed 22 percent budget cuts are roughly twice as large as the deflators used by OMB for non-defense discretionary spending. I wonder if you could tell us how, exactly, does the Department compute those deflators? Are they just rough estimates? I think the Chairman made some mention of this. Again, does the State's deflator methodology take into account the increased buying power caused by beneficial exchange rates?

Ms. COHEN. We can get back to you on that. I would like to assure you though, that we don't have any interest in doing anything but sharing all of our data with you and reaching numbers that we agree on. So we would be glad to share that with you and work with your staff.

Mr. SMITH. I do appreciate that. Let me just say, too, that we have been in contact with CRS. According to CRS, the Fiscal Year 1999 total, when you include the fees, suggests that we are talking about a higher number amount of money for the State Department. Let me ask you a second question, and then we will take a brief break, unless Members would want to go over and come back and—

Mr. GILMAN. Mr. Chairman, if I could just get one last item in before I have to run. For some time, we have been discussing with the Consular Affairs Bureau the need to correct a weakness in the border security program. Presently, there is no data base on lost or stolen passports that could be matched against suspicious entries overseas. Knowing the American passport as a document of choice for criminals and terrorists, can you tell us why the Department can't initiate a lost and stolen passport data base? The Department estimated the cost to be less than \$2 million to do that. And, if you could tell us, are you considering initiating such a critical program with some of the emergency supplemental funds available to you?

Ms. COHEN. I would like to have Mildred Patterson answer that question. She is with Consular Affairs, and a number of your questions are very specific with regard to that area. So it seemed to me valuable for you to—

Mr. GILMAN. Mr. Chairman, with your permission, Ms. Patterson.

Ms. PATTERSON. Mr. Gilman, the Bureau of Consular Affairs sought and received a waiver from the Department's prohibition on non-Y2K-related systems development work in order to begin developing a system for lost and stolen passports. Preliminary work on the new system is already underway. The Department expects to complete the system's development later this Fiscal Year. That will be followed by a pilot testing at a small number of overseas posts, and we hope to have the system fully operational in Fiscal Year 2000.

Another aspect of lost and stolen passports, of course, relates to foreign passports. The Department has already modified its software that supports visa issuance to allow for automatic lookups of foreign passports to determine if they have been reported as lost

or stolen. We expect this system to become operational within the next 60 days.

Mr. GILMAN. Thank you very much.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Chairman Gilman. Let me ask one question before we have a brief recess. There are two votes in succession, so we will take a brief recess in a moment.

Knowing the Appropriations Committee's general reluctance to appropriate funds in the out-years, can you tell us why the Administration chose to request the continuation of the security money as an advance appropriation rather than as a Fiscal Year 2000 appropriation? The Fiscal Year 2000 budget requests only \$36 million for new building security measures, with \$3 billion requested as an advanced appropriation for Fiscal Years 2001-2005. Does this indicate a hesitancy on the part of the Administration to make the hard choices? For example, whether or not the money should be re-allocated to the security of our overseas posts rather than other programs and activities in the current year? And, if not, why not begin the crash program?

I do think there is probably a lot of sympathy for spending the money in Fiscal Year 2000. If this is an OMB problem, we need to know it so that we can take effective counter-measures as well. Because it seems to me, and I know you share this view, Madam Secretary, that the protection of our people overseas is our No. 1 priority. This gap between this Fiscal Year and 2000, and then it begins again, to me seems avoidable and totally unnecessary.

Ms. COHEN. Thank you. I think the Secretary has testified, and I know that this is the case, that she really has no higher priority than the safety of people overseas. When this budget was being put together, which was early in the fall, I think there was some sense that perhaps the Department would not be as far along as it is in the implementation of the emergency supplemental, so that we wouldn't be able to handle a bigger appropriation in the year 2000. In addition, we didn't have the substantiation of our needs from Admiral Crowe's excellent report.

Now I think everyone would agree that we are making great strides in implementing the emergency supplemental and we have Admiral Crowe's report. It is my understanding that the President met last week with the joint leadership, and has proposed that he and the Administration and the joint leadership sit down together and develop a long-term commitment to the security of embassies overseas.

Mr. SMITH. Do you think it is likely that in the next few weeks, if not months, but hopefully in the next few weeks, there will be a better figure, an upward, a higher figure? We all know that this information and much of the budget submission began perhaps last fall. But as you certainly suggested, events have overtaken that data so that our bill and any other bill coming out of the Congress reflects what truly can be done.

I do understand the absorption argument, but as you pointed out and you pointed out yesterday as we met, we are meeting those targets and the money is being spent wisely and efficiently. We need to get more embassies on the roll, so to speak, and in line to

be fixed. So I would hope that we could get that and get it very, very soon.

Ms. COHEN. I think it is a very high priority for the Administration. I would hope you would be able to get it soon.

Mr. SMITH. I would ask if Mr. Faleomavaega has any questions? Mr. Sherman and I could go vote, and maybe Mr. Faleomavaega might take the Chair. No questions? OK. Then we will stand in recess then for a couple of minutes.

[Recess.]

Mr. SMITH. The Subcommittee will resume its sitting. I would just like to express my gratitude for the record, Madam Secretary. We had a very difficult situation in my district where a young lady by the name of Julie Scully was murdered in Greece. It was a heinous crime, a terrible, despicable crime, and they believe they have the perpetrator of that crime. I was in frequent contact with Ambassador Burns. He and his staff bent over backwards and did an excellent job in helping the family recover the body. It really was a horrible situation. The embassy staff met the estranged husband at the airport and really walked him through the process. I want to express my gratitude publicly for that. They did a very good job.

Ms. COHEN. Well, thank you for telling me about it. I didn't know about it. Unfortunately, these ugly situations really occur far too often, and these people have far too much practice dealing with those. But Ambassador Burns is in the country and I am going to see him tomorrow. So I will tell him you said that.

Mr. SMITH. OK. Thank you very much and thank him again.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. I listened with interest to the proposed 22 percent decline in real resources available to the State Department, and I hope that we would get a report as to what the total real resources are, looking at this decade through Fiscal 1999.

One concern I have though, is that once a person of Secretary Albright's stature says something, that takes on a life of its own, and cannot be erased simply by a memo that we get from staff. So I would hope the Secretary would personally communicate to the Congress or in some public forum, what the correct figure is in terms of the increase or decrease in real resources. I listened to Secretary Cohen's statement.

I have a few quick comments. The first is that to indicate that the fact that we have declined or refused hundreds of thousands of non-immigrant visas may or may not be a point of pride for the Administration or the Department. I am certainly aware of many people who were given visas who shouldn't have been. They are my neighbors now in Los Angeles. And I am aware of many cases where people are denied non-immigrant visas, and even when they are able to post a bond to assure that they will return to their own country, the reaction from consular personnel is that that is just too much work. We have written our regulations to prevent us from being allowed to accept those bonds because they are too much work. So that if a person has a good job in their home country, we may give them a tourist visa, but if a person just is willing to put up a bond, they can't come into the United States.

Coming from a community that is very beneficially impacted by the international tourism that you commented on, certainly I would hope and look forward to your future comment as to why we do not have a 'post-a-bond, get-a-visa' program. Keep in mind that an intentional illegal immigration to the United States would not take place in this manner, because if somebody had \$20,000, they could get snuck into this country a lot cheaper than that.

So to the extent that we have a program of trying to keep economic immigrants out of the United States unless they are let in legally, it does no particular good to exclude those people that can post a bond. And if you can post a \$20,000 bond, you can hopefully spend at least several thousand dollars in Los Angeles by the time you are done with the Disneyland tour.

I also would point out that while you do talk about the trade activities of the State Department, I believe we are the only developed country in the world to export less than 10 percent of our goods and services that was produced by our economy. I believe that in terms of looking at our whole economy and what percentage we are able to export, that we are dead last among developed economies. While it is good to have \$932 billion of exports, the fact that we have the largest trade deficit in the history of mammalian life on the planet, is not necessarily something the State Department should take pride in.

At last week's Full Committee hearing, Secretary Albright was asked how long it took to issue a non-immigrant visa to the spouse of a U.S. citizen. Her response was that it took about a month. I don't know why the Secretary was not more aware of the situation, because I do really regard it as a human rights offense of the United States, or at least a blot on our human rights record that it takes so long. I had a chance to talk informally with the State Department representatives that are before us, and was told that it takes now an average of 11 months or 11 times as long as the Secretary believed just a week ago.

Now part of that delay is the INS. And yet certainly if issuing visas is an essential part of the State Department's function, and the Secretary wants to comment on human rights in other countries, perhaps she could denounce the human rights offenses of our own INS. To take 6 to 8 months to do what is at most, 10, 12 hours of work (and I realize that is just an average, there are going to be some unusual cases that take longer), is simply not acceptable.

