

**STATE DEPARTMENT REAUTHORIZATION:  
AN OPPORTUNITY TO STRENGTHEN  
AND STREAMLINE U.S. DIPLOMACY**

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**HEARING**

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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MARCH 8, 2016

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**TUESDAY, MARCH 8, 2016**

U.S. SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, DC.*

The committee met, pursuant to notice, at 10:02 a.m., in Room SD-419, Dirksen Senate Office Building, Hon. Bob Corker, chairman of the committee, presiding.

Present: Senators Corker [presiding], Perdue, Isakson, Barrasso, Cardin, Menendez, Shaheen, Murphy, and Kaine.

**OPENING STATEMENT OF HON. BOB CORKER,  
U.S. SENATOR FROM TENNESSEE**

The CHAIRMAN. The Foreign Relations Committee will come to order.

I want to thank Deputy Secretary Higginbottom for continued service to our country and your testimony today.

As chairman, one of our priorities has been to revive the State Department reauthorization process. I want to thank Senator Menendez for beginning that. I think it is critical. It is a critical oversight tool and a healthy exercise to take an annual look at the authorities that need updating.

We passed an authorization bill out of committee unanimously last year for the first time in 5 years, and we hope to build upon that progress with another bipartisan bill for fiscal year 2017.

Like last year, our bill will focus on diplomacy programs and the nuts-and-bolts operations of the State Department. I know our staff has been having a very productive discussion with you, and I thank you for creating that kind of tone about these programs. I want to thank you for your help in the process, as I know your written testimony, as I read, will allude to.

One area we have been studying, which I know the ranking member is also interested in, is how the U.S. can use its influence to effect change at the U.N., particularly in the areas of sexual exploitation and abuse by U.N. peacekeepers and with regard to the peacekeeping budget in general.

Reports keep rolling in of U.N. peacekeepers and personnel abusing the very people they are charged with protecting, which is truly horrifying and a blight on the good we are trying to do in those countries—more than a blight, I would say.

These bad apples operate with impunity because they know that there are no mechanisms in place to bring them to justice. We need to use our influence at the U.N. to fight this impunity, to insist on onsite court-martials, standing claims commissions for each of the peacekeeping operations, refusal to deploy peacekeepers from countries that do not take charges of abuse seriously, and whatever else it takes to root out this incredible abuse.

The U.S. now pays close to 30 percent of the U.N. peacekeeping budget, which is more than other permanent members of the Security Council combined. I would not call that burden-sharing. I think there is consensus around here that we would like to look at that.

I know the State Department does not enjoy being saddled with this U.N. bill either. I would like to know what you are doing actively to create change. We talk about these things, we concern ourselves, sometimes there isn't really active engagement in trying to change the peacekeeping assessment formula such that it captures a country's actual ability to contribute and eliminate bogus discounts that relieve certain countries of paying their fair share.

I am also concerned about the apparent systemic issues with improper handling of classified information at the State Department that has recently come to light. If some of your cleared employees are struggling with proper handling and safeguarding of classified information, which appears to be the case, we view it as our duty to set up training and accountability systems necessary to fix this problem.

I am also interested in how you incentivize Foreign Service Officers to serve at less desirable posts. My impression is that the extra pay Foreign Service Officers receive at these posts are determined, not to be too pejorative, by bureaucrats in Washington and do not reflect officers' actual preferences about where they serve. It seems to me that it would be much more effective and transparent to combine the various extra pays into one rate for each post that takes into account the popularity of that post.

Finally, I hope you will address the confusing and potentially unsustainable consular fee structure, which essentially bets on continued growth of demand for U.S. visas to fund our other consular services. I know you did not design the system this way. It was created ad hoc by statute. But we are looking at ways to redesign the system so it is more efficient and transparent. I hope you will work with us on that also.

I look forward to hearing your thoughts. I know a big part of an authorization bill, and certainly something important to Senator Cardin but also us, is that you have some priorities you would like to see put in place. We look forward to hearing about those so we can work constructively toward a good authorization bill. Thank you for your testimony.

Now I will turn to our distinguished ranking member, Senator Cardin.

**STATEMENT OF HON. BENJAMIN L. CARDIN,  
U.S. SENATOR FROM MARYLAND**

Senator CARDIN. Thank you, Mr. Chairman.

First, let me thank Secretary Higginbottom for her attendance here today, but more importantly for her service to our country. We very much appreciate the work that you are doing on behalf of America.

I want to thank our chairman, Senator Corker, for not just this hearing, but his commitment for our committee and for the United States Senate and for the Congress to carry out our responsibilities on the reauthorization of the State Department or the authorizations for the State Department.

Mr. Chairman, if I am correct, I do not think there is a member of this committee that was in the United States Senate the last time we passed an authorization bill.

The CHAIRMAN. Unless you were serving with Abe Lincoln. [Laughter.]

Senator CARDIN. It has been a while since we passed an authorization bill.

It has even been a longer time—I think you have to go back to the 1980s, when we reauthorized the USAID programs. So this is something we need to do.

In certain respects, we are hamstringing the State Department by our failure to pass an authorization bill. You mentioned outdated laws. That is certainly true with the consular fee service issues. That was developed a long time ago when the services were a lot different than they are today. It requires an update of that authorization.

We could talk about the current concerns on overseas comparability pay. That is an issue that this committee needs to speak to and Congress needs to speak to.

There are many areas where Congress needs to act. On diplomatic security issues, we did have a bill that we worked on. We did not get it done, but it should be included in an authorization bill.

We have work force diversity issues that this committee has spoken about. I hope the Secretary will talk about that. They are still far from where I would like to see opportunity in America reflected within our Foreign Service.

There are important areas, as the chairman already mentioned. The United Nations reform issues, it is controversial, I will admit that, but we need to deal with these issues.

I am not placing blame as to why we have not been able to get this done. I am very much working with the chairman to see whether we cannot find a path where we can reach the finish line and start, I hope, a process that in every Congress there will be a State Department authorization bill considered by Congress and acted on by Congress, recommended by the Senate Foreign Relations Committee.

Mr. Chairman, we spend a lot of time in this committee. I do not know of any other committee that has more hearings, more in-depth knowledge of what is going on globally, than the Senate Foreign Relations Committee. We know each of the regions. We have spent a lot of time on each of the regions. We know the State Department. We know what is being done in the State Department.

We are the committee that should be recommending to the United States Senate the policies for the State Department. It should not be the appropriators. It should not be Armed Services. It should be the Senate Foreign Relations Committee.

I think this hearing is a good first opportunity for us to explore how we, in fact, can carry out that responsibility. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

If I could, I do not normally do this, but we have two outstanding Senators from Georgia. Senator Perdue has taken the lead on the authorization bill, but he is also taking the lead on our side, on the budget process. For what it's worth, I hope he will not be offended, but he has made comments very much like what you are saying: That is that it really is ridiculous, the way appropriators that I respect greatly, I really do, meet for about 5 hours and determine the budget on all these programs where, in essence, we spend the entire time we are here looking at what is happening.

I do think that authorization process is one that is very, very important, and way underutilized.

So thank you for saying that. I want to thank, again, the Deputy Secretary of State for Management and Resources, the Hon. Heather Higinbottom. Thank you for being here and sharing your thoughts. We appreciate your service to our country.

I think you have done this before and understand that you can summarize in 5 minutes, if you wish, and your written testimony, without objection, will be entered into the record in full.

So thank you again for being here and cooperating with us on this matter. Thank you.

**STATEMENT OF HON. HEATHER HIGGINBOTTOM, DEPUTY SECRETARY OF STATE FOR MANAGEMENT AND RESOURCES, U.S. DEPARTMENT OF STATE, WASHINGTON, DC**

Ms. HIGGINBOTTOM. Thank you, Mr. Chairman. Chairman Corker, Ranking Member Cardin, and distinguished members of the committee, thank you for the opportunity to testify today regarding State Department authorization.

As Secretary Kerry has said, American leadership is not just about a button that we push in time of emergency. We must be backed by resources and authorities, so we are committed to working with the committee on a bill that provides a strong foundation for the State Department and enhances our efforts to be more effective and efficient.

Today, I will highlight a few of the authorities that we believe are critically important, and I want to thank members of the committee for your partnership on several of these issues. They include permanent authority to contract local guards with the best value firms to better protect our people and infrastructure; administrative subpoena authority for the Bureau of Diplomatic Security to



enhance their efforts to counter passport and visa fraud; permanent authorities to provide greater flexibility to set fees for border crossing, fraud prevention and detection, and passport and visa surcharges, which would support our execution of consular services; authorities to pay our UNESCO contribution, as well as to pay our United Nations peacekeeping dues at the assessed rate, which would help us avoid accruing arrears and enable our continued leadership; and overseas comparability pay authority to better support and retain our work force by leveling the playing field for overseas pay.

The committee has also indicated its interest in hearing from the department on other issues, which I will briefly address now and look forward to discussing further.

First, the international community relies on United Nations peacekeeping missions to advance our collective global security. The State Department is committed to U.N. reform, and we are working to ensure other countries pay their fair share of U.N. budgets, especially larger developing countries like China, which is now the second largest peacekeeping cost contributor.

We recognize the value of peacekeeping missions, but we are appalled by continuing allegations of sexual exploitation and abuse by peacekeepers. The United States has been a driving force behind the U.N. zero-tolerance policy and will continue to push the U.N. to bring an end to abuses and hold perpetrators accountable.

We are directly pressing troop and police contributing countries, named for the first time in last week's United Nations report, to promptly and credibly investigate allegations of sexual exploitation and abuse and, where appropriate, prosecute offenders.

Second, the United States faces not only risks to our physical security but also risks to the security of our information. Since the breach of our unclassified email system in 2014, we have aggressively worked to enhance our cybersecurity. We have strengthened the way our users access the systems, the security testing of our networks and applications, and the training of our staff on the threats that we face.

Third, responding to Freedom of Information Act requests is an important element of our transparency efforts. While the volume of FOIA requests to the department has increased by 300 percent since 2008, our resources to address them have not kept pace. That is why we have requested a 77 percent increase in this year's budget for FOIA. And in addition, Secretary Kerry has appointed a transparency coordinator, who is spearheading the department's efforts to improve its systems and processes.

Finally, our work to advance American leadership in diplomacy around the world is only as strong as our people. To ensure we have the right people in the right places at the right time, we are adopting policies and tools to support our work force, enhance leadership at all levels, and expand innovation.

Mr. Chairman, as discussed in more detail in my written testimony for the record, a strong State Department authorization bill will put the department on robust footing as we pursue security and prosperity for the American people. I look forward to working with you on this important endeavor.

Thank you, and I am happy to answer questions.

[Ms. Higginbottom's prepared statement follows:]

PREPARED STATEMENT OF DEPUTY SECRETARY OF STATE FOR  
MANAGEMENT AND RESOURCES HEATHER HIGGINBOTTOM

Chairman Corker, Ranking Member Cardin, and distinguished members of the Senate Foreign Relations Committee, thank you for the opportunity to testify today regarding State Department reauthorization. As the former Chairman of this committee, Secretary Kerry continues to believe that a State authorization bill will enhance the Department's efforts to become more efficient and effective. We are committed to working with the committee on a bill that would provide a strong foundation for State Department operations while reflecting a balance of both Department and Congressional priorities.

The State Department has shared its priorities with the committee. I will highlight a few of the most critical issues, and will also briefly address the other topics you requested, including information security and transparency, consular fees, United Nations reform, and strengthening our workforce. Before I begin, I want to thank the committee and its leadership for being a good partner on many of these issues.

Shortly after I appeared before the committee last year, Secretary Kerry unveiled the second Quadrennial Diplomacy and Development Review (QDDR). Building on the 2015 National Security Strategy, the QDDR serves as a blueprint for the next generation of American diplomacy and development, looking beyond day-to-day challenges to set strategic and operational priorities. Over the past year, we have focused our efforts to advance the four strategic priorities it identifies for the State Department and USAID: (1) preventing conflict and violent extremism; (2) promoting open democratic societies; (3) advancing inclusive economic growth; and (4) mitigating and adapting to climate change. We are currently in the process of implementing dozens of the QDDR's recommendations, including those to strengthen our organization and support our workforce. The authorities we will discuss today would help us to further advance these priorities and reforms to help ensure that U.S. diplomacy is effective and efficient.

IMPROVE SAFETY AND SECURITY

One areas of particular importance is authorities to enhance protection of U.S. citizens, government employees, and facilities overseas. Authorities to enhance security for "soft targets" overseas are critical as threats to schools, malls, hotels, and restaurants have increased. In addition, permanent authority to contract local guards by selecting the firms that provide the best value to the U.S. Government rather than just the lowest bidder would help us make further progress in our efforts to counter these types of threats. We are also seeking administrative subpoena authority for the Bureau of Diplomatic Security. This authority would greatly assist the Bureau in investigating and preventing threat cases, as well as allow them to conduct much more efficient investigations into the over 6,000 cases of passport and visa fraud it receives annually.

In the 21st century, the United States faces not only risks to our physical security, but also risks to the security of our information. As the breach of our own unclassified email system in 2014 demonstrated, our adversaries see information handled by the Department—and many other U.S. government departments and agencies—as a desirable target. Protecting our information as we face increasingly sophisticated, frequent and well-organized cyberattacks is one of the Department's top priorities. Working closely with the White House and several interagency and private sector partners, we are upgrading our Information Technology (IT) systems' protections, including enclaving our most sensitive and high-value data, finding new ways to identify and analyze emerging cyber threats, and expanding the training and accountability of personnel in ensuring the security of our systems.

INCREASE EFFICIENCY AND EFFECTIVENESS

The State Department and USAID have requested \$50.1 billion in discretionary funding for fiscal year 2017. We take seriously our responsibility to be good stewards of taxpayer dollars and look forward to working with Congress to enhance our efforts.

