



## United States Department of State

Washington, D.C. 20520

[www.state.gov](http://www.state.gov)

### Secretary's Message to Department of State Employees

Dear Colleagues:

I am pleased to submit to you the Department of State's Results Report, which presents the Department's achievements in the management area over the past three and a half years. These accomplishments are the result of your hard work, in particular of those of you on the management team. They are also the result of much-appreciated support and funding from the Administration and the Congress.

The Office of Management and Budget (OMB) asked each cabinet department and major agency to report to its employees on the results achieved in the management area. I am glad that this process gives us the opportunity to stand back and see what we have done together over the past three and a half years.

Our report is organized around the management priorities which Deputy Secretary Armitage, Under Secretary for Management Green, and I consistently put forth: People; Security; Technology; Facilities; and Management Reform and Improvement. When I became Secretary, I made clear that not only was I the President's chief foreign policy adviser, but also the Chief Executive Officer of the Department, and that I would take very seriously the role of leading and managing the men and women of the Department.

Thank you once again for your work on the results reflected in this report. I look forward to continuing to work with you on the Department's management and infrastructure priorities.

A handwritten signature in black ink, appearing to read 'C.L.P.', with a large, sweeping flourish at the end.

Colin L. Powell

August 9, 2004

## **Department of State Results Report**

### **I. Introduction – Focus on Results**

“I really wear two hats: by law, I am the principal foreign policy advisor of the President of the United States, but I am also the leader, the manager, the CEO of the Department of State, and I take that role and that charge very, very seriously. And to be successful, I think in both roles, we have to make sure – I have to make sure – that the Department is properly organized, equipped, and manned to conduct America’s foreign policy.”

-- Secretary of State Colin Powell

May 2001

In 2001 we faced a situation in which the Department of State was widely criticized by the U.S. Congress, Department employees, and government-sponsored studies for the way it was managed. Several independent studies sustained these criticisms, including reports by the Center for Strategic and International Studies (CSIS) (1998), the Stimson Center (1998), the RAND Corporation (2000), and the Council on Foreign Relations and CSIS (January 2001). For too long the Department had insufficient funding, a severe shortage of personnel, a lack of emphasis on training, a lack of real budget planning, antiquated information technology, and many insecure facilities in poor condition.

Upgrading the infrastructure at our 263 embassies and consulates abroad as well as our operations in the United States has been a key focus of the Department leadership since 2001. This is important not only to State Department employees but also to those of 45 other agencies that make up nearly two-thirds of the staff at USG posts worldwide.

Since January 2001, the Secretary’s management priorities -- frequently and consistently enunciated by the Secretary, Deputy Secretary, and Under Secretary for Management -- have been: People, Security, Technology, Facilities, and Management Reform and Improvement. We have focused on achieving results for our employees and the American taxpayers in emphasizing these priorities.

Implementing the President's Management Agenda (PMA) has been integral to achieving results in these management priorities. The PMA, begun in 2001, is the Government-wide strategy for improving the management performance of the Federal Government. The Department has aggressively implemented the five Government-wide initiatives:

- Strategic Management of Human Capital;
- Improved Financial Performance;
- Expanded Electronic Government;
- Budget and Performance Integration; and
- Competitive Sourcing.

Each quarter the 26 Cabinet departments and major agencies receive a status score for these initiatives based on how well they meet the "scorecard standards for success" and a score for progress on each initiative. Progress is measured on a case-by-case basis against the deliverables and time lines agreed upon between OMB and each agency.

Over the past three years, we have improved our scores significantly. In the quarter ending March 30, we achieved a "green" progress score on all five initiatives. We continued to have five "green" progress scores in the quarter ending June 30; only ten of the 26 departments/agencies have reached this level. On the status scores, we started with five "reds" in 2001; we have now reached "green" on the human capital initiative and "yellow" on financial performance, E-Gov, and budget and performance integration. We expect to be at "green" on other initiatives in the quarter ending September 30, 2004. The results we have achieved on PMA in the last three years will be discussed throughout this report.

The Secretary's management priorities are the framework for this report to our employees because these are the areas in which we promised to produce results. We cannot implement successful foreign policy without addressing the management and infrastructure issues on which it depends. As an overview of our results, we have:

- met ambitious goals for recruiting and hiring;
- increased training significantly;
- implemented new worldwide unclassified and classified IT systems ahead of schedule and under budget;
- accelerated construction of safe, secure and functional embassies;

- deployed numerous security improvements both overseas and domestically;
- created a new performance management and budgeting system; and
- improved our financial management system substantially.

## II. People

“I put people first because they should always be first. It’s what makes the organization run. People get work done, not buildings, not staffs in a generic sense, and not plans, but people. And people will always be my first priority.”