I will just relate one of the experiences I had. A man wanted to get married in the Philippines and was advised that if they lived as husband and wife in the Philippines with his Filipino bride, that the delay would be interminable. And accordingly, he should go back to the United States and seek a fiancé visa. He did so. Through the good work of the State Department and my personal involvement at the next to highest levels of the State Department, we were able to make sure that, by the time 2 years had elapsed, a visa was granted. Had I not personally intervened, I am sure that it would have taken at least 6 months, perhaps a year longer.

We have heard similar stories from the Dominican Republic. Is there anything in this budget that sets as a goal and shows a plan by which, not only in London and Paris, but also in Santa Domingo and Manila, those who marry U.S. citizens can be given a visa

within the 1 month, on average, that the Secretary of State stated your Department was achieving?

Ms. COHEN. Let me say this. I have only been at the State Department a year and a half.

Mr. SHERMAN. Which means you are not yet eligible for a spousal visa.

Ms. COHEN. Which means I may not yet be eligible for a spousal visa. But I have been impressed, as I am sure, really anyone is who has dealt with Consular Affairs, at both the large numbers of people who are applying to come into the United States with real passion, and the care that Consular Affairs takes to treat each individual well.

And when you talk about the Dominican Republic—I went down to the Dominican Republic just to look at the visa situation with the president of Disney World in Florida because we decided that we would bring in outside help from the company that is most famous for treating its customers well, even though it has large numbers of customers. They were impressed with the workload, but they also had suggestions as to how we could improve it. We also had a focus group with people from the Dominican Republic. It was clear that how we handle people who are applying for visas is viewed by other countries not just as an implementation of regulations, but as an implementation of foreign policy. So we are working very hard on it.

As to the specific fiancé visas, I will turn to Mildred.

Ms. PATTERSON. Congressman Sherman, one of the things we are working on right now is a pilot program to help the three largest immigrant visa issuing posts deal with the new affidavit of support requirement that was mandated by Congress and that came into effect on 19 December 1997.

The pilot program, at the moment, is helping Manila, Santa Domingo and Ciudad Juarez with screening, that is quite lengthy, complex forms. This is a 15-page form—

Mr. SHERMAN. Excuse me, let me interrupt at this stage. We are focused here on spouses. An affidavit of support? Are you saying that if a poor American marries a non-U.S. person, that his or her inability to provide support means that we don't allow their spouse into the United States?

Ms. PATTERSON. Yes, sir. There is in the immigration law an ineligibility under public charge that says that you may not immigrate to the United States if you are likely to become a public charge.

Mr. SHERMAN. So if someone who happens not to be very wealthy in the United States, perhaps a disabled person, in a wheelchair or blind, falls in love with someone in Mexico or the Philippines and gets married, that couple is mandated to be permanently separated by the laws of the United States?

Ms. PATTERSON. There are several things that the couple could do. The American citizen is the principal sponsor. He can find joint sponsors, if it is a 'he.' He can find joint sponsors to help him. Or otherwise, he possibly would have to move to the country of the foreign spouse. Our requirement is that they can meet the public charge requirement if they have an income of 125 percent of the poverty level for that size family.

Mr. SHERMAN. So even someone who the Administration would say isn't even poor, is not allowed to fall in love and marry with someone who is not a U.S. citizen without losing their right to live and reside in the United States?

Ms. PATTERSON. I'm sorry, Congressman Sherman. I didn't understand the question.

Mr. SHERMAN. OK. So, if someone is making 110 or 120 percent of the poverty level, happens to vacation in Mexico, fall in love and get married, and wants to reside with his or her spouse as husband and wife, they are barred forever from living as husband and wife in the United States?

Ms. PATTERSON. Unless he can find a joint sponsor that would help him bring the spouse in. That's correct.

Mr. SHERMAN. Unless he can find a—Chris Smith, I never heard that. That's amazing.

Ms. PATTERSON. It's the law.

Mr. SMITH. Would the gentleman yield?

Mr. SHERMAN. I would be happy to yield.

Mr. SMITH. I thank you. I too am concerned about that. And while I believe, Ms. Patterson, you are right, it is the law, many of us opposed those provisions in the 1996 act as they were being written.

I think you will find this very interesting, Mr. Sherman. In my own district, we have had situations of family members who are now being separated. In one case, we had a man coming from the Ukraine to visit his brother—this is a family contacts case. Three times he was allowed to visit. The fourth time he was denied because he is too "elderly," and the assurance is not there that he will return. This may sound like it's good in our own personal interest. Maybe people like that could end up going on Medicaid. But it is totally disruptive to families and it is a breach, I believe, of our international obligations. I am working on this as chairman of the Helsinki Commission and maybe some possible legislation, and I hope the Administration will join us on this.

It is totally contrary, at first read, to the many provisions in the Helsinki Accords and follow-up documents about family visits and visitation that seem to be completely contrary to that in our immigration law. So it is something we need to look at. Hopefully in a bipartisan way both the Executive branch and Congress can minimally mitigate and, hopefully, eliminate these kinds of provisions.

Mr. SHERMAN. I have a perhaps not quite as broad a view of human rights. I think the chance for uncles to visit nephews—it is important for brothers to get together is important, but I don't put that on the same human rights level as the right of the nuclear family, husband, wife and minor children to live together as a family. I can also see a situation where you might say, well, a brother or a nephew or an uncle of a U.S. citizen, a resident, might stay in the United States, even though they were given a non-immigrant visa. But dividing nuclear families—I know China issued a scathing report on human rights in the United States. Fortunately they didn't have the real information and had to make up stuff. I think they reported that every week, one out of every ten—every week one-tenth of those who work in the catering business are killed, which means that working as a caterer in the United States,

according to China, is more hazardous than being a gladiator in ancient Rome.

But getting back just to nuclear family situations. So you have an affidavit of support that has to be signed by the U.S. citizen, and that citizen has to prove that the resulting family will have an income of 125 percent of the poverty level?

Ms. PATTERSON. That's correct. Plus he has to produce 3 years of, the most immediate 3 years' tax returns.

Mr. SHERMAN. OK.

Ms. PATTERSON. I think your original question was, what are we doing to try and speed up the process. We are working on this pilot program, and hope—

Mr. SHERMAN. But the pilot program is focused on all immigrant visa situations?

Ms. PATTERSON. All immigrant visa situations which require the affidavit of support, which is primarily the relationship-based visas.

Mr. SHERMAN. OK. And the affidavit of support, as you have pointed out, applies even in the spousal situation?

Ms. PATTERSON. Yes, it does.

Mr. SHERMAN. OK. But that is just a pilot program to deal with this issue in three countries. What you are saying is that if it takes 11 months next year or the year after for a spousal visa to be issued, that is fully consistent with any stated objective or goal of the State Department?

Ms. PATTERSON. No, sir, we would love to have that—

Mr. SHERMAN. I know, but you have no plan. It is not like it is a management objective. You are going to bring it down to a certain level. You have a plan to bring it down to a certain level. It is just, obviously, we would like everything to go as smoothly as possible. But it was 11 months last year and it will probably be 11 months next year.

Ms. COHEN. I don't actually think that that is the way that Consular Affairs is approaching it because the legislation is fairly new. The requirement for these affidavits is new.

And the point of the pilot program, which is how they have implemented the changes that you have seen, I think really the very beneficial changes that you have seen in a number of things they do, is to test them in actual situations before they roll them out, so that they can set realistic objectives. So, there isn't anyone in the State Department that wants to see it stay 11 months or go to 24 months.

Mr. SHERMAN. OK. Anyway, that is the INS part of the package. In the cases I have been involved in, the State Department's part of the package lasts over 12 months and that has nothing to do with the affidavits of support. That is after the INS has already cabled you indicating that the INS signs off on the visa. That means the affidavit of support and tax documents are all there. I think I am running out of time at this stage.

I do want to make one further comment and that is, 20 or 30 years ago, private enterprise recognized that if they wanted to issue an important identification document, they needed to put a magnetic strip on the back. And so if you are doing something as important as buying five gallons of gasoline, 20 or 30 years ago

even, you did so with that magnetic strip. And the passport today, no hologram, no magnetic strip, at least not one that I have seen, is there a magnetic strip on the passport today?

[Laughter.]

Ms. COHEN. Let us pass this out to you. I cut short my testimony—and that was not a planted question, let me assure everybody. But we have a new photo-digitized—

Mr. SHERMAN. I owe you at least one softball-planned question. Let us count this one.

Ms. COHEN. And I appreciate it.

We have a new photo-digitized passport. We are now issuing 60,000 a week in Portsmouth. It will be rolling out around the country. If you feel that, you will see that the photo is part of the piece of paper, so that the major problem we have had in the past, which is that people will cut out the photo and insert one, is no longer possible. The filament that the photo is printed on is special filament that is holograms, more than one. You can probably only see one, but there are multiple holograms on that. The lines are coated. The paper is special so not only is it machine-readable and very advanced, but it is more secure than any passport we have ever had in the past.

I would like to briefly return to the issue of people who take 12 months. This is the first job I have had like this, but I have had other management jobs. If you want to get me the names of two or three people, either in the future or in the past, who had problems, I have found it is often very helpful to trace one case and see where it went awry. I would be glad to do that.