Transparency and accountability are fundamental to good stewardship of our resources. To increase the data available to the public, we are implementing President Obama's Open Data policy. I am pleased to report that we have expanded the data available on ForeignAssistance.gov, a web site managed by the Office of U.S. Foreign Assistance Resources on behalf of the U.S. government. Last year, the State

Department updated and expanded our evaluation policy, requiring each bureau to conduct and publicly post annual evaluations of foreign assistance and of diplomatic engagement. In December, we published a report on the Foreign Assistance Data Review, which evaluated how the Department captures foreign assistance budget and planning data, and made recommendations that we are currently carrying out to further improve our foreign assistance management, coordination, and transparency tools and processes.

Public access to the records of the government through Freedom of Information Act (FOIA) processing is also essential to our transparency efforts. While the volume of FOIA requests has tripled since 2008, our resources to respond have not kept pace. In fiscal year 2015 alone, we received approximately 22,000 FOIA requests. Thus, we've requested a 70 percent increase in fiscal year 2017 funding for FOIA processing and electronic record archiving. In addition, Secretary Kerry appointed Ambassador Janice Jacobs as the Department's Transparency Coordinator who reports to me and is helping the Department transition from paper-based, manual records processing to an advanced electronic records management system. We are expanding our already widespread training on handling classified and sensitive information and increasing oversight of the Department's Office of Information Program Services to help improve the FOIA process.

We could also enhance the efficiency and effectiveness of our work with authorities that provide greater flexibility to support fee-funded consular functions. We are seeking to make permanent the authorities to increase some border crossing fees for minors to half of the amount that adult applicants are required to pay, expand our use of fraud prevention and detection fees, and expand existing passport and visa surcharges. In taking these steps, the Department can provide a more sustainable basis for funding consular operations, increase the quality of its global consular service to the American people, devote additional resources to combatting all types of visa fraud, and maintain high customer service standards for U.S. citizens who request a passport.

Finally, we are seeking authorities that would ensure our continued leadership in international organizations, such as the United Nations (UN), enabling the United States to continue to lead from within these organizations and leverage other countries' resources. U.N. peacekeeping has been one of the most meaningful forms of international burden-sharing for almost 70 years. As President Obama has said, "[peacekeeping] is not something that we do for others; this is something that we do collectively because our collective security depends on it." On September 28, in connection with the Leaders' Summit on Peacekeeping at the U.N. President Obama released a Policy Memorandum on U.S. Support to U.N. Peace Operations, the first of its kind in over 20 years. It directs the State Department and other U.S. departments and agencies to take actions that will help to improve the performance and accountability of peace operations and their uniformed and civilian personnel. Implementation is underway. We have requested authority to pay our peacekeeping dues at the assessed rate through the Contributions to International Peacekeeping Activities account, which will allow us to more effectively shape and reform peacekeeping operations to deliver maximum impact and avoid potentially accruing new arrears at the U.N.

We firmly believe that emerging countries must pay their fair share of U.N. budgets, as they have an increasing stake in ensuring the U.N.'s success in addressing global challenges. The assessment rates for larger developing countries are continuing to increase as their share of the world economy grows. China, for example, is now the second largest contributor to U.N. peacekeeping costs, contributing over ten percent of those costs annually.

While we recognize the invaluable nature of international peacekeeping missions, we are appalled by continuing allegations of sexual exploitation and abuse by peacekeepers. The United States has been the driving force behind the U.N.'s zero tolerance policy and will continue to push the U.N. to bring an end to abuses and hold perpetrators accountable. We strongly support U.N. measures to strengthen prevention, enforcement, and accountability for sexual exploitation and abuse, including the Secretary-General's repatriation of military contingents that have demonstrated a pattern of abuse and his suspension of payments to countries for their personnel who face credible allegations. We will continue to monitor the U.N.'s implementation of its proposals and we are also directly pressing troop and police contributing countries—named for the first time in the March 4 U.N. report on these abuses—to promptly and credibly investigate allegations and, when appropriate, to prosecute offenders.

In this challenging budget environment, we have also been working closely with the Department of Defense on the significantly increased authorities and resources to provide assistance to foreign nations. As part of our efforts, we continue to imple-

ment the Presidential Policy Directive on Security Sector Assistance, which emphasizes comprehensive interagency approaches and close collaboration in the planning and execution of security sector assistance between State and DOD. We appreciate this committee's work with its counterparts on the Armed Services Committees to ensure that security sector assistance is coordinated not only within the administration, but also in Congress. We look forward to working with you to ensure State's ability to effectively coordinate security sector assistance in line with broader foreign policy goals.

#### STRENGTHEN AND RETAIN A TALENTED WORKFORCE

In our work to advance American leadership and diplomacy around the world, we are only as strong as our people. We need the right people, in the right places, at the right time. Thus, we are investing in an agile, diverse, and skilled work force. We are committed to creating and retaining a diverse workforce—one that more closely reflects the diversity of our nation. We have made important changes, such as increasing our focus on leadership at all levels of the organization, updating our training, adding recruitment opportunities, and expanding efforts to hire and retain a diverse workforce.

As we capitalize on the top talent attracted to the State Department, we must work hard to retain them in a competitive labor environment. Our top priority is to secure full Overseas Comparability Pay (OCP) authority. Due to inequities in the Foreign Service pay schedule, Foreign Service officers deployed overseas have absorbed cuts to their basic pay compared to their domestic counterparts. In addition, our colleagues from other agencies with whom we serve overseas do not face this discrepancy. One recent Federal Employee Viewpoint Survey revealed that more than 60 percent of officers said the elimination of OCP would deter them from bidding on overseas assignments, and that more than 50 percent said they would either seriously or somewhat consider leaving the Foreign Service if OCP were eliminated.

Another priority in the retention of our employees is the payment of our locally-employed staff (LE Staff). The role of LE Staff is absolutely essential to our mission. Overseas, America is often a magnet for local talent, however, if we do not pay competitively, we stand to lose valuable skills, institutional knowledge, and their critical local relationships. In the current fiscal year, we are targeting our resources to countries where our current pay rates make it difficult to retain local employees.

Mr. Chairman, a strong State Department authorization bill will put the Department of State on robust footing as we aggressively pursue the security and prosperity of the American people. Along with Secretary Kerry, I look forward to working with you on this important endeavor. Thank you and I am happy to answer your questions.

The CHAIRMAN. Thank you very much for being here.

All of us have read the stories in the Washington Post and certainly have had testimony here about what is happening with peacekeepers. This is abhorrent, and it's hard to believe that we are participating in U.N. peacekeeping and trying to help people and yet they are being taken advantage of. There is a terrible report regarding the DRC recently.

What is it that we can actually do? I fear sometimes that we have other priorities at the U.N., and we do not want to rock the boat unnecessarily. It just does not appear to me that we are really laying on the railroad tracks on this issue. I wonder if you would tell me that maybe I am wrong and what we are doing to actively cause changes to occur.

Ms. HIGGINBOTTOM. Thank you, Mr. Chairman.

First, we share your outrage. This is appalling behavior. We have been very active in the U.N. to try to address it.

In the report that the Secretary General issued on Friday, for the first time, they have named the countries of alleged violators of sexual exploitation and abuse, which is a policy we have been pressing them to do.

As a result of that, we have already directed our ambassadors in those affected countries to go in and demand a rapid investigation and prosecution where appropriate.

So we have been pushing that for a while. We are pleased they have finally done it.

We have also been supportive in pressing the U.N. to suspend reimbursements for the personnel who are alleged to have committed these abuses, so they are not being compensated, as well as to repatriate contingents of peacekeepers where there is a trend of abuse. The U.N. has taken that action once already with the DRC contingent.

We also have pressed the U.N. and they are moving forward on establishing sexual exploitation and abuse task forces within each peacekeeping mission, so we can ensure that the leadership is focused, that there is training and engagement on this.

So we have taken several steps. We will continue to take more, and this is a very top priority for us.

The CHAIRMAN. Where are we on the onsite court-martials, so that we know that justice is being served, and they are not going back to their home countries and never being seen again?

This will be court-martials, by the way, by the countries that are involved, not by some outside group. But where are we on that?

Ms. HIGGINBOTTOM. That is correct, Mr. Chairman. We are pressing them to rapidly convene those tribunals. On a sort of country-by-country basis, we have to assess what capabilities and capacity they have and work with them to develop it, but that is a priority for us and something we are working with the contributing police and troop-contributing nations on.

The CHAIRMAN. The lower U.S. assessment that I know you spoke to earlier, and I did and Senator Cardin did, in opening comments, but what are we doing? Again, this is another area I feel like we have let pass because we have other priorities. But we have a period of time now to lower the assessment. What are we doing actively to get things in the right place? I mean, we have members of the U.N. Security Council that are not paying their fair share. There is some bogus formula that is put together because of what they are as a country and what their status is that keeps that from being the case.

What are we doing to prevent that in the future?

Ms. HIGGINBOTTOM. Mr. Chairman, two pieces.

First, we have been working with the U.N. over a period of years to reduce the cost of the peacekeeping missions. Over the past several years, we have been able to reduce the cost per peacekeeper by 17 percent. In the latest proposal for peacekeeping missions, the overall amount has been reduced by \$200 million, so we are continuing to press on the overall costs.

Likewise, we are working very hard—

The CHAIRMAN. If I could, many of the countries that send troops there actually make money off of it. They make money off of it. In most cases, they are being paid far above what it actually costs them. Yet countries self-report their costs, which is ridiculous. It reminds me of the Libor scandal where people were self-reporting.

What are we doing to have some accountability there, because we know, again, many of these countries see it as a profit-making issue? Go ahead.

Ms. HIGGINBOTTOM. Mr. Chairman, we have been pressing the U.N., both in the general U.N. budget as well as in the peacekeeping sphere, to improve transparency and accountability. We will continue that engagement and work.

To your previous comment about the contributions of other countries, we have pressed hard to deal with the credit issue, and we will continue that work. We are pleased to see China and Russia and some of the other countries significantly increasing the amount that they are paying toward the peacekeeping missions, but that is work that we need to continue to engage in and would like to work with you to figure out the best ways we can do that.

The CHAIRMAN. All of us travel extensively—fortunately, people on this committee take their job seriously—and spend a lot of time overseas. On pay, I want to state that I think our people should be well paid. I think our Foreign Service Officers are doing the Lord's work around the world trying to make sure that we pursue U.S. interests. So I want to get that out on the front end.

At the same time, I do hear them saying, and we have lots of private conversations with them, as you can imagine, that coming back to Washington is a pay cut. So we have this foreign pay issue, and yet most of them believe the higher cost-of-living here in Washington and the fact that their housing is not paid for is actually a pay cut.

So are we really dealing with the issue of Foreign Service and what they are paid in these other countries in the appropriate way with the understanding that most of them would prefer to be overseas than here as it relates to what they are paid?

Ms. HIGGINBOTTOM. Mr. Chairman, thank you. I think it is quite customary for the Foreign Service Officers to want to be deployed overseas where they most enjoy doing their work.

But with respect to the allowances and the cost-of-living, the hardship, those are based on exceptional costs of serving overseas. The increased costs of goods and services, hardship, living in a dangerous place, living in a place where there is a lot of crime, where there are health risks, that category of hardship differential is an incentive payment to encourage people to take those riskier and more complicated assignments. The cost-of-living adjustments are intended to ensure people can obtain goods and services comparably to the way they would in Washington, D.C.

We review those regularly. We think the allowances and differentials are appropriate and important, both to provide compensation as well as incentive to get to some of our—

The CHAIRMAN. Is there a rational way of arriving at what that is? It seems to me that we have a small group of people back here in Washington who set these various differentials, and they may not be based on the realities that exist on the ground.

Ms. HIGGINBOTTOM. I would certainly be very pleased, Mr. Chairman, to talk with you about different ways of approaching this. Though the process is managed in Washington, it is done with input from post. So whether it is assessing the conditions on the

ground with respect to danger, public health, some of the other conditions, that is with input from post. It comes to Washington.

The cost-of-living adjustment, we have a survey that goes out every couple years that looks at the specific costs of goods and services in those countries.

So it is managed centrally, but it really benefits from a lot of input at post.

The CHAIRMAN. Lastly, the ranking member and myself have had a number of conversations. We have gone down to the SCIF together to get a sense of what has been occurring at the State Department relative to emails. We have gone out of our way to make sure that this committee does not politicize an issue at a time when that should not be done.

But would you agree that some type of training and some type of systematic checks need to occur within the department to make sure that classified information is being handled in an appropriate way?

Ms. HIGGINBOTTOM. The department takes its responsibility to protect sensitive information very seriously. We do do a lot of training.

As part of the most recent process we concluded just a week ago, in the release of Secretary Clinton's emails, we are going to conduct a lessons-learned process both in how we process those emails and some of the issues that arose.

But we do have robust training both when someone enters the department, just so they understand the type of information they will see and why that might be of interest to an adversary or someone with an interest that is not in the United States' interests, but also as you get security clearance as you are allowed to review and handle classified information. So we do do a lot, but we should certainly look at—

The CHAIRMAN. Is that new? Is that training new?

Ms. HIGGINBOTTOM. It is not new, Mr. Chairman. We have had training for a long time, and we adapt. For example, I get locked out of my computer, as does every other State Department employee, if I do not take an annual cybersecurity awareness course. So I literally cannot get on. I have to take it. It takes a few hours.

So we are adapting as we see different threats, and we provide different levels of training.

The CHAIRMAN. I would like to pursue that further with you in another setting.

Ms. HIGGINBOTTOM. Absolutely.

The CHAIRMAN. Thank you.

Senator Cardin.

Senator CARDIN. Mr. Chairman, on the last point, I thank you, because we do share the same responsibility of this committee to oversee the State Department's handling of information. As has been pointed out, the transition to an electronic transfer of information requires a different way of handling material, and I look forward to working with the chairman. This is not a problem of one administration. It goes back several administrations.

There is no information that there have been state secrets that have been disclosed, but we do need a more efficient way to handle sensitive information.

So I look forward to working with the chairman carrying out the responsibility of our committee.