-- Secretary Powell  
May 2001

- **The PMA goals and the Secretary’s goals are the same: People are our number one priority. We are implementing the Human Capital initiative aggressively in our recruitment, hiring, retention, training, quality of life, and workforce planning efforts.**
- **There is an unprecedented level of interest in careers with the State Department.** The number of people taking the Foreign Service Written Exam -- the first step to becoming a Foreign Service Officer -- more than doubled from roughly 8,000 in 2000 to 17,000 in 2002 and has been even higher -- at about 20,000 -- in 2003 and 2004.
- **We exceeded our hiring goals over the past three years.** The Department has added over 2,000 positions beyond attrition since 2001. This represents the Department’s largest workforce expansion in three decades aimed to correct longstanding critical staffing gaps, to make training and crisis response possible, and to strengthen our consular and diplomatic security staffing. Total hiring in FY 2002 was up 70% over FY 2001 and has been sustained at that level since.
- **We have improved our recruitment and hiring processes to ensure that the people we have hired are the best talent available:**
  - **We increased outreach efforts** with web-based technology, a team of recruiters, and Diplomats in Residence at 15 colleges and universities.

- **We streamlined the Foreign Service examination and hiring processes**, cutting more than half the time it takes from the oral assessment to the hiring.
- **We created new hiring mechanisms**, such as the Career Entry program (recruitment of college graduates) and the Pre-Assignment Center for the Civil Service (register of pre-approved people in certain categories such as clerical, accounting, or IT from which bureaus can draw directly).
- **State has been one of the top three users of the Presidential Management Fellows (PMF) program among Federal agencies since 1999.** We expect to hire approximately 50 PMFs in 2004. We have been very successful with this program because a high proportion of our PMFs (80% over the past five years) have converted to permanent employment with the Department after the end of their two-year fellowship program. PMFs, competitively selected among people with graduate degrees, will form the backbone of tomorrow's workforce.
- **We are also using a number of successful tools to recruit and retain people for critical positions:**
  - **Our Student Loan Repayment Program (SLRP) is the largest in the Federal Government**, with 663 beneficiaries last year receiving an average of \$4,700 each in student loan repayment in exchange for service at the most difficult and dangerous posts, or in hard-to-fill Civil Service positions. Many Foreign Service employees who participated in the program in its first two years are choosing to continue their eligibility by accepting onward assignments at extreme hardship and/or danger pay posts. Only five SLRP recipients have resigned from the Department.
  - **The Department's hiring, retention, salary bonus, and skills incentive programs for Information Technology specialists have allowed the Department to hire over 530 new Foreign Service IT specialists while controlling attrition.** The FS IT vacancy rate, over 30 percent five years ago, has been essentially eliminated.
  - **State's Skill Incentive Program has been recognized by OPM and the Federal Chief Information Officer (CIO) Council** as "an impressive case study illustrating a CIO Office that is effectively leveraging existing pay flexibilities in order to attract

and retain skilled technology workers.” Since this program’s inception, over 1,000 IT specialists, representing 80 percent of State’s technology workforce, have successfully upgraded their IT skills in accordance with the Department’s technology support requirements. We continue to strengthen the Skills Incentive Program: in an effort to retain and attract IT staff, the pay incentive was recently increased from 10% to 15% for the rigorous Certified Information Systems Security Professional credential.

- **Our program to help working spouses find opportunities in the local economy is up and running at 16 posts.** Results from 13 of these 16 posts shows an employment rate for spouses of 29% compared to 8% worldwide when spouses seek local employment unassisted. Two career families are increasingly the norm, making spousal employment overseas a critical Foreign Service retention issue.
- **Minority recruitment has been on the rise in the past three years.** Minorities made up 19% of total entry-level Foreign Service generalist hires in FY 2003 compared to 13% in FY 2000. We target recruitment at colleges and universities with diverse student populations and place senior Foreign Service Officers as Diplomats in Residence for recruitment at selected universities with significant minority populations. We collaborate with organizations that have strong minority membership to conduct recruiting, and our advertising has targeted minority-focused publications.
- **The Department has developed workforce planning capabilities** that improve workload forecasts and link human resources to the strategic goals of the Department. We have made significant improvements to our planning process to develop more accurate and comprehensive multi-year workforce plans. Moreover, the human capital management team is now directly involved throughout the Department’s planning and budgeting process in the assessment of resource needs and mission-related requirements.
- **We developed an integrated strategic plan for meeting our language proficiency needs.** It includes targeted recruitment, credit in the hiring process for language proficiency (particularly in critical national security languages such as Arabic, Farsi, and Chinese), and incentives for employees to acquire, maintain, and improve language skills to highly advanced levels and to re-use critical and demanding languages throughout their careers.