Mr. SHERMAN. I know there is a natural tendency—we are the complaint departments, 435 complaint departments for this country. And, it wouldn't have bothered me if a constituent came to me and I called the embassy and they said, "You know, we're sorry, this one slipped through the cracks." I expect that to happen now and then. It is when I call and they say, "Well, yes, it has been a couple of years, but that is kind of par for the course." Then I realize the unique facts of my situation are not relevant and that is par for the course. I thank you for this chart here, but that relates only to a worldwide average, and I hope that you would look at Manila, the Dominican Republic, and some other cities that I believe majority staff can bring to your attention, and provide the Subcommittee—and I have been given a note here that says that you are willing to do this, to canvas some overseas offices and determine the average time for spousal visa.

I am equally concerned, but I believe it is part of the package, that any minor children of either husband or wife would also get a visa at the same time, so that—I would sure like to know what it is, on average, from the day somebody walks in and says, "We're married or we want to get married." And you may want to break that out separately because visa for fiancé may be different than visa for spouse. Just let me know how long it takes in some of the major immigrant-issuing countries.

Thank you very much, Mr. Chairman.

Mr. SMITH. Thank you very much, Mr. Sherman.

Ms. Patterson, since you are at the microphone, I would just ask you, and implore you not to allow for the destruction of the

Amerasian files until at least our Subcommittee has been able to look at those. I mean there should be no real imperative to burn or destroy those files of those that have been rejected. I would formally ask that this not happen.

Ms. PATTERSON. Mr. Smith, I will be glad to relay that.

Mr. SMITH. Please do.

Ms. PATTERSON. The whole Amerasian program does not come under the Bureau of Consular Affairs.

Mr. SMITH. I know.

Ms. PATTERSON. But I will be glad to relay that to the Bureau of Refugees.

Mr. SHERMAN. Mr. Chairman, just one final comment.

Ms. COHEN. Thank you.

Mr. SMITH. Just yield briefly to the Chief Counsel of the Subcommittee. You wanted to make a point.

Mr. REES. On that particular issue, we did have a meeting. Congressman Smith had a meeting with the Assistant Secretary for PRM, and she told us that the decision to destroy the other files that were within PRM's jurisdiction had been reversed, and that those files will be preserved. But she specifically said that the decision about the Amerasian files was up to Consular Affairs. So either there is a disconnect, or maybe there is just—actually, it was a staff member who told her that. I don't want to lay the burden on the Assistant Secretary. It was a staff member in the meeting who said, "Oh, that's up to Consular." And we went on to the next issue.

Ms. PATTERSON. I can only promise to get back to you at this point.

Mr. REES. OK.

Ms. PATTERSON. I don't have enough information.

Mr. REES. Just one other thing on the spouse visas, just to clarify the record. I know you will be getting back to the Subcommittee. But the affidavit of support, which does involve the State Department, that is not the only reason for the delays at all posts, right? There are just some staffing delays and some allocation of resource delays as well. Even before 1996, there were posts where it was taking a year, sometimes longer. And that really is a question.

So my question is, if they collect \$325 from every visa applicant, the Federal fee laws are that that is supposed to cover the whole cost. That is supposed to mean that the work will be done, because we are collecting from you, the applicant, what it costs to do that. So it is very difficult then to plead lack of manpower, unless there is a diversion of funds within the Federal Government. If you are not getting the manpower that is justified by those fee receipts that are going into the Treasury, please tell the Subcommittee, please tell the Committee. Because the law says you are supposed to be collecting a fee that is the total amount that it costs and then that work is supposed to be done. So this really isn't a matter where Congress hasn't appropriated enough money. This is a matter where you really ought to have enough people doing it, unless I misunderstand the process.

Mr. KENNEDY. Mr. Chairman, that fee is not one of the fees that we keep.

Mr. REES. I know.

Mr. KENNEDY. And therefore, the resource issues are serious because it is not one of the fees that we are authorized to keep, as we are authorized to keep machine-readable non-immigrant visa fees. Obviously, if we were permitted to keep more fees, we believe that the situation would be more positive in terms of moving the process along because the constrained resources can be helped by the ability to retain fees.

Mr. SHERMAN. You are saying that the immigrant visa fees or the non-immigrant visa fees or both go to the general fund?

Mr. KENNEDY. The immigrant visa fees, sir, go to the general fund. Some of the non-immigrant visa fees go to the general fund. A fee called the machine-readable visa fee is retained by the State Department to enable it to carry out that function.

Mr. REES. I understood that. That was the premise of my question. And you need to tell us, either formally or informally, if those fees that are collected and are supposed to cover the cost of processing are actually being diverted in some way and not hiring enough consular officers to do the work, because that is a very serious issue.

Mr. SMITH. Let me just ask two final questions, if I could.

Regarding the Y2K problem, I was encouraged by your statement, Secretary Cohen, that we will be ready and 90 percent compliant. That is very, very encouraging. Now have you responded to Chairman Horn's statement that the State Department ought to get an "F"? I mean does he have wrong information? Or is he just not up to speed?

Ms. COHEN. I think John Koskinen responded on behalf of the State Department. I think he also is quite confident we are going to make it.

We are implementing two systems, our two major critical systems: our consular system that we are implementing worldwide; and a modernization, new computers for each embassy. Those systems which have been underway for about 2 years, or even longer, require secured American teams to go overseas and implement them in every post. We had a schedule to implement them that called for us to be done in the June-July timeframe. These are proven systems. They have already rolled out, in the case of Consular in well over 80 percent of the workload. So it is not a question of testing a new system. It is only a question of getting a team to what is now a small post, and getting it implemented. So we don't fall within his time lines, but we are on our schedule.

Mr. SMITH. Let me ask one final question on USIA consolidation. As you know, the budget proposes combining USIA's Bureau of Information programs and its Bureau of International Exchanges into a single new bureau, which will be overseen by a single Under Secretary for Public Diplomacy and Public Affairs. However, the functions of the two original bureaus are distinct enough that section 112 of the Fulbright-Hays Act forbids the Exchange Bureau from administering other programs. As you know as well, I think section 1611A of the reorganization statute explicitly forbids the Secretary to modify the terms of any statute that establishes or defines the functions of any bureau. Wouldn't the consolidation of the Information and Exchange Bureaus be a violation of reorganization law, as well as the Fulbright-Hays Act?

Mr. KENNEDY. If I might take that question, Mr. Chairman, since I have been working on the reorganization. First, I believe that the establishment of a single bureau for public diplomacy is in the best interest of the United States. Placing these programs in one bureau helps draw a clear distinction between the mission to inform and influence foreign audiences, which the new bureau will do, and the mission of public affairs which is a separate part of the State Department that deals with domestic audiences and the press.

Second, what we are doing here is mirroring an extremely successful U.S. Information Service, the overseas arm of the USIA, program which has been in existence for many years where you have a single individual, the USIA Public Affairs Officer, who administers the full gamut of programs, both the information outreach programs of the United States and its exchange programs. Having one individual do both public information and exchanges abroad has worked very, very successfully.

What we are trying to do is, in effect, import that successful government program abroad into the United States and run it as a combined activity in the best interest of promoting public diplomacy.

As to the second part of your question about the legal framework, we believe that we are in compliance with the law and applicable regulation. The Fulbright-Hays Act specifically prohibits us, as does the reorganization statute that you were so helpful in passing, from abolishing any program that is ensconced in another law. However, the report of managers that was written by the House of Representatives and section 1611 of the Act notes that while the Secretary could add functions and responsibilities to a bureau that is mandated under current law, she could not eliminate such a bureau or take away responsibilities currently mandated to be performed by that bureau.

So what we have done here is take the exchange functions and move them to the State Department and add to those exchange functions, additional functions. We believe that both section 1611 and section 112 permit the Secretary of State to propose, through the President, a reorganization plan that adds functions, but does not take them away.

Mr. SMITH. Ms. McKinney.

Ms. MCKINNEY. Thank you, Mr. Chairman. I would like to welcome Under Secretary Cohen. I really only have one question, Mr. Chairman, and that is about the \$1 million for minority recruitment. It is my understanding that the Secretary has requested \$1 million for minority recruitment. I was wondering how you envision that that money would be spent?

Ms. COHEN. Thank you. This is a very high priority for the Secretary, and the Department has been working very hard on it. But in fact, the \$1 million is an increase over \$2 million that we currently spend. So it would be \$3 million.

The funding will be applied to programs that include targeted recruiting at colleges and universities where there is a high faculty and student interest in foreign service and a history of minority success in the foreign service written examination. We are targeting the historically black colleges, the Native American colleges, and Hispanic colleges. We will have continuing student employ-

ment programs involving students from high school through graduate school in student internships, cooperative education, stay-in-school, the Fascell fellowships, Foreign Affairs Fellowships, summer clerical programs and so on. Of the students who have participated in 1998, 1,263 students participated in these various programs. This included 733 women and 363 minorities.