Madam Secretary, through the last 10 to 20 years, there has been an incredible change in attitude from Americans in support of our diplomacy and development assistance programs. When I first came to Congress, I think it would have been very difficult for us to pass a foreign operations appropriations bill. Now that bill becomes, in some respects, a driver for other issues getting done.

The American people understand that the modest investment we make, less than 1 percent of the budget, is very important for national security.

So I think it is really ideal for us to be able to put together a State Department authorization bill for passage. We do look forward to working with the administration in that regard.

There is one part of your budget that is going to make it more difficult for us, and I mentioned it to Secretary Kerry. That is why you are using OCO funds to fund core parts of the State Department's commitments. I do not know how we transition to a sustainable support for your mission when we are using OCO funds that will not be there.

So can you just briefly explain how you intend to make sure the legacy of your leadership provides the resources necessary to carry out this important function of government?

Ms. HIGGINBOTTOM. Thank you very much, Senator. We share the concern that an increasing percentage of our resources are funded through contingency operations.

The Bipartisan Budget Act that was passed last year and set the parameters for both the 2016 appropriations process and the 2017 included increasing the percentage of our budget that would be funded as OCO. That reduces our base funding and skews, to a certain extent, what is funded where.

And while we have agreed to the budget deal, of course, that the President signed, and we are adhering to it, we do have concerns about what that means going forward. We would like to see our truly enduring base costs, our ongoing operations, funded in a base at a sufficiently high level to enable us to conduct our missions, and to preserve the contingency operations for short-term, exceptional events.

I think that it is necessary to have contingency funding for State and AID going forward, but it should be rationalized from where we are today. I hope that will be a process that we can engage in with Congress going forward.

Senator CARDIN. That sounds rational, but when you have base core programs funded through contingency funds, that makes it difficult to see how that is going to be transitioned off when you know how difficult it is to get other funds. It is something we will have to deal with in an authorization bill, so I would just urge you to look at the long-term sustainability of your mission as core functions and funded as core functions, not as contingent functions.

I agree with Senator Corker in that, as I travel and meet people who are in Foreign Service, they are incredible, and they deserve the full support and thanks of the American people and our political system, so I strongly support their compensation and I strongly support their having the resources necessary.



But when I look at the leadership in our Foreign Service, and I look at the pipelines for how we are developing future leaders, it does not represent, to me, the demographic changes of America. I want to know what you are doing to make sure that we carry out our commitment to have the face of America representative of the people of America.

Ms. HIGGINBOTTOM. Thank you, Senator. The diversity of our work force is a very important priority for the Secretary, for me. We included it in the Quadrennial Diplomacy and Development Review that we issued last year, shortly after I was here, elevating it as a priority for senior leadership and the department.

We have increased in our fiscal year 2016 budget our resources devoted for recruiting and retaining a diverse work force by 50 percent. One of the core aspects of that is increasing by 50 percent of the Pickering and Rangel fellows, which have been an effective way to ensure we have a qualified and more diverse work force.

One of the key priorities from my perspective as I look at the data and do the analysis of our work force, in particular the Foreign Service, is ensuring that as we bring in a more diverse work force, we have support to retain and put on a path to senior leadership positions that more diverse work force.

So some of the resources that we are asking for in the budget are to expand some midlevel career development programming. We have just contracted with the Cox Foundation to do a review of our retention and mentoring programs, which we hear from our personnel are critically important. We want to know that we are using our resources effectively and targeting them in the right way.

Senator CARDIN. I think it is very important this be done in a very open, transparent way, so I am going to ask, with the chairman's help, that you keep our staffs actively informed as to the process that you are using, how transparent it is, how you are reaching out for recruitment, et cetera, so that we are fully engaged with you in this effort on diversity. I hope we would have your cooperation.

Ms. HIGGINBOTTOM. Absolutely. We would welcome that opportunity, Senator. I should also mention that Secretary Kerry has asked all of his Assistant Secretary level or above officials to do a domestic recruiting trip coordinated with our diplomats in residence so that we are targeting the right institutions in the right parts of the country and using what tools we have, in addition to additional budget requests to do that kind of outreach.

Senator CARDIN. Thank you.

Lastly, let me mention an area where I think the allocation of resources are not adequate to meet the challenges we have. That is democracy funding and anticorruption efforts.

Every place I travel and talk to our missions, in countries that are either in transition or have challenges, they tell me, "Give me more money for democracy. Give me more money for more focus on anticorruption issues." Every dollar we get, it produces incredible results for America's mission. They just do not have enough of it.

So what efforts can you suggest to us, working with you, where we can get funds allocated in those regions that are in desperate need of democracy assistance and throughout the world on anticorruption issues.

Ms. HIGGINBOTTOM. Thank you, Senator.

We agree that we have not been able to allocate the democracy resources the way we would like to, the way that truly aligns with our policy, in part because we have a lot of crises that we are dealing with around the world and have to make tradeoffs in our budget dealing with the directives and so forth.

But that is why we have increased funding in 2017 for democracy programming. We have also heard from Congress that they want to see through the appropriations process greater focus. So I am hopeful that we can come together and be able to protect that funding. We think it is important.

As we build our budget, it is a bottom-up process. We hear from posts first, and this issue is particularly acute in many places, and we are very cognizant of that.

Senator CARDIN. Your point about through the appropriations process underscores the point that Senator Perdue and Senator Corker have made. Give us the tools so we can give you the statutory authority to be able to allocate those resources, rather than depending upon an appropriations process that does not always work smoothly in this institution.

Ms. HIGGINBOTTOM. We look forward to working with you on that. Thank you.

The CHAIRMAN. If I can make one point before turning to Senator Isakson, I know this may be just out of bounds by some Foreign Service Officers in their thinking, but to address diversity, but also to address bringing professional in—I mean, we have a lot of folks who are aging out in the Foreign Service. Does it make any sense to allow people who have been incredibly competent in civil society to be able to transfer in at a level that is not stamping visas and those kinds of things?

I mean, is that something that would be rational and help on the front that Senator Cardin was just asking about?

Ms. HIGGINBOTTOM. Thank you, Mr. Chairman.

That is an idea that has been tested at various points. I think we can continue to talk about and try to figure out a way to handle that. We have wrestled with how to best take advantage of the contributions that we could get in the Foreign Service, while also having a system that we sign people up and they spend their careers at the State Department and work through a series of different steps. So we are trying to balance both the culture and requirements of the Foreign Service, with the great benefits we could get from others.

The CHAIRMAN. Thank you. Senator Isakson?

Senator ISAKSON. Thank you, Mr. Chairman. I want to thank you and Senator Cardin for mentioning our foreign diplomats overseas who really are the face of the United States.

We always brag about them, but we never have a chance to point one out because they are always somewhere overseas. We have one here today.

Julie Fisher, will you stand up? This is my neighbor. [Laughter.]

Senator ISAKSON. Julie's parents still live down the street from me. She grew up down the street from me. She volunteered to serve America overseas in Ukraine and many old Soviet bloc countries.

And she is pretty doggone good, Madam Secretary, because I read your brief and I had all these questions on Internet security, information security, and FOIA requests, and you covered every one of them in your opening statement, so you have an awfully good person.

Julie, we are proud you are here today.

The CHAIRMAN. You see why Isakson is so popular in Georgia. [Laughter.]

Senator ISAKSON. I do have one point to make.

Senator CARDIN. Do we have any Marylanders out there? [Laughter.]

Senator ISAKSON. The chairman and I went to Darfur 5 years ago, if I am not mistaken. It may have been 6. We were the second and third ever of elected Senators to go to Darfur and got to see firsthand the environment in which many of these refugees and people who are abused sexually and traumatized reside. We learned that sexual trauma and sexual violence is a military tactic in many African countries and other countries around the world.

So I want to underscore the chairman's comments about sexual violence and the predators that are in some of these peacekeeping units. We need to make sure that the onsite court-martials and of the type of discipline that take place, so that is abolished and America never stands or looks the other way when that goes on.

Ms. HIGGINBOTTOM. Thank you so much, Senator, for your comments. We wholeheartedly agree.

Both in the peacekeeping context as well as in our engagements with several African countries, as we are doing training and trying to support good governance and democracy, being very clear on what is acceptable and what is not is critically important. So we see it, as you point out, in many different contexts, and it is appalling. We have to make it a top priority wherever we see it, including, of course, in the peacekeeping missions.

Senator ISAKSON. One last point on the reauthorization, we waited 13 years to finally reauthorize the Elementary and Secondary Education Act, and we did that last year, but public education in America suffered greatly by the inaction of the United States Congress. I want to underscore your comments and those of the ranking member on the need for us to reauthorize the State Department again, and modernize those rules and regulations and empower them to do the job they need to do overseas.

I would ask you a question, but with Julie there to give you advice, I know you are going to have the right answers, so I am going to excuse myself and give David Perdue the chance to go ahead.

Ms. HIGGINBOTTOM. Thank you so much, Senator.

The CHAIRMAN. Thank you. Thank you so much, and thanks for your major contributions, and we are glad we violated the rules to allow you both to be on the committee, two Senators from Georgia. [Laughter.]

The CHAIRMAN. Senator Kaine?

Senator KAINE. Thank you, Mr. Chair.

Thanks, Madam Secretary.

I want to ask a little bit about Latin America, a particular interest of mine, and I know Senator Menendez, too, is always very focused on this.

First, the President announced a new investment. In the budget, he proposed to take to a second chapter Plan Colombia as Paz Colombia, Peace Colombia. Talk a little bit about, from the State Department's view, from a resource view, the kind of return on investment that we had on the first 15 years of this investment over three administrations and how we would propose to assist Colombia in this new chapter, God willing, post-ceasefire.

Ms. HIGGINBOTTOM. Thank you, Senator, so much.

I had the chance to travel to Colombia about 3 weeks ago with the purpose of the trip being to meet with government officials to talk about the future, to talk about Paz Colombia and understand how our resources can best be directed, assuming there is a peace deal, and we hope soon, one that we can support and continue the bipartisan support we have had across administrations to help that country go into the areas that have been governed by the FARC and really deal with the narcotrafficking, with the coca production, and some of the other issues there.

What I heard time and again is an impressive understanding of what capacities the United States brings to the table that they need to do that. There are excellent plans developed, but implementing them and understanding what capacities we bring, whether it is on the military training side, on the support for civil society side, in the alternative development and, of course, in some of the narcotrafficking.

So my takeaway from that experience, and I think it is reflected in the administration's policy, is a continuation of our engagement where we provide truly leveraging capabilities, and working with a common vision of what success looks like. So I am hopeful and came away from that trip both convinced that there is a lot of work to do but that we are on the right path and have good partners.

Senator KAINE. The story of Colombia is not just a U.S.-consistent interest that helped Colombia transform but Colombia has now become a security partner to help with security assistance in the Northern Triangle. They have peacekeepers as part of the multinational force of observers in the Sinai. They are really becoming a global force for positive security in a way that is a great alliance for us, but a real tribute also to their commitment to peace and prosperity outside their own borders.

Ms. HIGGINBOTTOM. I agree. When I was in Central America at the end of last year, especially in certain neighborhoods in Honduras and El Salvador, every visit that we made to see how USAID and State Department dollars were being used, there was a Colombian police officer participating in the training, and it was incredibly valuable to those countries.

When you look at the progress that Colombia has made over the past many years and you look at the path that the Northern Triangle countries have to traverse, there is a lot of good learning and examples that we can draw from there.

Senator KAINE. Moving to the Northern Triangle, in the 2-year budget deal and the appropriations deal we struck at yearend, and really because of the Senate—the Senate had this in the Senate-side appropriations; the House did not; and the compromise followed the Senate version—\$750 million investment in the Northern

Triangle with Plan Colombia as an indication that, hey, we can have hope that this will work if we are consistent with it.

The President has proposed an additional \$1 billion for the Northern Triangle countries. Talk a little bit about—we have had testimony previously about the kind of pillars and in to which the investments will fall, but what will our metrics be for sort of measuring whether the progress is what we would hope?

Ms. HIGGINBOTTOM. Thank you, Senator.

The first metric we have a need to keep focused on are the commitments that the Presidents of those three countries have made and ensuring they live up to those commitments. One of the critical elements of our strategy for Central America is ensuring that we have learned from the things we have done before, but we are also doing things differently.

That requires transparency and good governance. It requires alignment of resources and shared priorities, so that these governments are putting their own resources against our commonly shared vision of what needs to happen.

We are working very carefully across our government within different agencies to ensure we have developed tools to measure success, to know what is working and what is not.

One of the areas that I spent a lot of time visiting when I was in the region was on the partnership between the State Department's INL Bureau and USAID, bringing the law enforcement and the community-based programs together, both to establish trust of law enforcement but also to ensure we are more comprehensively addressing the needs in those communities.

We are scaling that up across the region in large part based on an independent evaluation that showed that the strategy would be successful.

So we are going to do different monitoring and evaluation projects. We are going to hold ourselves accountable. And we are going to put the resources against what we know works.

Senator KAINE. Staying in the region, obviously, there is a huge concern about Zika. This is not a HELP hearing, but I am curious, particularly with respect to State Department personnel in the Americas. What steps you are taking from a management standpoint to protect our people?

Ms. HIGGINBOTTOM. Thank you, Senator.

So first of all, obviously, the greatest population at risk are women who are pregnant or who want to become pregnant. So just as the Pentagon has done, any personnel under chief of mission authority have the opportunity to curtail their assignments early, return to the United States, be medevaced early.

We have had some employees who have availed themselves of that. We will continue the messages as we have, so they understand what opportunities they have.

We have also been very clear about how individuals in affected areas can protect themselves.

This is, as I am sure you know, a difficult vector to control, but there are measures that individuals can take to protect themselves. We are ensuring they have sufficient insect repellent and information, and so forth. So we will continue to do that.

Senator KAINE. Good.