- **We have made training a high priority.** Overall, in FY 2004 we are providing 40% more training than in FY 2001.
  - **We put in place mandatory leadership and management training for mid-level Foreign Service and Civil Service employees and expanded leadership training for our junior and senior employees.** The Foreign Service Institute's Leadership and Management School has already provided the mandatory training to over 3,300 employees. This will contribute to a workforce that is more prepared and motivated.
  - **We dramatically increased and improved our IT specialized and end-user training,** with a 29% increase in enrollments and 52% increase in hours from FY 2001 to FY 2003.
  - **Our enrollments in language training have increased by over 50% since 2001;** the number in Arabic training has grown by two-thirds from 121 in FY 2001 to nearly 200 in FY 2004. This training is integral to our strategic plan for building the language skills we need.
  - **We are now making training available beyond the traditional FSI classroom through distance education,** using FSI's Learning Management System. State employees have access to over 3,800 courses, including a number of foreign language courses, for which employees can register on-line at any time. This is a significant new benefit to the Department's worldwide workforce, including our Foreign Service Nationals, and is offered at no cost to our employees.
- **We launched a mentoring program for Civil Service employees in 2003** with 188 mentors and protégés at grades GS-4 through SES participating; in 2004, the number of participants jumped to 288. Seventy-seven percent of mentors and protégés reported that protégés developed initiative, critical skills, and competencies and an improved understanding of the Department; 92% would recommend the program to a friend.
- **We recently expanded the Civil Service Orientation Program to two weeks in place of the existing three-day program.** This brings Civil Service orientation closer to the Department's benchmark programs for Foreign Service employees. The new course introduces Civil Service employees to the operations, policies, and programs of the Department and presents the competencies related to leadership and effective communication.

- **Our two child care centers are expanding to meet the increasing needs of our Civil and Foreign Service employees.** The capacity of “Diplotots” serving our headquarters increased from 80 to 100 infants and children in 2003 following acquisition of additional adjacent space and major renovations. The Child Care Center at our training facility in Arlington currently accommodates 35 children but will be enlarged to twice that number as a part of a major on-campus renovation project to be completed by 2007.
- **Our Office of Civil Rights has significantly improved the processing of EEO cases:**
  - We reduced the average time to investigate formal EEO complaints from 700 days in FY 2001 to 180 days in FY 2004. This represents the largest reduction in investigation time for any agency in the Federal Government.
  - Alternative Dispute Resolution techniques are being successfully used to resolve both EEO-related and non-EEO employee conflict. In FY 2003, EEOC ranked the State Department first among all Cabinet-level departments for resolving complaints without a hearing.
  - The average cost to settle a case dropped from \$15,755 in FY 2001 to \$2,582 in FY 2004.
  - Video-conferencing is now used in the place of face-to-face meetings to conduct mediations, trainings, depositions, and hearings. This has resulted in significant cost savings for the Department.

### **III. Security**

“Our consular officers must stand ever vigilant on the frontlines of our homeland’s defense, helping us prevent the entry of those who would do harm, even as we maintain the fundamental openness to the world that gives our country so much dynamism. In today’s heightened threat environment, our diplomatic security team must stand ready 24/7, protecting our employees, information and facilities.”

--Secretary Powell  
January 2003

- **Since September 11, 2001, in keeping with our policy of “Secure Borders/Open Doors,” visa policies and procedures have undergone complete review, and major revisions have been made in cooperation with the Department of Homeland Security. The Department focused on improving management controls, ensuring a more robust visa application process, and expanding information resources and data-sharing:**
  - **The TIPOFF database**, which collects, evaluates, stores, and shares information on suspected foreign terrorists and members of international organized crime, **has greatly increased and is the core of the watch list maintained by the Terrorist Threat Integration Center and the Terrorist Screening Center.**
  - **The Consular Lookout and Support System (CLASS) database**, which contains biographic information on suspected or known terrorists, criminals and persons who have previously violated U.S. immigration law, **has more than doubled since September 11, 2001.** This is due to expanded data-sharing from other USG agencies; e.g., an addition of over 8 million records from the FBI’s National Crime Information Center. A visa cannot be issued without first being checked through this database.
  - **New regulations require most visa applicants to be interviewed**, with exceptions for only a few categories such as diplomats, children, and the elderly.
  - **We added five training days to the Basic Consular Course**, which now totals 31 days, providing additional emphasis on security, counter-terrorism, and interviewing techniques. We have also created courses on advanced name-checking techniques.
  - **We developed standard operating procedures for visa operations to support uniformity around the world in key processes and to improve the integrity of the visa process.**
  - **Approximately 400 new Foreign Service consular officer positions were created in Fiscal Years 2001-2004** to meet demands overseas associated with biometric collection and the reduction in waivers for personal interviews of visa applicants.
- **Moreover, we have made substantial progress on combating visa and passport fraud through the strong partnership of our Bureaus of Consular Affairs (CA) and Diplomatic Security (DS):**