We are organizing an interactive teleconference on foreign service in student programs. We have assigned Diplomats-in-Residence to some of these targeted schools, and we have explored establishing cooperative agreements with several major national minority organizations to increase the number of salaried minority students in the internship program. There have been a number of initiatives that we have undertaken, and we are starting to see success, perhaps not as great as we would all want, but we are starting to see success.

One of the things that I mentioned prior to your coming was that we have a severe shortage of what we call communicators and people who do computer work around the world. We had recruited in traditional ways and really did not have very much success. Last Saturday we had an open job fair in Arlington where we had posted this on the Internet, we had talked to all the colleges and junior colleges in the area, advertised in the papers and advertised in the technology journals. We had over 1,100 people come. Our estimate is that 40 percent of the attendees were minorities, and I think it was a real wake-up call, frankly, to people who do recruit for the Department of State, because it showed the interest was there but we may not have, prior to this, used the avenues that were best to reach these people. We did give on the spot, because we were able to give people tests and fingerprinting, conditional offers. We gave Foreign Service offers and Civil Service offers. Of the 22 Civil Service job offers we made Saturday, we have made, I think, something like 50 more since. Fifty percent of those were to minorities, so we have started and we will continue to emphasize this.

Ms. MCKINNEY. Could I have a list of schools at which you have the diplomat-in-residence?

Ms. COHEN. Certainly.

[The list appears in the appendix.]

Ms. MCKINNEY. Now it is my understanding also that you have experienced some difficulty in getting the minorities who are inside the State Department to actually go out and recruit minorities because the environment inside State is so bad for minorities, as evidenced by the recent lawsuit that was brought by black Foreign Service Officers. What is your plan to make sure that minorities are in positions that are high profile positions in which minorities have never served before?

Ms. COHEN. Well, the Secretary has been very active herself in recruiting women and minorities to high profile jobs in the State Department. But in addition, I have been meeting—

Ms. MCKINNEY. Could you tell me how many minorities who are not women are in high profile jobs at the State right now?

Ms. COHEN. I can get that back. I don't have it right now.

Ms. MCKINNEY. I would like to request that information and that you provide it for me, please.

Ms. COHEN. No problem.

Ms. MCKINNEY. Thank you.

[The information requested appears in the appendix.]

Ms. COHEN. In addition, I have a quarterly meeting of a task force devoted to this subject, and we have developed ombudsmen for the various groups of employees. We have developed approaches to encouraging people who were in lower levels in the State Department, providing them with additional training and skill sets to qualify them for advancement, because that is a real concern to us. We have increasing numbers of minorities that we have been able to recruit into the Department, but we want to see them promoted up through the middle levels. So we are concentrating on providing additional training.

Ms. MCKINNEY. Could you provide me information on the promotion patterns as well?

Ms. COHEN. Yes.

Ms. MCKINNEY. Very good.

[A table on the promotion patterns supplied by Ms. Cohen appears in the appendix.]

Mr. SMITH. Thank you very much, Ms. McKinney.

Secretary Cohen, thank you very much for your testimony. I want to thank both of your colleagues and the other members of your staff who are here for the information, and I look forward to working very closely with you as we mark up this bill. Hopefully the draft bill as we discussed, will be made available—at least one that you would like to see become law, so that we can have a good give and take on the legislation.

Ms. COHEN. Thank you very much.

Ms. MCKINNEY. Mr. Chairman, I would just like to ask the Under Secretary how soon can I get that information?

Ms. COHEN. I would think—today is Wednesday. If not by the end of the week, the beginning of next week. Everything I have told you is stuff that I have seen myself.

Ms. MCKINNEY. Great, thank you.

Mr. SMITH. Thank you very much. The hearing is adjourned. Thank you.

[Whereupon, at 3:51 p.m. the Subcommittee was adjourned.]

APPENDIX

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STATEMENT OF REPRESENTATIVE CHRISTOPHER H. SMITH
Chairman, Subcommittee on International
Operations and Human Rights
March 2, 1999

Foreign Relations Authorization for FY 2000-2001:
Department of State Management Initiatives

I am pleased to convene this hearing of the Subcommittee on International Operations and Human Rights. This will be the first in a series of hearings devoted to the preparation and enactment of a Foreign Relations Authorization Act for Fiscal Years 2000 and 2001. I am also pleased to welcome our distinguished witness, Under Secretary for Management Bonnie Cohen.

In the course of these hearings the members of the Subcommittee will have many questions for this witness and the others who will follow. My own questions will address a few fundamental concerns which it may be helpful to state at the outset.

First, most government officials and employees emphatically believe that the resources of their agency are stretched to the breaking point and that the employees are overworked and underpaid for the important tasks they must perform. While this view is understandable and often justifiable, it can get in the way of making hard choices about how to allocate scarce resources. I don't believe the majority of the American people want government on the cheap --- but they do want government spending to reflect their own priorities, not just those of the people who happen to work in Washington.

A related concern is that the budget process is not always designed to show Congress and the American people exactly where the money is going. The voluminous and informative documents submitted to Congress each year sometimes tell us everything except just what the people in the Department actually spend their time doing. How many person-hours in the operating budget are spent promoting child survival, how many for trade promotion, how many for international population control, how many for protecting refugees and other people whose human rights have been denied? In my view, these are the questions that matter most. So these authorization hearings, like those the subcommittee has held in the last two Congresses, will be designed to make the budget process more transparent. We seek transparency not just for its own sake, but to ensure that our foreign policy expenditures really do translate into policies that serve the just interests of the American people.

Let me state three important policies that I believe are undervalued and underfunded in the budget request now before us. The first is the security of Americans serving overseas. Responding to the attacks on our embassies in Nairobi and Dar es Salaam last year, Congress appropriated \$1.4 billion in emergency expenditures for worldwide security upgrades. \$627 million of this amount was for the physical security of U.S. missions, including relocation of our highest-risk embassies. The Administration has chosen to follow up on this request with a \$3 billion advance appropriation request over five years — but has requested only a tiny fraction of this amount (only \$36 million) to begin relocation projects during FY 2000. Frankly, I am concerned that the cost of this delay could be measured in the lives of Americans and other innocent people. I therefore intend to schedule a separate hearing on security issues, perhaps as soon as late next week. I ask that the Department come to that hearing with a revised plan for accelerated construction of safer Embassies and other worldwide security upgrades.

Another group of innocent people who are put at risk by this budget are refugees. Although the \$690 million for the two refugee accounts is \$20 million more than will be spent in FY 99, it is substantially lower — \$43 million lower in unadjusted dollars, and as much as 15% to 20% lower after inflation — than we spent five years ago. During this five-year period the refugee account is the only major State Department account for which the Administration has not requested and gotten at least a modest increase. And yet the needs are at least as great. Again, we will have a separate hearing next Tuesday on refugees. I hope the Administration will reconsider and revise its budget request — to give refugee protection at least the same raise that all the other State Department accounts are getting.

Perhaps the most grossly disproportionate allocation of resources in the State Department budget is that only \$7.2 million is requested for the Bureau of Democracy, Human Rights and Labor. This is only about one-quarter of one per cent of what the Department has requested for its diplomatic and consular programs. The DRL bureau is charged with ensuring that the protection of fundamental human rights is afforded its rightful place in our foreign policy, yet it has only 65 employees --- about half the size of the Office of Public Affairs (113 employees) and about the same size as the Office of Protocol (61 employees). The budget and personnel of the regional bureaus, with which DRL must sometimes contend in intra-departmental foreign policy debates, are literally hundreds of times as large. Even the private Asia Foundation gets \$15 million in the Administration's request, which is over twice the total budget of DRL. We get what we pay for, and this Administration seems willing to pay more for almost anything --- for trade promotion, for border enforcement, for international fisheries commissions, and for public relations --- than it will pay for human rights. I see no reason why we cannot dedicate at least one per cent of our foreign policy budget exclusively to human rights protection.

I will be happy to work with the Administration to find extra resources for human rights, refugees, Embassy security, and other programs which are underfunded in the budget. To the extent additional resources are not available, we must reallocate existing resources so that the most important programs --- and particularly these programs that save lives --- are fully funded.

I now yield to my friend and colleague, Cynthia McKinney, for any opening remarks she may have.

CYNTHIA A. MCKINNEY
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COMMITTEE ON INTERNATIONAL
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INTERNATIONAL OPERATIONS AND HUMAN RIGHTS
WESTERN HEMISPHERE

COMMITTEE ON
NATIONAL SECURITY

MILITARY READINESS



Congress of the United States
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Statement of Representative Cynthia A. McKinney
Ranking Member, Subcommittee on International Operations
and Human Rights
March 2, 1999

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I appreciate the opportunity to participate in the process of examining the proposals of the Department of State for funding for its activities in fiscal years 2000 and 2001. I join with our distinguished Chairman in his desire to ensure that the Department receives appropriate funding for its activities and that those activities are clearly described and well chosen to serve the vital interests of the American people that the Department of State has the responsibility of protecting and advancing. I look forward to working with Under Secretary Cohen and other officials of the Department toward our common goals.