One last issue. Senator Cornyn and I took a trip about a year ago to Mexico, Honduras, and Colombia. And it was interesting. The purpose of the trip did not have anything to do with Cuba but every head of state we met with said, you have no idea how your path toward normalization with Cuba is going to open up other opportunities in the Americas for you. They kind of described it as, if there was a fight between Uncle Sam and small Cuba, we kind of had to be on Cuba's side. And that hobbled institutions like the OAS, for example, where the U.S.-Cuba challenge was always sort of an ankle weight slowing them down.

I just really think the path with Cuba—and we are going to have to continue to challenge Cuba on human rights issues, just like we challenge all kinds of other countries we have diplomatic relations with on human rights issues. We are going to have to continue to focus on that.

But the Americas, for our purposes these days—first, we are all Americans. We all call ourselves Americans, North, South, and Central. If there is that ceasefire in Colombia, it will be the end of war in these two hemispheres. There will not be a war, which is probably the first time in recorded history that you could say that. And there are just enormous cultural similarities that we share.

Recent electoral activities, especially in South America, have had some really promising signs about pro-democracy, pro-human rights.

There are just a lot of upside opportunities. I would hope that we do not spend all of our time worrying about our headaches and short shrift the upside opportunities that we have in our own region. I would just really encourage the State Department and my colleagues on that.

Ms. HIGGINBOTTOM. Thank you very much, Senator.

Senator KAINE. Thank you, Mr. Chair.

The CHAIRMAN. I appreciate your comments about Zika. I assume that the State Department is going to be sending out notifications to travelers—the Olympics are taking place in August—notifying them of concerns. Is that correct?

Ms. HIGGINBOTTOM. The Centers for Disease Control issues guidance of this kind, and we disseminate it broadly across our platforms. So if anyone is interested in coming to the State Department or the Embassy's Web site to gather information about Brazil, they will find that information providing the CDC's guidance.

The CHAIRMAN. We might want to be a little bit more proactive than people looking at Web sites, but we will talk about that.

Senator PERDUE?

Senator PERDUE. Thank you.

Let me Echo Senator Cardin and the ranking member comments this morning. I think that is at the center of one of our problems, that we have to coordinate how we fund these departments. And the people who really understand these departments and have the responsibility of oversight need to be involved in that process. I could not agree more. We are working to try to see how we can change that.

Madam Secretary, thank you for being here. It is always a pleasure. Thank you for your courtesies last week by sending over Hari

Sastry and Doug Pitkin. They did a great job talking about budget requests in our subcommittee.

I just have three quick questions. One is, just to put a little historical perspective on this, and let me give a little context, the way I look at it, with the last 7 years, and this is not a partisan comment, it is just a reality that we borrowed over a third of what we spent as a Federal Government.

If you look at it, about two-thirds of our spending is mandatory. Some of those dollars that we get in go to mandatory first, that means that every dollar we spend on Defense and State and USAID is fundamentally borrowed. So that means there is a real crisis here, and we need to look at what we are doing with what we are spending.

The perspective is, between 1992 and 2000, State in all of its endeavors averaged about \$20 billion a year in expense over that 8-year period. Between 2000 to 2008, while we averaged \$30 billion, it went from \$20 billion to \$40 billion, and a lot of that was Iraq, Afghanistan, and other things. Since then, we have fallen into this level of about \$50 billion.

By the way, I have to call out that you are asking for less money this year than you asked for last year. So I have to call that out and thank you for that.

So I have that observation. The second observation is the fact that while that level stayed at about \$50 billion, the enduring dropped from \$50 billion to \$40 billion over that period of time and was filled with OCO.

So you have already answered the OCO part of that. But I have the second piece of that, which is, help me understand the responsibilities and what we are doing around the world. I recognize we are the most philanthropic country in the world, and we need to maintain that position as long as we can afford it, but I am just not sure right now that we should not ask the question, can we afford all this?

So it is incumbent on you as the budget process comes about to justify how we have gone from \$20 billion to \$40 billion or \$30 billion and then now to \$50 billion. Explain that to me just a little bit. I know you did not take it from \$20 million to \$50 billion. You have been given a challenge to use \$50 billion and you have kept it flat, pretty much.

But help me with that historical perspective on how we are spending that much.

Ms. HIGGINBOTTOM. So, Senator, I think you have touched on a few elements of it, which are Iraq and Afghanistan that required increases in our budget, and require increases to sustain our engagement there.

I would point to a couple other factors as being those that we need to fund. That is that we are dealing with an increasingly complex world. Just take the humanitarian side for a moment. We have four Level 3 humanitarian disasters. I cannot say that is unprecedented, but it is highly unusual. And we are a very generous contributor to those crises.

We also have the rise of violent extremism and terrorism in ways that are different than we saw during the periods of time you are referencing.

I do not know whether those numbers include supplemental funding appropriations. But we did as a regular course rely on and utilize supplementals to address the emerging crises.

So I think each of those play a role in that. But, Senator, we would be pleased to go through in more detail some of the——

Senator PERDUE. I think it would be instructive, because I think this is a function that every department over the next couple years is going to have to go through, in terms of what we really can afford to do. It is a question we do not ask much up here.

I have a second question quickly on the IG. Last year, we talked privately and you testified about this. I know you have been very vocal about this. But as I look at it, I do not see a lot of progress, honestly.

So can you address the progress that you are making with that, with regard to specifically the request of the IG? I think there was no disagreement last year about having the IG be aware of all investigations. There are evidently three pathways investigations going inside State. Can you speak to that, just a minute?

Ms. HIGGINBOTTOM. Sure. I would be pleased to.

We have been working with the IG to identify which of the investigations, which types of cases, they are most interested in having information about and having the ability to investigate, should they choose. They can investigate anything, but where we narrow their focus, so that the processes that we have of an administrative nature—if someone wants to bring a civil rights case to our Office of Civil Rights, it is clear that the IG's office is not necessarily interested in that. And we are engaged in those discussions right now.

Senator PERDUE. Is the IG aware now of all the potential investigations? So they are now aware?

Ms. HIGGINBOTTOM. The conversation that we are having with them right now is to look across all the different avenues people have to bring, even approaching the ombudsman and say, what cases are you interested in, defining that, and then working through the process.

I will not speak for him, because that would not be appropriate. But I do, as you know, meet regularly with him. I think he is also pleased with the progress.

I think very soon we will have a policy that we have agreed upon, and that we can explain and make easily understandable to our employees.

Senator PERDUE. I think that would be important.

Lastly, before my time is out, as we traveled the world, as the chairman mentioned, it is one of the great benefits of this responsibility, that you do see great Americans out there in the field. I have to echo what everybody said. I just marvel at the quality of people and their dedication around the world.

And I know we have to make them secure. I know, post-Benghazi, there has been an uptick in that. There are some four major embassies in construction. Can you talk about embassy construction and the overruns on those, particularly Islamabad, London, Singapore, places like that where I know these are \$1 billion-plus installations now, and we have to have stronger buffer zones or offsets. Can you speak to that just a minute, please?



Ms. HIGGINBOTTOM. Sure, Senator.

You touched on one of the issues that is most important when we think about embassy construction, and that is building facilities that are safe and secure for our personnel. Post the bombings in the 1990s and more recent events, we continually review and look at what our requirements are and make sure that we can do that.

And in places where it is more dangerous to operate, those costs can be more expensive. So Islamabad would be an example. Where we have posts that house a lot of different agencies, we have different requirements to meet.

Senator PERDUE. That is another question I would like to dial into at some point. I know in Singapore, there are some 19 different government agencies that have offices and personnel over there. I would really love to know the purpose of those. That may not be under your purview, but at some point over the next few months, I would love to see what those areas of responsibility are.

Ms. HIGGINBOTTOM. We would be pleased to do that for you, Senator, at any of our posts.

I think when you travel, as you have to our embassies and our posts, and you have a chance to sit with the country team, you get a flavor for which of the different opportunities having our agencies there make.

But it is expensive, and we do have to work through what those requirements are.

Senator PERDUE. Are you experiencing serious overruns? That is really what I was going for.

Ms. HIGGINBOTTOM. I think it depends on a case-by-case basis. I would not say in general, because in some cases, we have a budget, we go out and we bid, and we come under budget. In other cases, for various reasons, the costs are in excess of what we projected.

So it depends, and it depends on some circumstances. But we could provide you with our most recent set of construction plans and budgets, and provide some additional—

Senator PERDUE. I do not need to see the plans. I trust you on that. But maybe the budget numbers.

Ms. HIGGINBOTTOM. I meant budget plans.

Senator PERDUE. Thank you very much.

Ms. HIGGINBOTTOM. Thank you.

Senator PERDUE. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Murphy?

Senator MURPHY. Thank you very much, Mr. Chairman.

Welcome. Thank you for being here again.

I appreciate Senator Perdue's conversation about what we can afford to do within the limited resources we have to spend.

Listen, I would pose the opposite question. I think we have to ask the question of how we can afford not to make these investments, especially when you put U.S. foreign aid and international development funding in the context of what our competitor nations are spending themselves.

Over the last 10 years alone, the Chinese have increased their foreign aid by a factor of seven at a time when our foreign aid has been largely flat. We are looking at a budget that is, frankly, \$2

billion less than the fiscal year 2010 enacted numbers. The Chinese have increased their spending by a factor of seven.

In Egypt, there is a lot of commotion about turning back on \$1.3 billion in U.S. military aid. Just the beginning of this year, the Saudis announced a \$8 billion play with money both from their public funds and their sovereign funds, a \$20 billion oil investment in Egypt.

We sit here and wonder why we do not have as much influence there as some other countries do. It is in part because other nations in and around that region are spending numbers that dwarf ours.

So I think we are at a moment in time where the United States is kind of an apple in a bowl full of oranges. The rest of the world has figured out that the sort of blunt, inflexible power of brute military strength is not as effective as the flexible and nimble nature of economic aid, energy aid, political aid. And we are chasing our tail around the world in part because other countries, from China to the Saudis to the Russians, are lapping us when it comes to that kind of smart money.

So we should just remember that as much money as we spend, we are still in the bottom quartile of OECD nations when it comes to the amount of money we spend on international aid as a percentage of our GDP. So it is a big number, but we are a big country. When you compare it to other nations, we are, at least within our subset of first world nations, in the bottom fourth.

So with that being said, let me ask about one particular line item that is significantly lower in this proposed budget. You can probably explain to me why.

In the 2016 omnibus appropriations bill, we had a significant increase for humanitarian assistance. This is international disaster assistance, migration and refugee assistance, and food aid. But this budget from you proposes about a 17 percent cut. I know that humanitarian aid does not matter any less to the administration than it did in the last year, so just explain to me why we are looking at that cut and where that money is going to be made up.

Ms. HIGGINBOTTOM. Thank you, Senator.

We were very pleased that in the fiscal year 2016 appropriations bill, we did receive a generous increase in humanitarian assistance. As we looked to build this fiscal year 2016 budget, cognizant of the Bipartisan Budget Act that set parameters for discretionary spending, we looked across our needs over a period of 2 years, and determined that with the additional resources that were provided and with the request that we made for 2017, we will be able to meet our expected and anticipated expenditures.

I would note, though, that we are operating under the discretionary topline constraints, and we have had to make tradeoffs. While we think this is sufficient when we look across these 2 years, I think, to your earlier point, there are tradeoffs that we have made that are not exactly what we would want to absent those constraints.

So we do feel confident about the funding level for humanitarian assistance across 2016 and 2017, but there are certainly certain needs we have had to make tradeoffs for.

Senator MURPHY. Just as an example, one of those tradeoffs is that the World Food Program in and around Syria is cutting off aid to refugee families that do not live in the actual refugee camps. So if you are living out in the streets of Jordan or Lebanon, you are at risk of having your emergency food assistance cut off. It is one of the choices that we have all made. We do not have enough money to fully fund that program.

That has dire consequences for those families, and pushes many of them into the arms of the very groups that we are trying to fight.

So I understand the difficult tradeoffs you have to make, but we should all be cognizant of the consequences to U.S. national security.

I want to drill down on one very specific issue, and that is the issue of procurement within the State Department. You are subject to the Buy America law, as well as other agencies. But just in preparation for this hearing, I was just going through the list of waivers that have been requested. It is a pretty substantial list.

This sort of has been a cause and crusade of mine for years, to put some teeth back into our Buy America requirements.

I understand that you have sort of two strings pulling on you here. One, you want to be a good guest in-country and do business in-country, but you also do have a law that requires you to buy equipment, if you can, from U.S. companies. But you have submitted waiver requests for some pretty easy equipment to get some to get from U.S. companies—vehicles, for instance, which are regularly being shipped to the countries in which you are operating, but you are often buying from in-country sources rather than from American sources.

Can you talk a little bit about your commitment to the Buy America law, and efforts that you may be able to take to reduce the number of waivers that are being granted to the State Department? We have a lot of great U.S. companies that would like to supply the State Department and often do not seem to be getting the chance.

Ms. HIGGINBOTTOM. Thank you, Senator.

We take those responsibilities that we have seriously. It gets back, to a certain extent, to the previous part of our conversation about resources. Any waivers that we would request, we would want to do so very judiciously.

Senator, we would look forward to following up with you or your staff to talk a bit about how we think about this and how we would approach it.

But we want to do things in a way that abides by those requirements, but also takes into account our costs and how we do business overseas. So we are not looking for anything of a blanket nature. We want to do something very judiciously and selectively, and would be pleased to follow up with you to ensure that our request is understood and that we can answer your specific questions.

Senator MURPHY. I appreciate that. The reason that we have that Buy America law is that for the individual agency, it is often going to make sense financially, fiscally, to buy from a cheaper, non-American source. But the damage to the overall Federal Treasury, in the lost jobs, the lost tax revenue, the increased Medicaid

costs, the increased unemployment costs, pretty quickly wipes out the savings to the agency.

So I would look forward to following up with you on this issue. Thank you very much.

Ms. HIGGINBOTTOM. Certainly, Senator. Thank you.

The CHAIRMAN. Thank you.

Senator Barrasso?

Senator BARRASSO. Thank you, Mr. Chairman.

Madam Secretary, thanks for being with us.