- **We established a Vulnerability Assessment Unit comprised of CA and DS personnel in CA's Office of Fraud Prevention Programs.** The unit uses data-mining to detect variations in visa issuances that could indicate malfeasance and potential breakdowns in internal controls at posts. It also makes recommendations on vulnerabilities and provides investigative support to DS.
- **In 2002 and 2003, DS established 18 additional anti-fraud investigator positions at high-fraud posts** to work with consular sections and host government law enforcement.
- **Expanded DS investigative efforts and an aggressive and streamlined undercover operations program led to an 82% increase in arrests for passport and visa fraud from FY 2002 to FY 2003** (from 401 arrestees to 731 arrestees).
- **Consular Management Assistance Team (CMAT) visits to posts**, inaugurated in February 2003, assess the integrity of, and provide guidance on, management controls, effective resource utilization, space allocation, and the implementation of Department-mandated standard operating procedures. Led by a senior consular officer, the 3-4 person teams visit posts for 3-4 days. CMATs conducted 16 reviews in FY 2003, and we expect to complete 30 more reviews in FY 2004.
- **We deployed the Internet-Based Registration System (IBRS) for all American citizens traveling abroad in July 2004.** This permits American citizens to register their foreign travel plans and contact information via the Department's Internet website and, if they choose, to obtain key information immediately about their destination by e-mail. IBRS will greatly improve the Department's ability to inform and assist the 4 million Americans who reside abroad and the Americans who make 60 million trips abroad each year.
- **We deployed the Consular Lost and Stolen Passport (CLASP) database in 2002.** CLASP provides data on lost and stolen U.S. passports to all overseas posts, the domestic passport agencies, and DHS for use at U.S. Ports of Entry within seconds of receiving the information. We expanded this critical program to the international level with the transfer in early May of limited data (passport number) on over 300,000 lost or stolen U.S. passports to Interpol. These data to Interpol are being updated on a daily basis.
- **We created an e-form for easy reporting of lost/stolen/missing foreign passports with visas;** this information is automatically

forwarded to DHS. We continue to update our database of foreign lost and stolen passports and presently have over 680,000 entries.

- **We are successfully implementing the Biometric Visa Program (two fingerprints and a digital photo) at all visa-adjudicating posts**, and this information is shared with Department of Homeland Security inspectors at ports of entry.
- **We completed digital imaging of all 70 million passport applications, including photographs, since 1994 (all currently valid passports) into the Passport Records Imaging System Management (PRISM).** This data is now available to domestic passport facilities, posts abroad, and Department of Homeland Security personnel at U.S. Ports of Entry.
- **We increased our force of Diplomatic Security agents by 41% since 2000** from 1009 to 1420 agents, enabling us to substantially enhance the security of domestic and overseas facilities and employees and more effectively investigate visa and passport fraud.
- **The continuing threat posed by those employing chemical and biological agents requires the Department to be prepared to respond rapidly and decisively.** The Department's WMD countermeasures program provides our overseas posts and domestic staff with the knowledge, equipment, and training necessary to respond to a chemical/biological attack with minimal loss of life. The deployment of "first responder" equipment was completed at all overseas posts. Additional chemical/biological countermeasures equipment, to include personal escape masks for all employees, chemical detection equipment, decontamination supplies, and the necessary training will be completed at over 170 posts by the end of FY 2004. Escape masks and related training have been given to 4,246 employees domestically.
- **We reduced the backlog of personnel security and suitability cases outstanding since June 1, 2002, by 46%:**
  - **We decreased the processing time for issuing a security clearance by 34%** and established procedures to provide interim security clearances for interns and Eligible Family Members. Since October 2003, employees with clearances from other agencies have been able to transfer their clearances and avoid a lengthy and duplicative effort.
  - The process for conducting five-year periodic reinvestigations has been automated, so that forms can now be completed on-

line and transmitted instantaneously to the Bureau of Diplomatic Security for reinvestigation of security clearances. Compared to FY 2001, when we had a backlog of 5,015 cases in meeting the five-year reinvestigation requirement, **we have now virtually eliminated this backlog of full-time employees with clearances older than five years.**

- **The Overseas Security Advisory Council (OSAC)**, created in 1985 as a joint venture between the Department of State and the U.S. private sector to share information on overseas security problems of mutual concern, **has grown significantly in the past three years:**
  - **Over 2550 constituent organizations participate in OSAC, including businesses, religious groups, universities and colleges and other nongovernmental organizations -- up 30% in the past three years.** As a result of an outreach effort begun in December of 2001, the number of American colleges and universities operating abroad who participate in OSAC has grown from a handful to 373.
  - **We doubled the number of OSAC Country Councils from 39 in January 2001 to 81 as of July 1, 2004.** Country Councils replicate the OSAC public/private partnership at overseas locations bringing together the embassy or consulate with the private sector to share information about security issues.
  - **The OSAC website receives on average 1.8 million visits per month -- compared to an average of 200,000 per month in FY 2000 --** and includes information such as daily news highlights, security incident reports, embassy and consulate warden messages and crime/safety reports. Approximately 150,000 electronic mail reports are sent to constituents on a monthly basis.
- The Bureau of Overseas Buildings Operations (OBO), the Office of Overseas Schools in the Bureau of Administration, and DS have worked cooperatively to **provide funding for security enhancements at nearly 140 overseas schools. Upgrades include installation of shatter-resistant window film, alarm/warning systems and emergency communication radios.** A second phase to improve physical security is underway and includes compound access control systems, bollards and reinforced walls for selected schools.
- **We enhanced the security and preparedness of the Department's domestic facilities :**

- **We established the Office of Domestic Emergency Management** to develop policies, plans, procedures, and capabilities to ensure the Department can respond to and recover from domestic emergencies. The Office also promotes preparedness through briefings, exercises, guest speakers, publications, websites, and town hall meetings.
- **We installed perimeter access and visitor access control systems at the Harry S Truman (HST) Building**, the Department's headquarters. We implemented the Smart ID Badge for use in building access control, issuing to date over 35,000 badges at domestic locations.
- **Security improvements for the HST building are underway**, with the installation of blast resistant windows in the Old State part of the building (95% complete) and new guard booths and planters.
- **We established an Emergency Response Team** of trained and highly qualified uniformed security officers to handle emergency incidents inclusive of chemical/biological, suspicious packages, etc.