Over the last decade, there have been numerous instances in which the Department's ability to do its job has clearly suffered from lack of funding. The well-known obsolescence of the Department's information systems, which according to one report almost obstructed the signing of the Middle East peace agreement on the White House lawn a few years ago, is on the way to being corrected but not yet a done deal. The consequences of underinvestment in our infrastructure abroad were brought home tragically a few months ago in Nairobi and Dar es Salaam—events which, we should remember, were even more tragic for the residents of these two countries. I wish to work to ensure that these sorts of problems do not recur.

The budget proposals before us are lengthy and complicated, and go far beyond any ability to discuss in a short statement. It has some good elements, on which I wish to commend the Department; and it has some others that cause me concern.

On the positive side, I commend the Department for listening to those of us who have been troubled by its historic problems in recruiting among minority groups. The current proposal includes an additional \$1 million a year for minority recruitment—something I strongly support. I would like, however, to hear how the Department intends to spend such funds in ways that would be more creative and successful than its efforts in the past.

I also appreciate the proposals to continue funding for the Pacific scholarships program and the East-West Center. Both of these activities constitute valuable efforts to strengthen our connections to the Pacific area—something I support along with others on this Subcommittee. I hope that the Administration will consider taking advantage of the existence of the East-West Center to use it more prominently—for example, as the site for a summit meeting with Pacific

leaders after the President visits New Zealand for the APEC meeting later this year.

In addition to these good points, there are also some areas that I believe need more thought--in some cases a lot more thought.

The first is diplomatic security. We have a right to expect our diplomats to be fairly selected, well trained, hard-working, and conscientious. They have a right not to be considered expendable. In this area, the Department's approach is so inadequate as not to be worth considering. For the State Department, in the aftermath of the last year, to bring in a budget asking for exactly \$36 million for Embassy site purchases, design, and construction--and then to bury the major part of its security-related proposal in the dubious form of a severely back-loaded advance appropriation request--is not serious.

At the same time, I am concerned that discussion of what should be done on diplomatic security is too much dominated by engineering concerns about truck bombs and setbacks, and too little influenced by the need for our buildings to be effective places to work and good presentations of the United States. If we allow our fears to be the sole guide for our plans, we give undeserved victories to our enemies. I want to see that the full spectrum of relevant views about our diplomatic security planning--including the views of the working staff as represented by such groups as the American Foreign Service Association--is considered in this process and reflected in the result. This discussion should also consider the important purpose served by the tradition of universal representation, which we should not easily sacrifice to remote-control regionalization. I'm not at all sure that any of this is the case now. For these reasons, I support the idea of prompt, separate hearings into the issue of diplomatic security, with full representation among our witnesses of those with a stake in this issue.

As many are aware, I am not a supporter of the idea of bring USIA and ACDA into the Department of State. By this process, we are losing two valuable independent voices on matters of value to the United States. But if this does happen, I believe it needs to be done right and with faithfulness to the functions these organizations have served. I am thus concerned to see no provision in the Department proposal for the costs of reorganization. I am also concerned, for legal as well as practical reasons, about the proposal to amalgamate USIA's information function and its cultural and exchange functions, which have been separate, under a single assistant secretary in the Department of State.

I join with our Chairman in supporting more substantial support for human rights activities in the Department. We need to ensure that enough effort is being devoted to this important activity, both in the Department and overseas. Human rights is not something the Department should do occasionally, or just to get out one report a year; it needs to be done intently and all the time.

Finally, I would like to see the Department's proposals for recruitment and staffing based on a forward-looking workforce planning tool, rather than simply a projection from past

activities. We need to know what the Department anticipates its staffing needs will be and to have its proposals based on those projections, rather than the present approach of tweaking figures here and there.

The Department of State is responsible for some of the most important activities carried on by the United States Government. I look forward to working with its staff and with my colleagues here to make sure that its responsibilities are carried out in the most effective way possible and with the resources they deserve.

**Testimony of Under Secretary of State for Management
Bonnie R. Cohen
and
Assistant Secretary of State for Administration
Patrick Kennedy
Subcommittee on International Operations and Human Rights
House International Relations Committee
March 2, 1999
(as prepared for the written record)**

Thank you very much. I am pleased to be here today to discuss management issues at the Department of State.

U.S. foreign policy is a cornerstone of domestic well-being. The Cold War may be over, but global issues challenge the fundamental tenets of democracy and free trade. Events around the world affect our everyday lives, from jobs to mortgage rates to the price of vegetables. Corruption, terrorists and narco-traffickers threaten the global system on which our nation's prosperity depends. We must be active and vigilant, as the Secretary has said, to confront these issues in order to preserve and protect America's power and position in the new century.

The Department of State, as you know better than I, is the overseas platform on which America conducts its policy, encourages agricultural exports, and combats international terrorism and drugs, among many other activities. To carry out its global responsibilities, the Department of State maintains about 260 diplomatic and consular posts which provide the necessary infrastructure for about 30 other U.S. Government agencies. Our diplomatic posts not only carry out our relations with foreign leaders, they also assist American citizens, support U.S. business and develop the extensive local contacts that are essential to effective relations.

- When we discuss the operations of the Department of State, we are talking about helping the more than 6 million Americans who are issued passports in the U.S. annually and the almost quarter million Americans who need passports while overseas, often to replace the ones they lost.
- Our embassies assist with over 2,000 child custody cases, over 6,000 missing person searches, close to 3,000 repatriations, more than 400 emergency medical evacuations, and more than 15,000 adoptions a year. They also provide assistance on the deaths of thousands of Americans abroad each year - about 6,000 in 1997 - helping families and other loved ones as they deal with foreign regulations. In 1997, there were about 5,700 prison visits to Americans by consular officers abroad.

- Tourism is the second or third largest industry in America. International tourism is one of the most important components of this. Our missions issue visas to the almost 6 million foreigners who visit the U.S. as tourists each year and screen each visa applicant to prevent illegal immigration, protecting us against terrorism and felons. Over one and a half million non-immigrant visas were refused in FY 1998.
- We issue Travel Warnings for countries to which we consider it unsafe for Americans to travel. We currently have 29 Travel Warnings in effect. In 1998, we issued 69 Travel Warnings, approximately twice the number issued in 1997. We often use Public Announcements to disseminate information on credible and specific threats to the American public or American interests. In 1998, we issued 137 announcements, up from 110 in 1997.
- In addition, we carried out evacuations of Americans during 17 crises around the world last year.
- We support American businesses overseas, reducing trade barriers, assuring a level playing field and increasing opportunities for U.S. business in foreign markets. In 1970, trade with other countries contributed only 11 percent of total Gross Domestic Product (GDP). In 1997 foreign trade accounted for 25 percent. As the world's largest exporter, the U.S. exported a total of \$932 billion in goods and services during 1998, a 51% increase from the 1992 level of \$617 billion.
- The U.S. Government, operating under the State Department umbrella overseas, fights crime and combats terrorism on an international scale. Through law enforcement training, technical assistance, extradition treaties, mutual legal assistance agreements, and information exchanges, we combat firearms trafficking, alien smuggling, money laundering, and more. We are fighting illegal drugs with our colleagues in other branches of government. Currently over 6% of Americans operating in U.S. missions overseas are involved in law and drug enforcement. And law enforcement personnel are the fastest growing segments of our missions.

Today, more than ever before, U.S. diplomacy is a direct reflection of our domestic priorities. Agencies from EPA to Defense to Transportation to HHS to CDC are resident in our embassies, and Department employees comprise only one-third of our civilian presence abroad.

In my first year and a half at the Department, I have been struck again and again by the scope and complexity of our operational requirements and the need for adequate resources. In the last seven years, the real dollar budget of the Department of State has declined. At the same time our workload in some areas like passport and visa issuance has increased by more than 20%. This geographic expansion with no reduction in functions has clearly stretched State resources thin, and the impact of this erosion is felt not just in the Department of State, but by all the agencies for whom the Department

provides an overseas platform. It is one of the causes of many of the management challenges we face .

The state of disrepair of many of our buildings overseas is shocking. As to security, our top priority, over 80% of our embassies do not have adequate setback from the street and are in need of substantial security improvements. For example, our posts in China are overcrowded and seriously in need of improvements in safety and security. At our Embassy in Beijing, sewer gas leaks through the building. This Department needs a sustained infusion of funds for building security, people and training, or we will not be able to maintain our worldwide activities. We will not be able to offer U.S. Government employees, and everyone who does business with the Department, a safe, secure, and well-managed environment. Remember that in Nairobi, over 240 Kenyans were killed, and 5000 wounded.

In the last two years, with Congress's bipartisan help, we have begun to reverse this erosion in diplomatic readiness. In particular, I would like to thank you for your bipartisan support of the President's \$1.4 billion request in the FY 1999 Emergency Appropriation. In the aftermath of the horrible terrorist bombings of our embassies in Nairobi and Dar es Salaam last August, your help made it possible to respond quickly to provide medical and other assistance to the bombing victims, begin the restoration of our operations in Kenya and Tanzania, and implement important additional security measures at our diplomatic missions worldwide.