President Obama unilaterally pledged \$3 billion for the U.N. Green Climate Fund. Congress has not authorized, has not appropriated any funding for the new international climate change slush fund.

The most recent fiscal year appropriations bill provided no funding for the U.N. Green Climate Fund, specifically prohibited the transfer of funds to create new programs.

Now media is reporting this morning that the administration deposited \$500 million into the U.N. Green Climate Fund. It appears to be the latest example of the administration going around Congress because the American people do not really support what the President is doing with this initiative.

So if the media reports are true, this is a blatant misuse of taxpayer dollars.

So, first, did the administration deposit \$500 million into the United Nations Green Climate Fund?

Ms. HIGGINBOTTOM. Thank you, Senator.

We have reviewed our authorities and made a determination that we can make this payment to the Green Climate Fund.

Senator BARRASSO. The question is, did the administration today, as announced, deposit \$500 million into the Green Climate Fund?

Ms. HIGGINBOTTOM. We signed an agreement with the World Bank to do that.

Senator BARRASSO. So when was that done?

Ms. HIGGINBOTTOM. Yesterday.

Senator BARRASSO. Okay. Tell me how the administration was able to divert and reprogram funds in order to meet the President's unilateral promise?

Ms. HIGGINBOTTOM. Senator, we reviewed the authorities and opportunities available to us to do that and believe we are fully compliant with that. We would be happy to follow up with you and your staff.

Senator BARRASSO. That would be good, because the United Nations Green Climate Fund is a new program. Given the Congress' prohibition on funding new programs, the question is what legal authority you at the State Department believe you have to make this transfer.

Given the prohibition, do you agree that actions by the State Department officials violated the Antideficiency Act, which comes with criminal and civil penalties? I think you are going to have to deal with that.

Ms. HIGGINBOTTOM. Thank you, Senator.

We do not believe we are in violation of the Antideficiency Act. Clearly, our lawyers and others have looked at our authorities and our abilities to do this, and we are happy to follow up with you.

Senator BARRASSO. With regard to the U.N. Green Climate Fund, Members of Congress are expected to be good stewards of taxpayer funds, not be providing funding to agencies that is not needed.

What raises serious concerns, then, is the U.S. Department of State has at least \$500 million sitting around in funding that is no longer needed for the purposes for which it was approved. Whether you have the legal authority or not to move it, you have chosen to move \$500 million from programs for which it was approved.

So if funding is no longer needed for the original purpose, then the money really should be returned to the U.S. Treasury.

It is clear this committee must take a closer look at the State Department's entire budget and resource allocation if millions—\$500 million—of surplus funds intended for specific programs are suddenly available to be spent on other priorities.

So my question is, what specific accounts were so overfunded, allowing you at the State Department to divert these funds to the United Nations Green Climate Fund?

Ms. HIGGINBOTTOM. Senator, you mentioned President Obama's pledge. We also included in our fiscal year 2016 budget a request for funding for the Green Climate Fund, as we have in the fiscal year 2017 budget.

So as we do our budgeting process, we did not look around and say where are excess funds we can put in this. We built it into our budget request.

As we received the 2016 bill and made allocations to programs, we have the authority and the ability to fund that requirement.

Senator BARRASSO. What exact accounts were overfunded to be able to move the money out?

Ms. HIGGINBOTTOM. Senator, nothing is overfunded. We looked across the appropriations bills and made allocations based on what our budget was and what resources were provided to us.

Senator BARRASSO. I firmly oppose what the President is doing here in this misuse, I believe, of taxpayer dollars, I think completely in violation of the law. This will come to additional concerns raised to you and those who work at the State Department for this mismanagement.

The United States national debt is currently \$19 trillion. We have struggling communities across this country in need of help.

There was a debate in Flint the other night. I just think it is hard to explain to taxpayers in struggling communities across our country, even places like Flint, that this President and this administration is willing to give \$500 million as a handout to foreign bureaucrats instead of addressing real problems here at home.

Thank you, Mr. Chairman. I have no additional questions.

The CHAIRMAN. Thank you.

I know that this is an issue that there are highly divergent views on the committee. There could equally be something that people on this side of the aisle thought was semi-controversial.

I do think the questions asked about how money is transferred like that would be good for all of us to know, regardless of how we feel about this particular issue. I do hope that something more forthcoming than what you just said will be shared in the near future, so that we can better understand that.

It really sort of breaks down trust in the process when money like this can be transferred out, and yet they are not appropriated and there is no program. So I look forward to working with you on that.

Senator CARDIN. Mr. Chairman, I agree with you on that. We should absolutely know that.

But my understanding is that came out of the appropriated account. So I am not sure there is a problem here.

The CHAIRMAN. So we had an appropriation for a Green Climate—

Ms. HIGGINBOTTOM. We have authorities to make the payment that we did to the Green Climate Fund.

Mr. Chairman, to your point, we would be pleased to engage with the members of this committee and talk further about that.

The CHAIRMAN. Okay. Thank you.

Senator Menendez?

Senator MENENDEZ. Thank you, Mr. Chairman.

That last line of questioning is probably one of the many reasons why a State Department authorization is so important.

Let me just thank you and Senator Cardin for focusing on this. This is something I wanted to do when I was chairman, and we worked together to try to get there. I think it is one of the most important things the committee can do.

In the absence of it, we basically allow the State Department, with all their good intentions, to decide what is the course without congressional direction and oversight.

I think about the world since 2002, which is the last time this body successfully acted the on reauthorizing legislation for the Department of State. We think about the 9/11 attacks that claimed the lives of so many Americans on American soil. We think about Afghanistan and Iraq.

But when you are a hammer, everything looks like a nail. And the reality is that there is a lot more to our challenges globally than looking at everything with a hammer. From migration crises to global epidemics to, regardless of views, global warming, to attacks on U.S. facilities and deaths of Foreign Service Officers, there is an incredible array of issues.

At least we should be equipping the State Department and USAID to deal with these challenges, even better to prevent them. But State and USAID, in my view, are not equipped. That is one of the primary reasons we have witnessed the growing militarization of American foreign policy, because DOD is equipped and authorized to do much.

So we saw so much of what should be the foreign policy elements and statecraft move from the State Department to the Department of Defense. The Department of Defense is great to defend the Nation, but not to promote our foreign policy.

I think we should credit our diplomats and development professionals for their work, which continues whether or not Congress passes authorizing legislation.

Certainly, those who work for you, Madam Secretary, for the department and for the Nation, conduct the business of diplomacy and development, despite the risks of life abroad, out of patriotism

and devotion and concern for future generations that characterize the very best in American values.

So I want to thank all the men and women of the State Department and USAID, in particular. I think our entire body should recognize those outstanding services.

What better way than to provide the resources, the guidance, and direction necessary to make this Nation speak with one voice, albeit in the many different languages in which our diplomats converse.

Now, I support the State Department budget. I would like to have this committee create some structure for it. I am one of those who believes that this is an importantly powerful use of American resources in a way that can generate far more successes than even the power of our bombs.

But I also think that the State Department needs to represent the diversity of the Nation. I am deeply disappointed. I have been working at this for 24 years, from the House of Representatives where I sat on the House Foreign Affairs Committee and in the 10 years I have been here privileged to serve on this committee in the Senate, and we just really have not made progress. We really have not.

This has expanded over multiple administrations, Republicans and Democrats alike. One of the most diverse countries in the world, our potential is unlimited. Unfortunately, minority communities have been historically underrepresented in both the State Department and USAID.

Now, last year, I offered language that Chairman Corker included in the State authorization bill that Congress, unfortunately, failed to enact. Those provisions expanded Pickering, Rangel, and Payne Fellowships to target State and AID minority recruitment. It expanded mid- and senior-career recruitment programs and initiatives, such as the International Career Advancement Program and the Global Access Pipeline. It strengthened oversight through additional reporting requirements on employment promotion and attrition rates, in addition to data on selection boards, mentorship, and retention programs, all things I think are necessary to institutionalize in order to have the diversity of America that is so important.

Just by way of example, it is not diversity for diversity's sake, Mr. Chairman. When I was in China, it was incredibly powerful to see one of our diplomatic core, an African-American who had gone through the struggles of the civil rights movement, talking to human rights activists and political dissidents in China. That was a powerful opportunity to have those who try to create change in China, change you and I and Senator Cardin all of us would like to see, but that might not have come through the same experience as someone else.

So at the same hearing last year, Madam Secretary, you presented a picture of the State Department that was innovating new programs for recruitment, retention, and advancement for minority populations. When we dug in, however, it was difficult to identify new initiatives, as opposed to expansion of existing initiatives.

So I would like to dig in, in my final minute here. Are there any really new programs? Not expansion—and I applaud that you have

included in your budget request some of what I tried to do last year. I will acknowledge that.

But I just got, after insisting a lot, I got the State Department's latest diversity statistics for full-time employment employees as of December 31, 2015. Senior Foreign Service Hispanic Officers, 4.58 percent. Senior Executive Service, 2.6 percent. Foreign Service generalists, 5.49 percent Hispanic, 5.44 percent African-American. Foreign Service specialists, we do somewhat better there, 8.89 percent Hispanic—of course, that is a smaller universe—and 8.9 percent African-Americans.

That is not progress. The Hispanic community in this country is growing and already represents 13 percent of the overall American population.

So can you speak to me about what we are doing—this is something I raised with you when you were up for your nomination and have raised since—to change this reality?

Ms. HIGGINBOTTOM. Senator, first, thank you for the words that you had for our department and for the Foreign Service Officers. It means a lot to them to hear people like you compliment their work.

Second, on the issue we have discussed before, and that you have raised on the diversity of our work force, you are right. We are expanding some of things that we are doing, because we have identified the things that we think most effectively enhance the diversity of our work force.

So like you and the bill last year, we are trying to expand the Pickering and Rangel fellowships because we see that as a particularly useful way of bringing in more diverse Foreign Service Officers.

The year-over-year data and the trends are good and moving in the right direction, but we can only hire to attrition in the Foreign Service. We are only bringing in a couple hundred officers a year. So it is going to take us a while to see the impact of really bringing in a more diverse work force.

I feel confident that we are moving in the right direction. We are not satisfied with it. We do not look at these numbers and say that we have accomplished our mission.

So we are increasing our budget request by 50 percent to do some of those things. We are expanding—again, because we think it is effective, and we have seen the data—the paid internship program that brings in underrepresented groups for two summers of service in the State Department and hopefully brings them into the process.

Secretary Kerry has asked all of his Assistant Secretary level and above officers to do domestic recruiting trips coordinated with our diplomats in residence, so we are hitting the right places. And we are using the tools that we have to make the progress that we need.

But we know we have a big challenge. That is bringing in more people but then ensuring that they stay and that they are in those senior leadership positions.

So we have just begun a partnership with the Cox Foundation to evaluate our mentorship and retention programs, because, again,



we want to make sure we are using the limited resources we do have in the most effective way.

So I am encouraged that there is progress. We are not satisfied with the result, and we have made it a top priority for the Secretary, for this administration, as reflected in the Quadrennial Diplomacy and Development Review.

As always, Senator, we want to take your good recommendations and advice as we try to do this work, because we share the same objectives and share some of your frustration as well.

Senator MENENDEZ. Mr. Chairman, just a comment.

I appreciate your answer, but after 24 years, I have heard much of the same. That is 2.5 decades almost.

This starts at the top. Like any organization, if at the top you say to those below you, "I will judge you in part by how you create diversity within your bureaus and departments," believe me, people will follow.

We just have not had that commitment. So I look forward to working with you and the committee to make it happen, not for diversity's sake alone, but for what it brings to our foreign diplomacy.

The CHAIRMAN. If I could, before turning to Senator Gardner, I think, let us face it, when you come in as Secretary of State, you want to be known for the diplomatic breakthroughs that you make. It is rare that we end up having a Secretary of State that actually focuses on building a department and the caring and feeding of troops. I think we have had one or two in recent times over short periods of time.

But that is why I think having a State Department authorization that stresses those things, and by law forces those kinds of things to be happening, with oversight, matters a great deal.

I want to thank you again for leading that effort with diplomatic security on the front end, and Senator Cardin and the rest of the committee for caring about us seeing this through.

Senator Gardner?

Senator GARDNER. Thank you, Mr. Chairman.

Thank you for being here to testify today.

I just want to follow up a little bit on what Senator Barrasso was talking about. Did Congress approved the Green Climate Fund?

Ms. HIGGINBOTTOM. Senator, as I said previously, we reviewed with our lawyers the authorities we had and had provided resources in accordance with authorities to meet what—

Senator GARDNER. Right. But the fund itself, I mean, it went into an account. Did Congress approve that account that it went into?

Ms. HIGGINBOTTOM. We have the authorities that Congress provided us to make that payment.

Senator GARDNER. But did Congress approve it?

Ms. HIGGINBOTTOM. Did Congress—

Senator GARDNER. The account, the Green Climate Fund.

Ms. HIGGINBOTTOM. They passed an appropriations bill that we have reviewed the authorities of and have used to make this payment.

Senator GARDNER. If I understand how this works, money came out of somewhere. Where did it come from?

Ms. HIGGINBOTTOM. The funding is from the Economic Support Fund accounts.

Senator GARDNER. Which specific line items?

Ms. HIGGINBOTTOM. The way the account works——

Senator GARDNER. And the Economic Support Fund does what?

Ms. HIGGINBOTTOM. It supports programming in lots of different countries to address a lot of different issues related to economic growth and opportunity.

Senator GARDNER. So we took money out of there, \$500 million. All that money came from that program?

Ms. HIGGINBOTTOM. Correct. It is a very large account, some of which——

Senator GARDNER. And you put it into a——

Ms. HIGGINBOTTOM. Excuse me. Some of which is directed toward countries and programs, and others that the department has the authority to allocate as it sees fit.

Senator GARDNER. So the department sees that allocation as it sees fit to put it into a Green Climate Fund that Congress did not approve.

Ms. HIGGINBOTTOM. Congress provided us with the authority to make this payment.

Senator GARDNER. But let us be clear, Congress never approved a Green Climate Fund, correct?