#### **IV. Technology**

“One of my biggest priorities as CEO of the State Department has been to make sure that you, the men and women who carry out our foreign policy, have the technology you need to succeed when you come to work in the morning. Whether it is your job to provide administrative support, analyze events, represent the United States or reach out to a wider public, you must have rapid access to information and the ability to communicate swiftly.”

--Secretary Powell  
June 2002

- **We completed the Secretary's first two major technology goals – on-time and under budget:** 1) worldwide deployment of OpenNet Plus, a modernized unclassified system with Internet access to 43,500 desktops; and 2) deployment of a modernized classified computing capability at 224 eligible posts worldwide. This extensive investment has changed the way the State Department does its business by

providing faster, smarter, simpler, and more effective diplomacy. This robust infrastructure enables the Department to exploit technology now and in the future.

- **The Global Information Technology Modernization (GITM) initiative** -- begun in FY 2004 -- provides life-cycle computer upgrades and ensures that unclassified and classified systems remain state-of-the-art for both overseas posts and domestic offices. **We will modernize all of the Department's infrastructure on a four-year cycle.**
- **We recently completed the integration of PDNet, the former USIA network, with State's OpenNet Plus.** The result is that 3,000 employees at 219 worldwide sites and 37 domestic offices were successfully moved to OpenNet Plus within a year of the project's inception.
- **We made major progress on key goals of the E-Gov PMA initiative:**
  - **We strengthened our IT security.** We have underway a process to identify information security vulnerabilities and manage their remediation. As a result, 90.4% of our operational systems are fully authorized through this aggressive Systems Authorization (Certification and Accreditation) initiative, and all operational systems have begun the authorization process.
  - **We strengthened our IT governance process** by revamping the board structure and planning and oversight processes for IT. The process is more comprehensive and more broadly representative of Department bureaus and end users. It includes an E-Gov Program Board chaired by the Under Secretary for Management and made up of representative assistant secretaries. The Board provides IT strategic direction by setting the IT goals against which new projects must be designed and reviewed, by ensuring systematic selection, control, and evaluation of all the Department's E-Gov/IT programs and investments, and drives innovation in the use of technology.
  - **The Department participated in 20 of the 25 original E-Gov initiatives**, signed 9 FY 2004 E-Gov MOUs (with Labor on GovBenefits.gov, with GSA on USA Services, E-Travel, and E-Authentication, with SBA on Business Gateway, with OPM on E-Training, E-Clearance, and the Human Resource Management Line of Business Initiative, and with NARA on E-

Records Management), refocused internal efforts to consolidate redundant IT systems (as a result of these initiatives and MOUs), and has membership on the Executive Steering Committees for the Grants Management and Human Resource Management initiatives of OMB's new Lines of Business effort.

- **We linked our unclassified computer network with the USAID network**, facilitating e-mail communication and access to corporate knowledge bases. Employees in each agency are now able to access bureau and mission homepages on each other's intranet site.
- **Taking E-Gov to a new level, we recently used electronic imagery in a demarche for the first time.** Our European Union (EU) embassies made a demarche on the need for increased EU member support for humanitarian relief in Sudan showing declassified and commercial unclassified imagery of destroyed villages and towns in Darfur and the extent of refugee camps in Chad.

## V. Facilities

“I have wanted to sweep the slate clean and completely revamp the way we construct our embassies and other overseas buildings. Our facilities must be better places to work and they must be more secure. That is a long-term task, particularly at a time of heightened terrorist activity. But we are well on the way to implementing both the construction and security tasks in a better way.”

-- Secretary Powell  
March 2003

- **We greatly accelerated the construction of safe, secure, and functional embassies.** In most cases, we have reduced embassy construction time from more than four years down to two.
- **The Bureau of Overseas Buildings Operations (OBO) manages over \$4 billion in projects worldwide, up from \$0.7 billion at the end of 2001.** Since 2001 we completed 13 major capital construction projects, seven of which were finished in FY 2003. Currently there are 26 capital projects under design/construction and 12 more awards, including 3 USAID annexes, planned for FY 2004. By contrast, from

1996 to 2000, the Department averaged less than one major project per year.