As you know, though, we face major management challenges, but we are addressing them even within these resource constraints. First, we have brought on board new leadership in some key management areas in the past year. Assistant Secretary for Diplomatic Security David Carpenter took his post immediately after the August bombings and brings to the Department 26 years of experience with the Secret Service. He is the first Assistant Secretary for Diplomatic Security with a law enforcement background. Chief Financial Officer Bert Edwards brings 34 years experience in the public sector at Arthur Andersen, LLP, the international accounting firm, where he was a partner and consultant. Chief Information Officer Fernando Burbano joined the Department in May last year after several years of public and private sector experience in the information technology field, including as Director of Computer and Communications and Director of Information Systems for the National Library of Medicine at the National Institutes of Health.

And of course you all know of the depth of experience and capabilities of Pat Kennedy, Assistant Secretary for Administration at the Department. I now turn to Pat to tell you where we stand on the integration of ACDA and USIA with the State Department.

[Assistant Secretary Kennedy:]

Thank you for this opportunity to address the status of reorganization efforts. They are substantial, and reflect the high priority the President and the Congress give to this issue.

The Foreign Affairs Reform and Restructuring Act requires the President to submit a detailed Plan and Report to the Congress, which he did on December 30. The Congress has 90 days to review it. The Administration may need to submit some revisions to the Plan and Report. We have received a number of comments from the Congress, some in the last few days. We are also in touch with NGOs and others who are expressing interest in reorganization. We are giving all these views expeditious consideration, to enable the President to make appropriate revisions within the 90-day clock.

We are continuing intensive planning so we can move quickly on implementation as the 90-day clock ends. Planning involves everything from personnel and floor space to how best to assure the key missions of public diplomacy, arms control and nonproliferation, and sustainable development. In this regard, on February 2 Secretary Albright wrote welcoming letters to the heads of the other three affected agencies -- ACDA, USAID, and USIA. They highlight the importance of these missions, and note our plans for new structures in the Department.

The Secretary and others have held a number of town meetings and other discussions with employees, here and abroad. Information is on an Internet web site, and FSI will conduct a special course for incoming State employees. In short, we are doing all we can to ensure that reorganization is implemented in an open and transparent environment.

I will be pleased to answer your questions.

[Under Secretary Cohen:]

Thank you, Pat. I would now like to say a few words about strategic planning at the Department.

Planning

Our goal this year is to bring the Department's Performance Plan into closer compliance with GPRA using new technology to tie our posts in the field, our bureaus in Washington and ultimately our sister agencies to create one overarching foreign policy planning document. We believe the progress we have made this year is an important step in this direction.

With the incorporation of significant improvements in both data collection and the use of information technology, we have streamlined and greatly enhanced our ability to tie resources to our strategic goals. This year we will be using a website to provide guidance to our posts abroad on every aspect of the preparation of their Mission Performance Plans. In addition, information collected in this year's Mission Performance Plans will automatically roll-up into a global data base, allowing our bureaus to integrate the collected information into their Bureau Performance Plans. The software for these improvements was developed over the second half of 1998 and was tested in Washington in January and February this year. It has been deployed to all of our missions overseas.

In addition, the Department received an unqualified ("clean") opinion on our Fiscal Year 1997 Financial Statements. The Department is one of only eleven major U.S. Government agencies to have done so. We expect to repeat this for FY 1998 in the audit currently being completed.

Y2K and Information Technology

Turning to the Y2K issue, let me first say, the Department of State will be ready for Year 2000. And in stating this, we appreciate the emergency funding the Congress has approved to help us do so.

Year 2000 readiness is one of our top priorities and the highest levels in the Department are actively involved in its management. Secretary Albright has raised the Y2K issue with foreign leaders and will continue to do so. We are confident of our progress and in particular I would highlight:

- By the Administration's deadline of March 31, 1999, over 90% of our mission critical systems -- 55 out of 59 -- are projected to be fully implemented. As of March 1, 66% (39) of the mission critical systems are compliant and implemented, and another 11 systems are compliant and in the process of being implemented globally.
- Moreover, the Department's internal telecommunications, building facilities and embedded systems are going to be fully compliant before year 2000. Command and control telecommunications in use now are compliant. The Department's core financial management systems are Y2K compliant and implemented.
- The National Passport Center (NPC) in Portsmouth, New Hampshire, is issuing 60,000 passports a week using a new Y2K compliant system. The Department of State has been issuing passports that expire in 2000 and beyond since 1990. In addition to the NPC in Portsmouth, the passport office in New Orleans also will have the new, more secure photodigitization system installed soon. Together, Portsmouth and New Orleans provide 50% of our passport issuing capability.
- I am pleased to report that all the consular visa issuing systems will be Y2K compliant and implemented by March 31, 1999.
- In addition, we have completed installation of our large-scale infrastructure modernization program, A Logical Modernization Approach (ALMA), in over 75% of our overseas missions. ALMA is the Department's worldwide standardization of unclassified computers to replace obsolete systems and software, including email. When we complete ALMA deployment in June 1999, 229 of our overseas missions will have modern, Y2K compliant computer systems in place.

A further difficulty for the Department's already complicated procurement and shipping requirements is that for many systems to be deployed to posts overseas, security-cleared teams are necessary to accompany and install the equipment. Identifying qualified technicians and computer experts and processing security clearances to implement Y2K compliant systems at our embassies and consulates poses unique challenges, as well as additional costs.

As of today, a Department-wide moratorium on information technology systems development not related to Y2K solutions has resulted in deferring 26 such projects. This moratorium is going to be extended to changes proposed for operating systems and applications until Year 2000 is behind us, allowing concentration of personnel and funding resources on Y2K business continuity and contingency planning.

Moreover, because of possible risks to our own operations from internal and external sector failures, we are developing business continuity and contingency plans, reflecting the Department's responsibilities, both domestically and overseas. Many of the systems being renovated support the Department's primary responsibilities of protecting American citizens abroad, pursuing United States' political, economic and security interests, and ensuring the safety of our own staff and facilities. To do so, we are taking the following initiatives:

- The Department has already issued its first Y2K travel Public Announcement, alerting American citizens to be aware of potential problems.
- Each of our embassies is assessing its host country's vulnerability and readiness for Y2K. In coordination with the National Intelligence Council (NIC), those assessments will be analyzed with other reports to compile an overall picture of countries and sectors at risk. That analysis should be complete in May.
- The Secretary has instructed each Chief of Mission to prepare a Y2K contingency plan by April 16, 1999, to address internal post readiness and country vulnerabilities in order to ensure that we can carry on our most important business functions.
- We are establishing an Emergency Response Y2K Task Force to supplement our existing response capability in case of serious infrastructure failure in multiple countries.

The more important point here is that the Department of State will be ready for year 2000 and able to meet its responsibilities both to pursue our nation's diplomacy and to continue to serve the American public.

With the funds received in FY 1997 and FY 1998 for information technology, we have focused domestically on upgrading our messaging, mainframe computer, and network systems. Overseas, we are replacing our telephone and radio systems, and, through the

ALMA program, we are modernizing our infrastructure and are aggressively reducing our dependence on obsolete computer technology. In addition, we are devoting significant resources to modernize the Department's classified and unclassified e-mail capabilities and Internet access. We have for example, provided thirteen bureaus with the CableXpress system which makes possible telegram distribution from the desktop, and we have established 1000 accounts for full Internet access.

The Department also acquired, installed and began operation of several major new mainframe computer systems supporting a variety of corporate mission critical applications, including consular, financial and personnel management programs. In order to enhance information systems security, the Department upgraded our IT security infrastructures, deployed new network intrusion detection and response capabilities, and invested in extensive training to improve our employees' awareness and skill in maintaining IT security.

I believe it is important to note in this connection a unique aspect of the Department's IT infrastructure. Not only do we have to maintain a world-wide network to link the Department with our 260 diplomatic and consular missions overseas, but because of our concern for the security and integrity of diplomatic communications we must also maintain two separate telecommunications systems—one classified and one unclassified. This is expensive but it is necessary until reliable modern multilevel security systems are invented.

I would also like to note that the Department during the past year has strengthened information technology management by realigning the office of information management, formerly of the Administrative Bureau, to the office of the Chief Information Officer. This realignment formed the basis for a new Information Resource Management Bureau, which has consolidated IT programs under the leadership of one central office and the CIO.

Personnel/Training

Our most difficult choices involve how best to allocate our limited personnel resources. The need for adequate training competes directly against the need to have personnel in the field - people simply cannot be in training and be performing important activities overseas at the same time. We are constantly looking for improved ways to train our people - for example, finishing Chinese hard language training at post - but the basic fact is that training is a resource-intensive activity. For many years, the Department hired below attrition, resulting in staffing shortages and gaps in critical jobs. We are working to address these problems; however, last year, almost 40% of language-designated positions were filled with officers lacking the requisite skills.