Ms. HIGGINBOTTOM. We proposed a budget that included support for the Green Climate Fund. We have reviewed our authorities——

Senator GARDNER. Has that budget been approved?

Ms. HIGGINBOTTOM. In fiscal year 2016, the——

Senator GARDNER. Has the President's budget, though——

Ms. HIGGINBOTTOM. We received an appropriations bill for fiscal year 2016. And from those resources, and reviewing our authorities, have determined we could make this contribution, which we have done.

Senator GARDNER. But the Green Climate Fund itself, just yes or no, this is a pretty simple answer, was it approved by Congress, yes or no?

Ms. HIGGINBOTTOM. Did Congress authorize the Green Climate Fund, no. It is not a——

Senator GARDNER. Okay, so you did not authorize—so how then——

Ms. HIGGINBOTTOM. Because——

Senator GARDNER. If Congress did not authorize the Green Climate Fund, as you just said, how can \$500 million go to—did you notify Congress of this?

Ms. HIGGINBOTTOM. The payment that we made did not require congressional notification in the traditional way that you would notify on funds through an appropriations process. Notifications have been made——

Senator GARDNER. Why would it not require——

Ms. HIGGINBOTTOM. Because the authority did not require it.

Senator, we would be pleased to provide to you and other members of the committee the legal analysis and rationale for how we did this.

Senator GARDNER. Of the \$54 billion the State Department has received fiscal year 2016, can all of that money be just reprogrammed by lawyers at the department?

Ms. HIGGINBOTTOM. The actual appropriation is \$50 billion, not \$54 billion, but no, it cannot.

Senator GARDNER. I am sorry, so it is—the actual is \$54.59 billion the actual fiscal year 2016, according to the documents we have from the committee.

Ms. HIGGINBOTTOM. Okay. So, no, no. There are certain accounts and provisions that have to be notified to Congress.

Senator GARDNER. So the Green Climate Fund was not authorized by Congress, no notification was given to Congress of this. When were you planning on notifying Congress of this?

Ms. HIGGINBOTTOM. Senator, as I said, we have reviewed the authority and the process under which we can do it, and our lawyers and we have determined that we had the ability to do it.

I pledge to you and to other members, we will be happy to provide that legal analysis and the additional details.

Senator GARDNER. So nothing is overfunded, you stated in your answer to Senator Barrasso. But now, you would then testify I guess with \$500 million gone, is the account that you just mentioned now underfunded?

Ms. HIGGINBOTTOM. Senator, I would not say it is underfunded. We proposed a budget that reflected the contribution to the Green Climate Fund, so as we allocated resources and planned for fiscal year 2016, and we submitted a budget that, actually, we received an appropriation above. So, no, nothing is overfunded, and we—

Senator GARDNER. So nothing is overfunded and nothing is underfunded now. Is that what you are saying?

Ms. HIGGINBOTTOM. Of course, we have to make tradeoffs in our budget all the time. Are we making \$500 million worth—

Senator GARDNER. So let me just ask you this, though, because I think this is the heart of the distrust between the executive branch and the legislative branch. I would say this no matter who is in the administration. I do not care what party they are in. The challenge is we have a Constitution that makes it very clear, that says appropriations are carried out by the legislative branch.

When you sit here before the American people and say that the Green Climate Fund was never approved by Congress and yet \$500 million just went to it, I do not think that lawyers can replace the Constitution. Lawyers do not replace the constitutional requirements that Congress approve these funds in this appropriation.

That money could have been—if there is money available, we have had arguments on the floor of the Senate for the past several weeks that, yes, this would take additional appropriations language, there is no doubt about it, but that \$500 million could have been put toward Flint, Michigan, with the appropriate language.

If this was money that was a tradeoff that could have gone to other nations, what about putting that toward Flint, Michigan? Sure, it would require appropriate language.

What about putting that money into an opiate bill that we talked about on the floor? Yes, it would take language by Congress to make that law happen.

But here we are, writing a \$500 million check from an account in the State Department to create a Green Climate Fund that Congress did not approve when we have been having arguments about where we are going to spend this money.

I think we wonder why the American people do not trust Congress, why they do not trust the administration? Here is a perfect example of why.

A couple other questions for you. I think in your testimony you stated that there was a breach, I will quote, “As the breach of our own unclassified email system in 2014 demonstrated, our adversaries see information handled by the Department—and many other U.S. Government departments and agencies—as a desirable target. Protecting our information as we face increasingly sophisticated, frequent, and well-organized cyberattacks is one of the Department’s top priorities.”

How much money is the State Department requesting in 2017 for cybersecurity efforts?

Ms. HIGGINBOTTOM. Senator, I will have to follow up and provide the exact amount, but we did ask for an increase. And we are undertaking several different lines of effort to improve the security and safety of our systems.

We have already implemented several measures, and we are working across the interagency with a team of experts to both architect some of the aspects of our system to make our information more secure, and also ensure we are learning across the Federal Government the best tactics to provide security.

So we did ask for additional resources in our central IT fund to make some of those upgrades that we are planning. We have also looked across all of our systems, our consular systems, our unclassified OpenNet system, to identify those vulnerabilities. I will not speak in more detail about them, but it is a very comprehensive—

Senator GARDNER. How long did it take to completely root out the 2014 breach?

Ms. HIGGINBOTTOM. I am sorry?

Senator GARDNER. How long did it take to completely root out and figure out the 2014 breach?

Ms. HIGGINBOTTOM. I do not have the exact amount of time, but we can follow up with you. It may be appropriate to do it in different setting.

Senator GARDNER. Thank you.

The CHAIRMAN. Thank you.

Senator Shaheen?

Senator SHAHEEN. Thank you, Mr. Chairman.

And thank you for being here, Deputy Secretary Higginbottom. I along with the rest of the committee look forward to hearing the explanation for how you are able to transfer funds into the Green Climate Fund. But I have to say that I, for one, am very glad that the United States is taking action to address climate change. I am very pleased that we joined more than 180 other nations in Paris to come to an agreement to address climate.

In my home State of New Hampshire, we are experiencing one of the warmest winters with the least snow we have ever seen. It

is having an impact on our ski industry. It is having an impact on our wildlife. It is having an impact on our energy use.

For those people who do not think we should be taking action to address climate change, I hope they would look at the science and recognize that this is a very important issue, and it is very important for us in the administration and Congress to address it.

So thank you very much.

I want to ask about the strategy behind the new Global Engagement Center, which has replaced the Counterterrorism Strategic Communications Center. I sit on both the Armed Services Committee and this committee, and one of the things that has come up repeatedly has been the ability of our enemies, whether it be ISIS or other foreign powers, to use propaganda to promote their goals.

When I ask questions about what we are doing in response to that, it is very hard to get an answer that acknowledges the coordination that needs to go on and how various departments and agencies are working together to address this concern.

So can you talk about that, and can you also talk about how this engagement center is going to work with the Department of Homeland Security, how you are going to work with efforts in the Department of Defense to respond to both countering violent extremism and the other propaganda efforts that are underway?

Ms. HIGGINBOTTOM. Yes, thank you very much, Senator.

We took a hard look at the work that we were doing to counter violent extremist messaging and propaganda, and in partnership with the private sector and others determined that we did not have the right approach. It was not as effective as we wanted it to be.

So the Global Engagement Center, which is being led by a former Assistant Secretary from the Department of Defense, is really about building partnerships with both the private sector and countries around the world, because we recognize that while we have an important role to play in developing some content and working with our partners, we are not always the best deliverer of those messages, and we need to bring other people into this effort. That is a big part of the approach.

As you point out, this is a government-wide effort, both countering violent extremism but also in the messaging. So we are ensuring that this model is really about building the partnerships and communication coordination and getting the appropriate messages out, delivered by the right people who are the more effective messengers.

So we have really, really changed how we are doing this work and, in making this shift, consulted with some experts in Silicon Valley and other places who are very engaged in how you reach people over social media and brought those lessons-learned into this as well.

Senator SHAHEEN. So do we have any recent success stories that we can speak to, or specifics about how this is actually getting it done?

Ms. HIGGINBOTTOM. Senator, I hope we will soon. We have a lot of success stories about the sort of hub and spokes that we are establishing in different parts of the world, Southeast Asia, the Middle East, to be our partners. But we are just now standing up with Assistant Secretary Lumpkin and his team the real work.

But we have laid a lot of the groundwork, so I hope we can update you soon with some more specific examples of the success we are having and why this approach is the right one to take.

Senator SHAHEEN. I know that the Broadcasting Board of Governors is designated as an independent agency, but clearly, they are doing work that is very important to this effort. And the more coordinated we can be, the more successful we will be. So can you talk about how what this new center will be doing will be working with BBG on their efforts?

Ms. HIGGINBOTTOM. Thank you, Senator.

The Under Secretary for Public Diplomacy, Rick Stengel, is on the BBG board and very engaged with their efforts and also leading our effort with Michael Lumpkin on the Global Engagement Center. So we have good coordination and means of communication there.

It is an independent agency, but certainly, we should understand all the tools at our disposal, and it is in all of our interests to be engaged in this.

So there is a good way for us to communicate and to do it in a way that is appropriate, given their independent nature.

Senator SHAHEEN. I want to go back and pick up on the issue that Senator Murphy raised about the refugee situation, because as we look at the increasing numbers of refugees, the threat that that poses to Europe, to the EU, as we look at the challenges that our allies Jordan and Lebanon and Turkey are having with their refugee camps, I would urge that we should be increasing those budgets, rather than decreasing them.

If one of our allies in the Middle East who has significant numbers of refugees falls apart because of the numbers of refugees in that country, it is going to be a whole lot more expensive than increasing the funding that we can make in those humanitarian efforts and providing the food and assistance that they will need.

So can you speak to what more we ought to be doing to address that?

Ms. HIGGINBOTTOM. Thank you, Senator.

The United States is the largest contributor of humanitarian aid in the world. We do not see any scenario in which that is likely to change in the short term. But what we have recognized, from the President to the Secretary and on down, is that to really deal with the scale of the crises we are facing right now, we need more people, more countries to be supporting the U.N. system, the humanitarian system, as well as to accept refugees, even those countries that are doing a lot already.

Certainly, some of those that you mentioned, Jordan, Lebanon, others, are really on the frontlines. But a lot of countries are doing a lot, and we need even those countries to step up and do more.

The President will be working, as will the Secretary, to engage their colleagues around the world to try to get those commitments.

We see that as really the important step of making the system more efficient, aligning ourselves so that the U.N. system can be even more effective, but also trying to get additional countries into the space in whatever way they can. For some, it is providing education and training opportunities. For others, it would be accepting refugees. Certainly, humanitarian aid, as well.

Senator SHAHEEN. I certainly support that effort. But it is hard to have conversations with some of the countries that we are calling upon who come back and say, well, the United States is accepting a very small number of refugees. The United States has not been willing to support—Lebanon, 25 percent of its population, for example, are refugees.

So to say to a country like that, “You need to be doing more,” I think, given our size, given our budget, it is hard to make that argument in a way that really is heard as being serious.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Thank you very much.

Senator Cardin I know had some additional comments and questions.

Senator CARDIN. Well, I have some comments, Mr. Chairman. Thank you again for this hearing. The bottom line is, we need to pass an authorization bill.

Just in regard to the climate fund, I just really want to make a couple statements. First, I agree with you on transparency and information to our committee. I fully support that. I think we need to be kept totally apprised.

Climate change is a huge issue for the security of America. What happened in Paris with 190 nations coming together was a major milestone.

As we move forward, we need to find a bipartisan path where we support these efforts. Many of us who strongly support what the administration is doing have reached out and will continue to reach out, so that we can have bipartisan support for America’s leadership on this issue. It is important to our national security, as our military has suggested. It is also important for our environmental legacy and our economic future.

Having said that, the legal authority in regard to supporting the climate fund was never in doubt. I would just remind the committee of the discussions on the omnibus appropriations bill. This was an issue that was in discussion, the President’s authorities. It was clear that his authority would not be limited.

It is not unusual to use these funds to contribute to international efforts. This is not a U.S. fund. This is an international fund. This is not something that we created, that the President created. It was international efforts.

We have contributed to international refugee efforts that have been named, and we have not authorized specifically appropriations to those funds. The administration uses its legal authority that it has on appropriated funds.

So I do not think this is that unusual, except it is controversial, I would agree with the chairman. And I would urge the chairman’s advice on transparency be adhered to, because I agree with the chairman on that point.

The CHAIRMAN. Well, thank you very much, Senator Cardin. I appreciate that.

I appreciate you being here today. I know there is a lot of work that we have to do together to craft something that we can actually put into law. Your testimony today has been helpful toward that end. We appreciate it. And we look forward to you continually working with us until we get something across the finish line.

I know there will be a number of questions by other members. First of all, without objection, the record will be open through the close of business Thursday. If you could get back fairly quickly with responses, we would appreciate it.

The CHAIRMAN. Again, we thank you and the people who are with you for your service to our country.

With that, the meeting is adjourned.

Ms. HIGGINBOTTOM. Thank you, Mr. Chairman.

[Whereupon, at 11:34 a.m., the hearing was adjourned.]

## Additional Material Submitted for the Record

RESPONSES TO QUESTIONS FOR THE RECORD SUBMITTED TO DEPUTY  
SECRETARY OF STATE HEATHER HIGGINBOTTOM BY SENATOR JEFF FLAKE

*Question 1.* In making this request, has the administration considered the potential impact that U.N. recognition of a Palestinian state in the absence of direct negotiations with Israel would have on U.S. national interests?

Answer. We continue to oppose Palestinian efforts to join specialized agencies at the United Nations. We believe that Palestinian efforts to pursue endorsements of statehood claims through the U.N. system outside of a negotiated settlement are counterproductive.

However, it does not serve the U.S. national interest to respond to Palestinian efforts or those of their allies by withholding our contributions to U.N. specialized agencies. Withholding of U.S. contributions could hinder the U.N. specialized agencies from carrying out work we value highly, limit U.S. influence in these organizations, and undermine our ability to pursue important U.S. objectives—such as working against anti-Israeli resolutions and initiatives.