- **OBO has been thoroughly restructured and transformed into a results-based organization over the past three years.** Savings in FY 2003 in our capital construction projects, as a result of these initiatives, were over \$63 million. Examples of the best practices OBO has introduced over the past three years include:
  - **Standard Embassy Designs, Integrated Design Reviews, and rigorous reconciliation of project scope and budget** have lowered costs on embassies, sped construction, and enhanced quality.
  - **We have an effective tool for long-range planning. The Long-Range Overseas Buildings Plan (LROBP)**, first published in 2001 and now in its third edition, presents the Department's requirements for new construction, major renovations, and other projects over the coming six-year period in a coherent, prioritized way.
  - **OBO has established performance measures throughout the organization**, down to the individual employee level, in its focus on performance and accountability.
  - **OBO, posts, bureaus, and agencies work collectively in the planning review process** to ensure that facility plans best represent the views of major stakeholders and that the end product will suit the objectives of the post and its occupants.
  - The OBO Director and his senior staff spend two days each month evaluating performance and ensuring that projects are on track.
  - OBO uses the business case analysis planning and decision-support tool to rigorously evaluate major facilities investment proposals.
  - **The Industry Advisory Panel**, composed of private-sector experts such as architects, civil engineers, general contractors, and representatives of building industry organizations, **assists OBO in utilizing the most efficient processes and new technologies.**
- **In addition to the accelerated construction of new facilities overseas, we have made substantial security improvements to existing facilities:**
  - Through the partnership of OBO and DS, **99.8% of the 1,269 physical security upgrade projects identified as of May 1,**

**2002 have been completed worldwide.** These upgrades include forced-entry/ballistic-resistant doors and windows, perimeter security and safe havens. The efficacy of these security improvements was proven, for example, at Karachi, Pakistan, when a suicide driver slammed his explosives-packed vehicle into a security barrier in front of the U.S. Consulate on June 14, 2002. The concrete barrier is credited with preventing more significant casualties.

- **Major security improvements to technical security systems at 192 posts overseas** include new duck-and-cover warning systems, upgraded CCTV coverage with digital recording of events and improved alarm systems.
- **We improved the quality of the workplace in the Harry S Truman Building:**
  - Foggy Bottom, a new service facility that consolidated retail and employee services, opened in August 2001.
  - The cafeteria was given a facelift with new finishes, lighting, and seating, and one of two serveries was completely renovated with nine state-of-the-art food stations. It was judged by The Federal Paper to be the top-rated cafeteria among federal agencies in the National Capital area for the quality of the food and décor.

## **VI. Management Reform and Improvement**

“Under our plan to change, we will bring together our dollars, both those for State operations and foreign operations, and we will put them under one bureau, headed by an Assistant Secretary for Resource Management, and the Assistant Secretary will report directly to the Deputy Secretary. This new bureau will also be responsible for strategic planning so that we can link our budgeting priorities and our budget requests to specific strategic planning objectives that we have for the Department.”

-- Secretary Powell

May 2001

- **We developed the first-ever joint State-USAID Strategic Plan for FYs 2004-2009. In the fall of 2003, following on the Strategic Plan, the Department and USAID created a Joint Management**

- Council (JMC) and a Joint Policy Council (JPC).** The Councils ensure increased coordination and collaboration and strengthen the foreign policy/development assistance linkage. Through the JMC, we work to integrate our planning and budgeting processes, to align systems, and to eliminate duplication.
- **We consolidated strategic planning and budget operations in the new Bureau of Resource Management, creating the structure not only to improve financial performance but to integrate planning, budget and performance. On these two PMA initiatives:**
    - **We began to link budget decisions to program performance** through: a streamlined and automated Mission Performance Plan (MPP)/Bureau Performance Plan (BPP) process that requires information on budgets and human resources to be fed into performance planning; Senior Reviews chaired by the Deputy Secretary and Budget Reviews chaired by the Department's budget officer; and annually expanding use of OMB's Program Assessment Rating Tool (PART) evaluations of State programs.
    - **We formulated and presented a budget submission for FY 2005 that includes performance indicators and PART analyses** as well as resource requests in the budget justification documents.
    - **By linking performance to budget decisions and improving performance tracking and management, we will have better control over resources and results.** One of the key accomplishments in this area is the full integration of PART into our planning process. The institutionalization of the PART serves to strengthen program evaluation and accountability for taxpayer dollars.
    - **The Department implemented a new overseas accounting and disbursing system, the Regional Financial Management System (RFMS), at all overseas posts,** and rolled out Global Direct Connect, a real-time connection that will serve to connect posts to a single overseas database. For the past two decades, the Department accounted for its resources through multiple, outdated, disjointed legacy financial systems.
    - **Leveraging the benefits of RFMS, the Department has and continues to consolidate our worldwide financial operations into the Charleston Financial Service Center (FSC),** successfully relocating operations from FSC Paris (90

positions) to FSCs Charleston and Bangkok. American Payroll and Foreign Service Pension activities have also been relocated to FSC Charleston.

- **For the seventh consecutive year, the Department's financial statements obtained an unqualified "clean" auditors' opinion, and did so five weeks ahead of past years.**
- **Our annual Performance and Accountability Report received the most prestigious award in Federal government financial reporting, the Association of Government Accountants' Certificate of Excellence in Accountability Reporting (CEAR), for three consecutive years -- one of only three cabinet-level agencies to win this award for three years or more.**
- **For the first time since the Chief Financial Officers' Act was passed, the independent CPA firm cited no Department material weaknesses in internal controls in their report on the FY 2003 financial statements audit.**
- **For the first time ever, the Secretary was able to issue an unqualified Statement of Assurance under the Federal Managers' Financial Integrity Act (FMFIA) on both the Department's management controls and its financial systems for FY 2003.** Accurate and timely financial information is critical to managing our programs on a day-to-day basis, obtaining the best performance, and ensuring accountability to the American people.
- **Our methodology on improper payments -- developed to evaluate and report the extent of improper payments in our financial assistance programs -- was cited by OMB as a "best practice" model.**
- **We deployed the Integrated Logistics Management System (ILMS) procurement module to more than 30 domestic bureaus linked in real-time to the central financial system.** These deployments streamline the acquisitions process and significantly improve the integrity, quality, and timeliness of the Department's financial data by eliminating error-prone duplicate data entry.
- **The State Department is implementing the PMA competitive sourcing initiative as a business tool:**
  - **For the first time, we developed the Federal Activities Inventory Reform Act (FAIR Act) inventory in 2004 using a**