We need to make headway in solving these issues if the Department is to attract and retain people with the skills we need as we enter the 21st century. At this time of low

unemployment in the U.S. economy, we are having increasing difficulty attracting skilled individuals to the Foreign Service, particularly in the administrative and consular areas.

To further exacerbate our staffing situation, there will be a significant increase in Civil Service retirements. We project that between 1998 and 2010, over 1,200 out of our 5,000 Civil Service employees at State will become eligible to retire. These departures will dramatically undermine the Civil Service continuity in the senior level management and policy positions.

In FY 1998 we were able to begin to address these challenges by stabilizing our employment at FY 1997 levels. We have initiated more aggressive hiring programs. This past Saturday, February 27, we held a widely-advertised job fair to recruit both Civil and Foreign Service information technology specialists. Approximately 1,400 people attended, and we processed over 1,100 Foreign Service and Civil Service applicants on Saturday. Thus far we have made 100 conditional offers for the Foreign Service, with more to come. 75 more applicants will take the Foreign Service exam this week. The Department also made 22 Civil Service job offers, and we expect to be able to offer 80-100 more this week.

In addition, the Department has contracted with STG, Inc. and McKinsey & Company to examine our ability to attract, retain and develop executive talent. They have surveyed Civil Service and Foreign Service senior managers, senior-level personnel, and mid-level employees. We are particularly interested in the mid-level employees, since they will be the Department's leaders in the next 10-15 years. The surveys asked each of the groups to assess, from their perspective, the Department's ability to attract, retain and develop the workforce. We will be able to compare our employees' attitudes, professional insights, and employment practices to those of high performing companies, which have already been surveyed by McKinsey.

The consultants have finished the collection and tabulation of the survey data. They are now conducting individual and focus group interviews to further examine the general premises of the survey results. Once the study has been completed, we will use the results to identify areas for improvement – to improve our internal personnel management and make us more competitive in today's job markets. We will share the results with you.

Training for our foreign national employees is also an area where we can and must do more. In FY 1999 we are holding more sessions for foreign national employees than ever before – 25 offerings – which will train about 625 employees. While a good step forward, that number represents less than 5% of the 18,000 foreign national employees who play a critical role in supporting our missions overseas.

Border Security

The Department undertook a massive infrastructure project in Mexico to carry out the mandate of Section 104 of the 1996 Illegal Immigration Reform and Immigrant Responsibility Act, and we now are up and running with the "laser visa" at all of our border posts. We have adjudicated nearly a quarter of a million cases, and nearly as many of these very secure documents are now being used by Mexican border crossers in place of the old and easily forged cards. Card production by the Immigration and Naturalization Service was boosted dramatically by the opening of the facility in Corbin, Kentucky, and we are raising our issuances to match that new capacity by the INS.

Nevertheless, the target of completing this project by the new deadline of October 1, 2001, is unlikely to be met without substantial further increases in the ability of INS to produce the cards. We work closely with INS to align our adjudications with their production capacity, but, even with Corbin, the job is simply too large to finish by the deadline given us last year.

Sale of Property

Through the Office of Foreign Buildings Operations, the Department manages almost all of the non-military property owned or leased by the U.S. Government overseas, over 12,000 properties. The estimated value of the Government-owned properties is about \$10 billion.

We are continuing to take a critical look at our overseas properties and how we dispose of them. The Real Property Advisory Board, a seven-member panel that includes senior Department executives and real estate executives from the CIA, Postal Service, and GSA, is fully operational. The Board reviews the facts surrounding property disposal disputes - whether a property should be sold - and makes its recommendations to the Department's Assistant Secretary for Administration for his decision. We have segregated the accounting for sales as GAO requested. In addition, we have signed an MOU with the Office of the Inspector General to have the IG independently identify possible surplus property overseas on a scheduled basis for each post, a process which has already begun. We are carefully tracking the IG's recommendations and our responses to them.

A group of Harvard Business School students completed a study of our real estate disposal practices last year, bench-marking our operation against the best practices of U.S. multinational private industry, and its findings were very favorable. In order to improve further our real estate program, we are implementing some of the report's recommendations, such as strengthening our cooperative relationship with the Office of the Inspector General.

Security

I would now like to turn to our security requirements and some of the management steps the Department is taking to develop a comprehensive and long-term strategy to deal with the current challenging environment. As Director George Tenet has briefed Congress,

the current terrorist threat to U.S. diplomatic facilities and personnel overseas is global, lethal, multi-dimensional, and growing. The threat is generated by indigenous and transnational anti-American terrorist groups and by state sponsors of terrorism. The emergence of the Usama bin-Ladin organization as a transnational terrorist group willing to engage in suicide attacks against U.S. diplomatic facilities has dramatically increased the security threat. We know that no amount of effort on our part can guarantee security of our people and our buildings against a determined opponent. With these security measures, however, our hope is to deter and to diminish the effect of those future actions to the best of our ability, remembering there can be no 100% security guarantee.

To effectively implement the measures funded in the FY 1999 Emergency Appropriation, the Department of State has sought help from the private sector and consulted with OMB, GSA, the Inspector General, the Army Corps of Engineers, major multinational companies and others to benefit from their expertise and their approaches to large scale, cost effective construction. We have met with those who implemented the earlier Inman program. We have detailed month-by-month plans for obligating funds and implementing programs, and we are providing careful oversight through weekly status meetings and quarterly offsites.

In Nairobi and Dar es Salaam, we are moving ahead with the construction of our new chanceries. The embassy in Dar has already moved from temporary facilities to a more secure new interim office building, and in Nairobi, the same process will be completed this summer.

We have also begun a Model Embassy project to determine what our missions in East Africa should look like. We are examining the size and nature of our presence in the region and opportunities to improve efficiency and reduce staff presence through enhanced communications and information processing. As we then build new facilities in East Africa, they will be tailored to the conclusions from this project. The overall goal is to reduce the number of employees exposed to potential violence, and to identify the resources needed best to protect those who remain, and not simply to rebuild the same facilities we had before. We expect to have recommendations in late May.

With your support for the Emergency Appropriation, the Department of State has:

- Sent Emergency Security Assessment Teams (ESATs) to 32 posts to assess security needs;
- Deployed 120 DS Special Agents overseas on temporary duty;
- Increased local guards by over 1,000 around the world;
- Worked with local governments to close or change traffic patterns in several cities;
- Enhanced physical security with bollards, delta barriers, video cameras and other measures;
- Acquired or placed under contract land to increase setback at five posts.

Within days of the bombings in East Africa, we conducted a top-to-bottom review of the security posture of all of our diplomatic facilities around the world. The seven inter-agency ESATs recommended that 19 of the 32 posts surveyed required moving the embassies or consulates. The key reason for this recommendation was lack of adequate setback needed to protect posts from an explosive blast.

Host governments have been responsive to our requests for the assignment of additional security personnel to protect our buildings and staffs. They have allowed us to close streets, install jersey barriers and bollards and employ embassy vehicles at key checkpoints around our embassies. Overall host government support has been excellent; however, many countries are limited in what they can provide. The FY 1999 Emergency Appropriation has therefore been invaluable in addressing our immediate, short-term security needs.

We are implementing an on-going global surveillance detection program, which is up and running at 90 posts. Also in place now is mandatory security inspection of all vehicles entering overseas facilities, regardless of threat level.

Additional physical and technical security upgrades are ongoing such as delta barriers, blast walls, close circuit event recording cameras with VCR control, and security radios all designed to enhance the perimeter security of our facilities. To date, over 200 additional time-lapse VCRs have been deployed overseas.

The key to the success of our security programs, however, is trained and experienced professionals. We are in the process of hiring and training 200 new Diplomatic Security agents in FY 1999, as well as 17 security engineers, 34 security technicians and 20 diplomatic couriers. DS has established 140 new special agent positions overseas. The Department's FY 2000 request includes \$41 million to provide ongoing salary, training and support costs for these direct hire U.S. Government employees.

We are expanding our crisis management training programs both domestically and overseas. A total of 100 crisis management exercises will take place at posts this year and 100 more in FY 2000. This ambitious overseas training schedule, coupled with the crisis management training we provide domestically, will help ensure that our personnel are fully prepared to respond to future crisis situations.

In fact, we are already benefiting from a heightened awareness about how to react in a crisis. Just two weeks ago, in Tashkent, Uzbekistan, a series of blasts directed at the Uzbekistan Parliament Building went off near one of our facilities. During one car bomb blast, the building's windows shattered, but not a single employee was injured, thanks to this training.

In our FY 2000 budget, we are requesting an increase of \$268 million to fund the recurring costs of these programs begun under the FY 1999 Emergency Supplemental Appropriation. This "annualization" will likely grow in FY 2001. Our goal must be to

improve security over the long term, not to provide just a temporary fix. Without funding for the recurring costs and continuing support to sustain our initial investment, these programs will not be viable in the long term.