This request seeks Congressional support for legislation that would provide the administration with the authority to waive restrictions that currently prohibit paying U.S. contributions to the United Nations Educational, Scientific, and Cultural Organization (UNESCO). The U.S. position and support for a two-state solution has not changed.

U.S. leadership in UNESCO is critical in combating anti-Israel bias, promoting freedom of expression, and countering violent extremism. U.S. leadership in UNESCO also supports implementation of the 2030 Agenda for Sustainable Development, including in the areas of education, gender equality, promoting the health of our oceans and improving weather forecasting, leveraging traditional donor resources by driving innovation and science and technology, and protecting fundamental freedoms and promoting the rule of law. During the 39th UNESCO General Conference in November 2015, the United States secured the removal of inflammatory language in an Arab Group resolution on the Western Wall, and we are consistently the only reliable “no” vote on anti-Israel resolutions, while expanding the number of member states who have supported our position in defense of Israel in key resolutions. The United States has also consistently been the primary supporter for UNESCO’s unique Holocaust education program, which due to budget shortfalls is at risk of ending.

*Question 2.* How are U.S. national interests served by contributing to UNESCO?

Answer. U.S. leadership in the United Nations Educational, Scientific, and Cultural Organization (UNESCO) is critical in combating anti-Israel bias; promoting freedom of expression; countering and preventing violent extremism; supporting implementation of the 2030 Agenda for Sustainable Development, including in the area of education; gender equality; promoting the health of our oceans and improving weather forecasting; leveraging traditional donor resources by driving innovation and science and technology; and protecting fundamental freedoms and promoting the rule of law.

The administration continues to oppose unilateral actions in intergovernmental bodies that circumvent outcomes that can only be negotiated between Israel and the Palestinians, including Palestinian statehood. However, it does not serve the U.S. national interest to respond to Palestinian efforts or those of their allies by withholding our contributions to U.N. specialized agencies. Withholding of U.S. contributions could hinder the U.N. specialized agencies from carrying out work we value



highly, limit U.S. influence in these organizations, and undermine our ability to pursue important U.S. objectives—such as working against anti-Israeli resolutions and initiatives.

Over our objections, the member states of UNESCO voted to admit the Palestinians as a member state in 2011. The United States has not paid any part of the U.S. assessments to UNESCO for calendar years 2011 through 2016 as required by current law. As a result of our arrears, the United States lost its vote in the UNESCO General Conference in 2013.

Because of specific benefits of full participation in UNESCO, the Department seeks Congressional support for legislation that would provide the administration with the authority to waive restrictions that currently prohibit paying U.S. contributions to UNESCO. The FY 2017 request includes transfer authority to pay up to \$160 million (approximately two years' worth) of outstanding assessments to UNESCO, should such a waiver be enacted.

*Question 3.* This year's request includes \$806 million for "base budget" funding and \$1.58 billion for OCO-designated contributions to international peacekeeping missions. FY 2017 "OCO missions" include UNDOF, UNIFIL, ICTY, UNOCI, UNAMID, UNSOS, MONUSCO, MICT, UNISFA, UNMISS, and MINUSMA. All of the "OCO missions" detailed in the budget request have been in force for years, and some of them have been ongoing since 1974, 1978, and 2003.

- Does the Department intend to pay for all of these outlined missions solely with OCO-designated funds?

Answer. The request for all the missions listed above with the exception of the U.N. Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) is to fund them through OCO in FY 2017. The assessment for the U.N. Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) will be funded using both Enduring and OCO funds.

*Question 4.* What criteria does the Department use in determining what missions will be "OCO missions" and which ones will not be?

Answer. The FY 2017 OCO request reflects the Bipartisan Budget Agreement (BBA) increased allocation for OCO in both the CIO and CIPA accounts.

The OCO allocation for CIO represents a slight expansion over past congressional practice, adding the U.N. special political missions in Libya and Somalia to the previously OCO-funded missions in Iraq and Afghanistan. The FY 2017 CIPA OCO request aligns with intent of the administration and the FY 2016 Statement of Managers which states that OCO funds may be used to prevent, address, and help countries recover from manmade-caused crises and natural disasters, particularly in Africa and the Near East.

This informed the identification of nine ongoing peacekeeping missions and three war crime tribunals to be funded with OCO in FY 2016. These were continued in FY 2017, with the following exceptions: the deletion of one war crime tribunal, ICTR, and one mission, UNMIL, which are both projected to close in FY 2017, as well as the addition of one mission, UNSOA, which per the appropriations language is funded by the Peacekeeping Operations account in FY 2016.

*Question 5.* The budget request states that the OCO funding mechanism will allow "the Department to deal with the extraordinary activities critical to our immediate national security objectives." How are some of these missions—which have been around for so long they practically are a part of our base budget—"critical to our immediate national security objectives?"

Answer. The United States benefits from the work of United Nations missions worldwide, whether shorter-lived political mediation efforts or longer-term peacekeeping operations. The U.N.'s long-standing missions play an important role in preserving international peace and security, often in areas with asymmetric threats, supporting efforts to find enduring political solutions to seemingly intractable or volatile disputes, as we have seen in Lebanon and elsewhere in the Middle East, the Democratic Republic of Congo, Mali, and South Sudan, to name a few. These situations are often in flux, and the political and security environment can shift dramatically.

Most missions have a very difficult task that requires grit, patience, and flexibility—to move a political peace forward even with the threat of conflict. South Sudan's mission started as support to state-building for a new nation, for example, but today it shelters over 200,000 civilians fleeing a civil conflict. In Mali, efforts for a political peace are bearing fruit even as extremists challenge peace across the region. Thus, we look hard at these operations, but when we support them it is be-

cause they are critical partners in support of U.S. objectives. We continue to support missions and actions that can help lead to the needed political solutions.

We also know that missions that are winding down face critical transitions, such as in Liberia and Cote d'Ivoire, where force reductions reflect the on-going transfer of responsibility to the government and the people of those countries.

Thus, we remain focused both on how current missions can be successful, and how they can be appropriately reduced or reshaped as the situation requires. As you know, we review the mandates of each peacekeeping mission constantly, and months before the Security Council considers a mandate renewal we analyze a mission's alignment of tasks, strategic objectives, and ability to deliver on the mandate. This analysis is informed by visits to peacekeeping operations by State Department officers.

The United States continues to support renewals of the mandate of the United Nations Interim Force in Lebanon (UNIFIL), created in 1978, as an important element in promoting Lebanon's sovereignty and stability and countering violent extremism in the region. UNIFIL's presence in southern Lebanon, in support of the Lebanese government's extension of state authority, also helps contain tensions along the border with Israel. We also support this goal through our bilateral efforts to train and equip the Lebanese Armed Forces, which work alongside UNIFIL to maintain stability.

The U.N. Mission in Liberia (UNMIL), established in 2003, has been a key part of the U.S. strategy to promote security and stability in Liberia. The Liberian security agencies, including the Liberian National Police, have now assumed responsibility for day-to-day security and require little to no UNMIL support in response to riots or other serious disturbances. Given these positive developments, the United States supported the Security Council's decision in September 2015 to reduce UNMIL's military and police components, in anticipation of the transition of full responsibility for security to the Government of Liberia (GOL) on June 30, 2016. Based on the results of that transition and the overall situation in Liberia, the Security Council will consider in December 2016 whether to extend UNMIL's mandate or transition to some other form of U.N. support.

*Question 6.* The Bipartisan Budget Act from last year sets "targets" on OCO funding of \$14.9 billion for each fiscal year 2016 and 2017 for the international affairs budget function. These targets are not caps, and there is nothing that would prevent Congress from appropriating additional OCO funds beyond these targets. The administration's OCO request for international affairs for FY 2017 is \$14,894,989,000.

- Do you see any reason why OCO funding for State and Foreign Operations accounts should be increased beyond what you've requested in this fiscal year?
- What challenges does it present to the State Department from a budgeting perspective when Congress appropriates more in OCO funds than the administration requested?

*Answer.* The FY 2017 Request is in line with the OCO levels set in the Bipartisan Budget Agreement (BBA) of 2015. This agreement provided a higher percentage of the Department's resources in OCO than has been the case in recent years. Consequently, the Department shifted a number of programs into OCO that were traditionally funded from Enduring. In the FY 2017 Request, OCO funds support programs that will allow the Department of State and USAID to prevent, address, and recover from man-made crises and natural disasters and secure State and USAID global operations. While the Department acknowledges the current challenging fiscal climate which necessitated this shift from base to OCO, an appropriation that increases OCO above the FY 2017 request would prove challenging to accommodate, given the number of programs remaining in the Enduring request that could not fit an OCO definition.

The BBA infusion of OCO funding also complicates budget execution because OCO funding must be managed separately from Enduring funds. OCO and Enduring funds must be kept separate and therefore accounting procedures must be employed to avoid comingling of funds. Additionally, OCO funding is intended for use in specific situations. This reduces the resources available to the Department of State and USAID when unexpected contingencies arise in programs and regions that do not generally program OCO funds.

Base funds are critically important to ensuring long term support for critical Department of State and USAID programs. We look forward to working with Congress to re-establish the Department's Enduring base funding as we move toward the FY 2018 budget.

*Question 7.* The Department is requesting \$150 million in OCO-designated funding for a new account called the “Mechanism for Peace Operations Response,” which will “support critical requirements for peace operations and activities that emerge outside of the regular budget cycle.”

- Can you provide examples of instances in which these funds might be used?

Answer. In recent years, the Department has faced the recurring challenge of addressing unanticipated requirements in support of peacekeeping operations, including U.N. peacekeeping operations, and activities that emerge outside of the regular budget cycle. An example of an instance in which the Mechanism for Peace Operations Response might be used includes providing support, if needed, for the United Nations Mission in Liberia (UNMIL). As of the submission of the FY 2017 President’s Request UNMIL is projected to close, which is contingent upon an assessment of the political and security situation in the country. Should the U.N. Security Council decide to extend the mission, the MPOR account could support the assessment. More broadly, the Mechanism could provide support to missions involving the United Nations, regional security partnerships, coalition peacekeeping efforts, or forces which promote the peaceful resolution of conflict.

*Question 8.* Between the Peacekeeping Operations (PKO) account and the Contributions to International Peacekeeping Activities (CIPA) account, why is this new account necessary, especially considering that the administration is requesting \$350 million in OCO funding for the PKO account and \$1.58 billion in the CIPA account?

Answer. The administration seeks the Mechanism for Peace Operations Response (MPOR) in order to have the flexibility to respond to urgent and unexpected peacekeeping requirements, both assessed (via the Contributions for International Peacekeeping Activities (CIPA) account) and voluntary (via the Peacekeeping Operations (PKO) account). The administration’s request for the CIPA and PKO accounts are supporting known, identified missions and efforts; the CIPA request supports ongoing missions and the PKO request supports critical bilateral and regional peacekeeping, counterterrorism, and security sector reform efforts.

MPOR will address the unpredictability continuously demonstrated in the requirements of the CIPA and PKO accounts. The Mechanism will provide the administration with the ability to respond expeditiously to unforeseen requirements without the risk of endangering critical, ongoing, budgeted peacekeeping efforts or other national security priorities.

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RESPONSE TO A QUESTION FOR THE RECORD SUBMITTED TO DEPUTY  
SECRETARY OF STATE HEATHER HIGGINBOTTOM BY SENATOR CORY GARDNER

*Question 1.* On March 8, 2015, the administration announced that it has contributed \$500 million to the United Nations Green Climate Fund (GCF). As you stated during the hearing before the Senate Foreign Relations Committee, the GCF was not authorized by Congress, no funds were ever appropriated for the GCF, and the \$500 million was reprogrammed from the Economic Support Fund (ESF). You also stated that this action was based on a legal analysis performed by the State Department prior to the release of these funds. By no later than March 17, 2016, will you provide a detailed legal justification to the Senate Foreign Relations Committee pertaining to the \$500 million disbursement to the GCF?

Answer. The Department issued a grant to support the activities and programs of the Green Climate Fund (GCF) from resources provided in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016 (Div. K, P.L. 114–113) (SFOAA). Specifically, Congress provided \$4.3 billion in the SFOAA for the Economic Support Fund (ESF), which is appropriated to carry out chapter 4 of part II of the Foreign Assistance Act. These ESF authorities are used to fund a variety of foreign assistance programs, including environmental programs. The ESF account is a primary account through which the administration requested funding to support the GCF in the President’s FY 2016 Budget Request. While over one-half of the ESF account is earmarked for specific programs or activities, the remainder is available for other programs to carry out the ESF authority in the Foreign Assistance Act and is available to provide grants to support environmental programs.

The Department used a portion of the unearmarked ESF funds for the grant to support the GCF. This use of funds is consistent with the authorities in the FAA and the SFOAA, and it is clearly within the amounts appropriated for ESF in the SFOAA. Moreover, provision of ESF funds to support environmental programs, including through grants to multilateral trust funds, is consistent with longstanding practice.

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RESPONSE TO QUESTIONS FOR THE RECORD SUBMITTED TO DEPUTY  
SECRETARY OF STATE HEATHER HIGGINBOTTOM BY SENATOR DAVID PERDUE

*Question 1.* What progress has been made on the notification of all investigations? Is the IG notified of all appropriate investigations (define what you consider appropriate)? If so, how soon is the IG notified of the investigations? What progress is being made to ensure that there's more transparency in investigations at State?

Answer. The Department recognizes and embraces the indispensable role the Department's Office of the Inspector General's (OIG) fulfills in providing oversight for diplomatic initiatives, programs, and personnel around the world. The OIG's expansive responsibilities to guard against fraud, waste, and mismanagement, inspect each of the approximately 260 diplomatic facilities worldwide, and conduct inspections evaluations, and audits in support of the Department's mission help to strengthen public trust by ensuring taxpayer dollars are spent in an effective, judicious manner.