**web-based software tool.** This increased visibility across bureaus. The inventory was a collaborative event that utilized an Inventory Advisory Group with multi-bureau representation. This improved accuracy substantially because the number of commercial functions was increased from 14% to 36% of the inventory.

- **The Department completed five streamlined competitions with a combined cost avoidance of over \$6 million. In-house State Department teams won four of five streamlined competitions.**
- **Operation Due Diligence, the project to reduce the Department's Freedom of Information Act backlog, has achieved and surpassed its goal.** We have closed all but 274 cases of the original 6214 case backlog in July 2002 and have reduced the median days to close new cases by more than 65%.
- **We won the Small Business Administration's 2003 Gold Star Award for outstanding achievements in awarding contracts to small businesses.** In 2003, only two Gold Star Awards were given, one to the State Department.
- **In FY 2003, we ranked second among the 22 large Federal agencies (those spending greater than \$100 million in contracts) in the percentage of contracts awarded to small disadvantaged businesses and to firms in the SBA's 8(a) development program.**
- We are a key partner in implementing the President's Management Agenda initiative to rightsize the USG overseas presence. To ensure more consistency and completeness in staffing projections for new construction projects, State prepared a "Guide to Developing Staffing Projections for New Embassy and Consulate Compound Construction." **We recently established an Office of Rightsizing the USG's Overseas Presence to manage State's role in the interagency rightsizing process and facilitate internal rightsizing initiatives.** The office conducts post staffing reviews, manages the NSDD-38 process, and enhances and supports regionalization of overseas operations.

## VII. Within the Next Several Years

Listed in this section are examples of results planned for the future under each of the Secretary's management priorities.

### People:

- **By the end of 2006, 100 percent of our target population of 7,000 mid-level employees will have received the mandatory leadership and management training.**
- To help meet the growing demand arising from our emphasis on the importance of training and diplomatic preparedness, **we embarked on a construction project to expand the George P. Shultz National Foreign Affairs Training Center by 2007.**
- **We will continue to use the Student Loan Repayment Program as a valuable recruitment and retention tool.** We anticipate 720-740 employees will qualify this year – up 11% from 2003 and 80% from 2002.
- **We are in the final stages of development and will then test and deploy Employee Profile Plus.** Employee Profile Plus will take the information we already track (assignments, tested language skills, and grades) and add information that employees provide, including pre-employment experience, language skills that may not have been officially tested, and competencies that may be difficult to decipher from our normal list of job titles. This state-of-the-art Expertise Locator system will help employees manage their careers and facilitate Department staffing for critical needs.
- **As a result of the e-Allowances initiative, the processing time in establishing appropriate allowance/differential levels for posts will be cut from 63 days in FY 2002 to 30 days in FY 2006.** The overseas allowances and differentials affect the pocketbooks of over 50,000 USG civilians from over 40 agencies serving abroad.

### Security:

- **We will introduce the U.S. biometric passport by the end of CY 2004 and transition to full production by the end of CY 2005.**
- **We have a project under development that will allow members of the foreign diplomatic and consular communities in the United States to apply for Department services via the Internet,** such as driver's license applications, tax exemption cards, vehicle registration

and renewal, and notification of appointment, change of status, or termination of position in the United States. This will result in savings of up to \$800 thousand dollars per year and provide greater accuracy. The three-month pilot project will begin at ten embassies in August 2004; upon successful completion, the system will be deployed to all missions.

- **The Overseas Security Advisory Council (OSAC) will continue its aggressive initiative to inaugurate new Country Councils around the world.** Our goal is to have 100 Country Councils in place by January 1, 2005. Beyond that, OSAC plans to surpass this goal and set up Country Councils at every post where American private sector interests have concerns about security.

#### **Technology:**

- **By FY 2006, the State Messaging and Archive Retrieval Toolset (SMART) will fully replace the Department's obsolete cable and e-mail systems with a simple, secure, and user-driven system to support diplomacy through modern messaging, dynamic archiving, and information sharing.** Deployment will begin in FY 2005. SMART will thoroughly re-engineer the way the Department carries out all kind of messaging and will store State's messages in a central database and allow employees to search these archives. As a result, the legacy telegram system built on World War II technology will be decommissioned.
- **The Department will establish an IT environment that promotes external connectivity and information sharing** through expanding GITM and leveraging and promoting government-wide networks. Domestic bureaus and posts have started developing and maintaining classified websites available on SIPRNet to promote interchange of important classified information.
- **The Department will also establish a secure extranet to promote information sharing between the U.S. foreign affairs community and external organizations,** which include foreign governments, NGOs, regional and global organizations, the public, and private businesses. This will support a key Department function -- publishing critical and timely information for its customers.