The FY 1999 Emergency Appropriation also provides \$150 million in funding for post relocation, site acquisition, design, and construction for some of our highest risk posts. With these funds, we are simultaneously working on several posts. We have instituted a priority-setting process involving the Under Secretary for Political Affairs, the regional bureaus, the Bureau of Diplomatic Security and the Bureau of Administration's Office of Foreign Buildings Operations to allocate our resources for projects according to our most important needs. Since the funds became available, we have acquired land at one post and are under construction. We have made substantial progress toward acquiring four more sites.

For new construction projects, we will employ best practices to reduce time and money. These include:

- Using design/build to reduce costs and time;
- Using a single design for new office buildings in multiple locations;
- Prequalifying a pool of A/E firms to reduce delivery time and procurement effort;
- Employing a single design/construction contractor for multiple locations, possibly beginning with Dar es Salaam and Nairobi.

Unfortunately, the needs go far beyond these few highly vulnerable posts. We are now confronting an unprecedented level of credible security threats. Today over 80% of our embassies do not have at least 100 foot setback from the street, and many are in desperate need of security improvements beyond what these "quick fixes" can accomplish.

In approximately seven weeks, the Secretary will be submitting to you a report on the Department's actions taken in response to the Accountability Review Board (ARB) recommendations. The Accountability Review Board investigation of the bombing incidents in East Africa, chaired by Admiral Crowe, concluded that the Department "must undertake a comprehensive and long-term strategy for protecting American officials overseas, including sustained funding for enhanced security measures, for long-term costs for increased personnel, and for a capital building program based on an assessment of requirements to meet the new range of global terrorist threats."

The Department of State agrees with virtually all of the Boards' recommendations, and we are taking a very careful look at how they can be implemented. We must look at our presence abroad and ensure that we are defining and operating under the appropriate parameters.

There is no doubt that we need setback to protect adequately our people overseas, and acquiring setback - whether by purchasing adjacent land or building new facilities - costs money.

With funding budgeted within the FY 1999 appropriation, State has also joined with representatives from other agencies to establish a high-level panel to review overseas presence. We expect this panel to begin its work in early March and conclude during the summer of 1999. It will be chaired by Lewis Kaden, a prominent New York attorney, and includes distinguished representatives from the private sector and government, including Admiral Crowe and Ambassador Felix Rohatyn. The panel's mandate is to look at the level and type of representation required abroad to carry out America's foreign policy interests given resource constraints, advances in technology, and the worldwide security situation. This will include a close look at the idea of "regional embassies" and the trade-offs entailed in such an approach. The panel will also recommend criteria for reshaping our missions overseas to maximize effectiveness and security.

In response to recommendations made by the Accountability Review Board, the Department will develop options to improve the structure and management of the security function of the Department of State. The goals of the study are to enhance the security management of U.S. missions abroad and the Secretary's ability to ensure the security of all U.S. Government personnel abroad. With the help of an outside contractor to maximize objectivity and accelerate the process, the study will clarify responsibilities and define methods for better coordination and responsibility assignment.

As we have outlined, the Department is making strides to address a range of management issues and to improve our ability to do America's important business around the world. With your assistance, we can work to sustain these programs and the people we need to serve America and our nation's interests. Thank you very much.

PUBLIC ANNOUNCEMENT

**U.S. DEPARTMENT OF STATE
Office of the Spokesman**

Y2K Worldwide Notice

January 29, 1999

On January 1, 2000, some computer-based systems throughout the world may be unable to process information correctly, causing unpredictable results, including system malfunctions. Many businesses and governments are actively engaged in addressing potential Y2K problems and may experience little or no noticeable disruption in essential services. However, others with more limited resources or expertise, or who are not paying appropriate attention to the problem, may experience significant difficulties. In countries that are not prepared, the Y2K problem could affect financial services, utilities, telecommunications, transportation and other vital services. It is difficult to forecast where the Y2K problem will surface, and some problems could even appear before January 1, 2000. Areas of particular concern are:

– Some transportation systems abroad could be affected by computer problems. Although the major airlines have been in the forefront of preparing for potential Y2K problems, U.S. citizens should be aware of the potential for disruption of transportation services and factor that into their overall travel plans.

– Financial institutions outside the United States may experience difficulties. U.S. citizens abroad should not assume that credit cards, ATM machines, international banking transactions, etc. will operate normally in all locations throughout the world.

– U.S. citizens abroad with special medical requirements should not assume that all medical facilities and services will be available. Electrical, water and sanitation systems involving computers may experience malfunctions from the Y2K problem.

– U.S. citizens abroad may wish to consult their insurance companies to ascertain if policies cover Y2K-related problems.

All U.S. citizens planning to be abroad in late 1999 or early 2000 should be aware of the potential for problems and stay informed about Y2K preparedness in the location where they will be traveling. The Department of State will provide more specific information periodically as it becomes available. By October 1, 1999 our Consular

Department of State travel information and publications are available at Internet address: <http://travel.state.gov>. U.S. travelers may hear recorded information by calling the Department of State in Washington, D.C. at 202-647-5225 from their touch-tone telephone, or receive information by automated telefax by dialing 202-647-3000 from their fax machine.

Information Sheets on individual countries will contain specific information, as available, on the Y2K preparations in each country.

These can be accessed through the Department of State, Bureau of Consular Affairs home page via the Internet at <http://travel.state.gov>. Monitor our home page for additional information about Y2K issues and links to Y2K web sites for foreign governments, U.S. Government agencies and international organizations.

This Public Announcement expires March 1, 2000.

U.S. Department of State
Diplomats-in-Residence

1998-1999 Assignments:

CUNY:	Amb. Peggy Blackford
Howard University:	Kevin McGuire
Northwestern University:	Warren Littrel
Spellman College:	Amb. Bismarck Myrick
UCLA:	Bruce Beardsley
Univ. of Arizona:	Barbara Harvey
Univ. of Colorado:	Amb. Mary Ann Casey
Univ. of Michigan:	Dan Turnquist
William & Mary:	Harry Jones

1999-2000 Assignments:

CUNY:	Amb. Peggy Blackford
Florida A&M:	(pending)
Howard University:	(pending)
Northwestern University:	Warren Littrel
Spellman College:	Katherine Lee
Tulane University:	Amb. Morris Hughes
UCLA:	Amb. David Shinn
Univ. of Arizona:	Amb. Don Planty
Univ. of Colorado:	Joseph Becelia
Univ. of Michigan:	Dan Turnquist
Univ. of Texas - Austin	Eleanor Savage

Also:

Univ. of Texas - College Station: Amb. Roman Popadiuk (reimbursable detail)

**SENIOR LEVEL POSITIONS IN THE
DEPARTMENT OF STATE**

Senior Foreign Service (SFS):
(Data as of December 31, 1998)

Total Career SFS	726	
African-American	36	(5%)
Asian-American	9	(1.2%)
Hispanic-American	23	(3.2%)
Native-American	0	
Total Minorities	68	(9.4%)

Senior Executive Service (SES):
(Data as of March 4, 1999)

Total Career SES	92	
African-American	3	(3.3%)
Asian-American	0	
Hispanic-American	4	(4.3%)
Native-American	0	
Total Minorities	7	(7.6%)

Foreign Service Generalists
1998 Promotions by Race/National Origin
(Men and Women Combined)

Grade Level**	Total Promoted		Minorities Promoted		Black		Hispanic		Asian American		Native American/Alaskan Native		White Non-Hispanic		Unspecified*	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
MC to CM	8		2	25.0%	2	25.0%	0	0.0%	0	0.0%	0	0.0%	6	75.0%	0	0.0%
OC to MC	50		6	12.0%	4	8.0%	1	2.0%	1	2.0%	0	0.0%	42	84.0%	2	4.0%
FS-1 to OC	69		12	17.4%	3	4.3%	6	8.7%	3	4.3%	0	0.0%	57	82.6%	0	0.0%
FS-2 to FS-1	99		19	19.2%	5	5.1%	7	7.1%	7	7.1%	0	0.0%	79	79.8%	1	1.0%
FS-3 to FS-2	168		27	16.1%	3	1.8%	10	6.0%	12	7.1%	2	1.2%	135	80.4%	6	3.6%
FS-4 to FS-3	201		16	8.0%	1	0.5%	10	5.0%	5	2.5%	0	0.0%	157	78.1%	28	13.9%
Total All Grades	595		82	13.8%	18	3.0%	34	5.7%	28	4.7%	2	0.3%	476	80.0%	37	6.2%

*Employee records with missing or undeclared race/ethnic codes on 9/30/98

** Grade Levels:
CM - Career Minister
MC - Minister Counselor
OC - Counselor

NOTE: CM, MC, and OC levels are equivalent to Civil Service Senior Executive Service levels ES-1 through ES-6
Foreign Service grades FS-1 through FS-4 are equivalent to Civil Service grade levels GS-12 through GS-15

Prepared by: S/EEOCR
Source: PER/RMA