### **Facilities:**

- **The Capital Security Cost Sharing program, if approved by Congress, will begin a five-year phase-in starting in FY 2005.** Its purpose is to further accelerate our construction of safe, secure, functional embassies and consulates overseas. By requiring agencies to contribute to capital construction costs based on the number of people deployed overseas, it will also support rightsizing initiatives.
- **The Old State section of the Harry S Truman Building, including modernized offices, a new conference center, a computer room and relocation of critical infrastructure, will be occupied by summer 2005.**

### **Management Reform and Improvement:**

- **Today the Department is well on its way to installing a single, worldwide financial management system that integrates and supports the Department's global fiscal activities and allows standardization of our business processes.** It will also provide the infrastructure for integrating other administrative systems within the department, such as the Integrated Logistics Management System (ILMS). The Global Financial Management System (GFMS) will integrate the Department's overseas and domestic financial operations onto one common worldwide financial systems software platform in Charleston. GFMS will be operational at the beginning of FY 2006.
- **At the same time, together with USAID, we initiated the implementation of the Joint Financial Management System (JFMS).** JFMS is a cooperative effort to improve service and save money through collaboration on financial systems and functions. Its goal is to create a common State-USAID financial platform to manage all domestic and overseas financial management activities starting in FY 2006. A joint effort will improve efficiency based on economies of scale. For example, the savings on licensing costs alone will be approximately \$5 million through FY 2007.
- **Completion of the development and implementation of the Central Financial Planning System by the Fall of 2005 will be a critical step to tracking and verifying actual performance data, and linking them to Department-wide financial resources.**
- **Consolidation of financial services will continue with over 200 more positions relocating from Washington, DC to FSC Charleston by October 30, 2004.**

- **The ILMS Program replaces the Department's 20-year-old logistics stovepipe systems with modern technology and COTS products supporting an integrated supply chain and reengineered business processes:**
  - It will revolutionize the way the Department procures goods and services by fully implementing eCommerce at every overseas post and domestic bureau. In addition, it will provide modern and standardized functionality for worldwide requisitioning, procurement and contracting, warehouse management, transportation, personal effects movement, diplomatic pouch and mail, property management, customer support and process management. **Once deployed, the Department of State will have an enterprise wide-supply chain management system fully integrated with the Department's financial management system -- a first for any Government agency.**
  - Domestic deployment of ILMS procurement requisition, warehouse, and diplomatic pouch and mail modules is complete. The Asset Management module is being piloted domestically and the transportation module is scheduled for deployment in early FY 2005.
  - ILMS is scheduled to be deployed overseas beginning in FY 2006 following the analysis of global pilots scheduled for FY 2005. The benefits of ILMS result in a reduced administrative workload on posts and higher quality, more timely financial reporting from State financial systems.
- **Further institutionalization of PART and expanded Program Evaluation will also ensure strong budget and performance linkages.**
- **We are working with USAID to eliminate unnecessary costly duplication in the provision of overseas administrative services.** Six-month pilot programs starting this fall at four posts will allow each post to choose at least two of four services -- motor pool, warehouse and property management, residential maintenance, and leasing -- being done separately by both agencies, work out which of the two agencies will do the service for both, and then implement it. We anticipate that the success of these pilots will lead to a much broader expansion of this program in FY 2005.
- **Related to the rightsizing initiative, we have a project underway to redefine and strengthen regional support operations.** Its aim is

to reduce the amount of work being done at posts and do as many functions remotely (in a regional center or centrally in the United States) as possible while improving quality and efficiency. We are working to implement new regionalization and shared services models for the Frankfurt Regional Support Center and the Florida Regional Center. We are also applying the regionalization model to support Baghdad and will then apply it to other difficult, dangerous posts, with a view toward worldwide solutions.

## **VIII. Conclusion**

The Department has accomplished the goals the Secretary put forth over three and a half years ago and plans to do much more. Sustaining our results on the President's Management Agenda and the Secretary's management priorities of people, security, technology, facilities, and management reform and improvement is essential to our future success in conducting the foreign policy of the United States of America. These results-oriented priorities, including the integration of the PMA, are the Department of State's Results Agenda.

We recruited and trained Foreign Service, Civil Service and Foreign Service National employees to face the challenges to American diplomacy worldwide. We invested heavily in technology to give employees the tools they need to do their jobs and to improve business processes and information systems. We have made many security improvements, including the accelerated construction of new buildings overseas and security upgrades to existing facilities both overseas and domestically.

Sustaining this level of accomplishment depends on a commitment to excellence and to high standards of leadership and management. It is a responsibility of each employee within the Department of State. To help guide the way, we established an Advisory Committee on Leadership and Management composed of distinguished Americans from diverse experiences nationwide. The Committee will meet for the first time in early September and will provide the Secretary of State with advice, now and in the future, on leadership and management issues and on how to institutionalize and build on the results accomplished thus far.