The Department has a longtime practice of referring cases to the OIG and working collaboratively with the OIG. Moreover, the Department continues to engage OIG in discussions on how the various investigating bodies within and outside the Department can coordinate and deconflict their efforts so as to avoid inefficiencies.

In this regard, the Bureau of Diplomatic Security (DS)'s Office of Special Investigations (OSI) passes all cases involving the Senior Foreign Service, generally within one week of receiving an allegation, otherwise as soon as possible after the facts of wrong-doing can be established. The OIG frequently requests information on specific DS investigations, which DS has continued to fulfill.

DS also coordinates closely with the Department of Justice in investigating passport and visa fraud, mishandling of classified information and other allegations of criminal misconduct.

In addition to DS, other entities are specifically entrusted with investigating particular types of allegations that fall outside OIG's traditional core competences. For example, Hatch Act violations and whistleblower disclosure/protection are investigated and prosecuted by the U.S. Office of Special Counsel (OSC). Complaints of discrimination and harassment are investigated by the Department's Office of Civil Rights and adjudicated by the Equal Employment Opportunity Commission (EEOC) and/or federal district courts.

The Merit Systems Protection Board (MSPB) adjudicates grievances and appeals of adverse personnel actions. Certain other matters may technically fall under the broad jurisdiction of the OIG but, as a practical matter, are more efficiently addressed at the administrative or management level or by the Department's Office of the Ombudsman. Examples include, but are not limited to, time and attendance violations, non-fraudulent misuse of government credit cards, and workplace conflict not involving violence or threats of violence.

Employees are encouraged to report alleged misconduct and should feel free to bring their complaints to the attention of entities that are best suited to investigate such allegations.

*Question 2.* Could you give me an update on where creating an independent IT network for the State IG stands today? Have improvements been made to ensure the security of the IG's networks?

Answer. OIG's Security and Modernization Project (Project) is underway with migration scheduled for this summer. OIG's network and systems will be independently managed by OIG and will be separate from the Department's existing IT environment. The Project enhances OIG's independence and overall IT security. To successfully complete the Project on time, OIG continues to rely on the Department for its cooperation. As an interim step to ensure the security of OIG's network and systems, OIG and the Department executed an agreement requiring notification to OIG whenever the Department accesses OIG information. OIG is also working to establish an agreement with the Department to leverage OIG's remote access system as the primary means for OIG end users to access Department resources from the OIG IT environment.

*Question 3.* Recently, the Department had an interesting, unintended experiment. Due to the federal pay freeze from 2011-2013, local staff wages fell below the 50th percentile at some posts. Since then, State has been steadily increasing wages since the freeze was lifted in 2014, and now has adopted a policy that local staff wages at every post will be at least the 60th percentile of the prevailing wage for employment in that labor market. When some of these local wages fell below the 50th percentile, did you see a massive decrease in applications to work at American embassies? Did local employees quit en masse?

Answer. The Department manages separate compensation plans at almost 180 different Missions all around the world; therefore, it is somewhat difficult to make generalizations.

However, during the 2011–2013 wage freeze, the Department did experience an increase in attrition at almost all of our overseas Missions. There was a significant increase in attrition at some missions, especially for higher graded positions where more qualified and experienced employees have more employment options outside of our Missions. Many of our Missions also reported a higher number of preferred candidates refusing our salary offers. Other Missions reported a significant reduction in the number and/or quality of applicants they received as compared to before the wage freeze.

No groups of employees quit en masse. However, many missions reported threats of strikes, work slowdowns, “sit-ins” and “sick-outs.” After discussing the consequences of these actions with Locally Employed (LE) Staff, no serious actions actually occurred, but it was clear that at many of our posts our LE Staff wanted to send an unambiguous message to mission management of their intense dissatisfaction with the lack of wage increases. Several missions reported large numbers of LE Staff wearing black armbands or black tee-shirts in protest. Universally, missions reported a steep decline in morale among LE Staff and a lingering sense of unhappiness and mistrust, which continues even now.

Disturbingly, in the world’s poorest regions, mission management reports genuine concerns about our LE Staff in lower graded positions falling below the poverty level. In places like Port au Prince, Haiti, Port Moresby, Papua New Guinea, and Managua, Nicaragua, for example, mission management report that our LE Staff in lower graded positions have difficulties feeding, clothing, and educating their families. The Department reacts quickly to changes in minimum wage and as soon as the wage freeze was lifted prioritized missions that had fallen furthest below the 50th percentile as compared to their labor market targets and made timely adjustments at these posts, when warranted.

*Question 4.* Could you explain why the Department set a policy to pay local staff at posts at the 60th percentile or more of their local labor markets? What is the justification for the 60th percentile?

Answer. The Department endeavors to compete with other progressive local, multi-national and international employers in each of the labor markets where we employ local staff in support of our Missions.

After the three-year wage freeze, the Department developed a policy and strategy to adjust the compensation of local staff in their respective local labor markets. In an effort to recalibrate the market position of our employees in their local labor market, the Department began moving employees from the 50th percentile of their local labor market (an average position in the market) to the 60th percentile of their local labor market when setting salary rates. As we continue to calibrate labor market positions consistent with the policy, the Department developed criteria to determine how competitive a Mission needs to be in the local labor market based on a set of factors applied globally. These factors are: a) attrition, b) recruitment, c) economic and political uncertainty, d) unemployment, and e) unique labor market conditions. A review of these factors at each Mission is used to determine if placement should be at the 60th percentile or higher in order to recruit and retain the caliber of local staff needed to ensure our Missions advance our priority policy and programmatic objectives.

*Question 5.* I understand that not all Embassy Construction money that was previously budgeted has been obligated. How much is unobligated of prior-year funds? Why has that money not been spent yet? Why is the State Department requesting a 6% increase in Embassy Construction funds, when you still have significant carry-over from prior years?

Answer. Due to the multi-year nature of the Department’s overseas construction projects, the Embassy Security, Construction, and Maintenance (ESCM) account is a no-year appropriation that is available until expended. The Department, with congressional encouragement, budgets the full cost of each project up front, but those

funds are obligated over several years through the life of the project. Typically, 60-70 percent of the budget is obligated in the first year with the award of the construction contract. The remaining 30-40 percent is obligated in subsequent years for ongoing project costs such as the Department's on site project supervision and construction security, telephone systems and furniture, and construction contingency.

There is currently \$8.6 billion unobligated in the ESCM account, of which \$8.0 billion, or 93 percent, is dedicated to over 80 major construction and renovation projects that are in various stages of design or construction. Nearly \$3 billion of this is for projects with planned construction contract awards by the end of 2016.

All of the unobligated funding is associated with ongoing projects and will be obligated as those projects are completed. Therefore, it is not available for new projects to offset the amounts requested in the FY 2017 budget. In the event that projects have remaining balances upon completion, the Department will apply those funds to future projects via the congressional reprogramming process.

The 6 percent increase requested in FY 2017 is associated with an increase in Overseas Contingency Operations (OCO) funding to support the final components of transition in Kabul. The FY 2017 ESCM request for Kabul is \$282 million, which is an increase of \$158 million over the FY 2016 appropriation. Excluding the increase for Kabul, the remainder of the ESCM request is actually a \$23 million decrease from the FY 2016 level.

*Question 6.* Per your commitment in the hearing, could you supply any information you have on these new embassy construction projects, including location, projected timeline, projected cost, and justification for each project? Is it possible to make this information more easily accessible in a single location?

Answer. The FY 2017 request includes funding for the following projects:

*Guatemala City, Guatemala*

- Prior Year Funding: **\$37.5 million**
- FY 2017 Request: **\$462.0 million**
- Total: **\$499.5 million**
- Anticipated Contract Award: **July 2017**
- Anticipated construction completion: **Summer 2021**

The existing U.S. Embassy in Guatemala City, Guatemala, is one of the Department's most vulnerable facilities. It does not conform to current Department security, co-location, and operational requirements. The construction of a New Embassy Compound (NEC) is the only feasible alternative to provide a consolidated, secure, safe, and functional embassy.

The NEC will include a new chancery, Marine security guard residence (MSGR), support and warehouse facilities, a utility building, perimeter security, parking, and community facilities.

*Kampala, Uganda*

- Prior Year Funding: **\$16 million**
- FY 2017 Request: **\$473.0 million**
- Total: **\$489 million**
- Anticipated Contract Award: **September 2017**
- Anticipated construction completion: **Fall 2021**

Some of the facilities in Kampala, Uganda, do not conform to current Department security, co-location, and operational requirements. Embassy facilities are also plagued with severe space shortages and overcrowding. This project is the only feasible alternative to provide a consolidated, secure, safe, and functional embassy in Kampala.

This proposed project includes a new office annex building (NOX) with controlled access area (CAA) space, the renovation of the existing chancery and USAID annex, new support and community facilities, a new utility building, parking, and perimeter security.

*Nairobi, Kenya Phase I*

- Prior Year Funding: **\$8.4 million**
- FY 2017 Request: **\$122.4 million**
- Total: **\$130.8 million**
- Anticipated Contract Award: **September 2017**
- Anticipated construction completion: **Fall 2019**

Some of the facilities in Nairobi, Kenya, do not conform to current Department security, co-location, and operational requirements. The maintenance shops and support facilities are currently located off-compound or in temporary structures and there are tenant desk positions located off-compound. In addition, the number of desk positions has nearly doubled since original occupancy, and the most recent rightsizing report projects further growth. This project is the only feasible alternative to provide a consolidated, secure, safe, and functional embassy in Nairobi.

The Department will construct the Nairobi project in two phases. Phase 1 is in the FY 2017 request and includes a new support annex, maintenance shops, official parking, utility upgrades, and perimeter security facilities. Phase 2 is currently planned for FY2019 and will include an office annex building, a staff parking garage, renovation of existing offices, additional utility upgrades and additional perimeter security facilities.

*New Delhi, India Phase 1*

- Prior Year Funding: **\$47.3 million**
- FY 2017 Request: **\$793.7 million**
- Total: **\$841 million**
- Anticipated Contract Award: **September 2017**
- Anticipated construction completion: **2024**

The existing U.S. Embassy in New Delhi, India is one of the Department's most vulnerable facilities. It does not conform to current Department security, co-location, and operational requirements. Redevelopment of the existing compound is the most cost-effective alternative to provide a consolidated, secure, safe, and functional embassy in New Delhi.

The Department will redevelop the existing compound in two phases. Phase 1 is planned for FY 2017 and includes a new office building, MSGR, support annex and warehouse, a utility building, and perimeter security. Phase 2 will include the renovation of the existing chancery. This phase will take place after the completion of Phase 1, which is in 2024.

*Paris, France MSGR/Parking Garage*

- Prior Year Funding: **\$5 million**
- FY 2017 Request: **\$54.1 million**
- Total: **\$59.1 million**
- Anticipated Contract Award: **September 2017**
- Anticipated construction completion: **October 2019**

The Department is in the process of replacing MSGRs with react times over thirty minutes. The current MSGR in Paris is approximately 40 minutes away from the embassy. To improve reaction time, the Department will construct a new MSGR, an underground parking garage for official vehicles, and perimeter security on government-owned property, proximate to the chancery.

*Question 7.* How many ongoing embassy construction projects are included in this year's request? Please specifically outline each continuing construction project, along with the projected timeline, cost, and justification for construction or upgrades. How often are you able to add a construction project that was not in your annual spend plan? How often are contractors' bids less than what you budgeted for the project?

*Answer.* The FY 2017 request includes funding for the construction of several major projects that are currently under design. They include new embassy compounds in Guatemala City; new annexes and security upgrades in Kampala, Nairobi, and New Delhi; a Marine security guard residence and official parking structure in Paris; and the major rehabilitation of embassy facilities in Athens and Moscow. The request also includes construction funding for security and renovation projects in Kabul. These are the only construction projects for which funding is requested in FY 2017.

In addition to the projects included in the FY 2017 request, the Department has 75 ongoing major projects that were funded in prior years. All of these projects are at locations that are among the Department's most vulnerable, with facilities that do not conform to security standards and/or do not meet co-location or operational requirements. The construction of new facilities is the only feasible option to provide a consolidated, secure, safe, and functional embassy or consulate. The complete list of projects in design or under construction, as of March 15, 2016, is detailed below.

## Ongoing Embassy Construction Projects

| Post                 | Type of Project                  | Total Budget<br>(1,000's) | Planned<br>Completion<br>Date |
|----------------------|----------------------------------|---------------------------|-------------------------------|
| Amman .....          | NOX and chancery rehab .....     | 224,600                   | Oct-18                        |
| Ankara .....         | NEC .....                        | 528,100                   | Sep-19                        |
| Ashgabat .....       | NEC .....                        | 271,670                   | Jul-18                        |
| Asuncion .....       | NEC .....                        | 234,682                   | Aug-20                        |
| Athens .....         | Compound rehab .....             | 317,000                   | Feb-21                        |
| Beijing .....        | Annex .....                      | 135,100                   | Mar-16                        |
| Beirut .....         | NEC .....                        | 1,167,100                 | 2022                          |
| Belmopan .....       | MSGR .....                       | 21,700                    | Apr-17                        |
| Belo Horizonte ..... | COB .....                        | 42,292                    | Oct-17                        |
| Berlin .....         | Annex rehab .....                | 91,300                    | May-18                        |
| Bishkek .....        | Annex .....                      | 170,800                   | Oct-16                        |
| Brasilia .....       | Housing rehab .....              | 2,300                     | Jan-17                        |
| Brazzaville .....    | Warehouse/shops .....            | 21,900                    | Feb-17                        |
| Brussels .....       | NATO HQ fitout .....             | 132,508                   | Sep-16                        |
| Colombo .....        | NEC .....                        | 342,100                   | Jan-20                        |
| Dhahran .....        | NCC .....                        | 339,300                   | Sep-19                        |
| Dhaka .....          | Housing redevelopment .....      | 9,460                     | Jul-17                        |
| Dushanbe .....       | Warehouse .....                  | 21,500                    | May-17                        |
| Erbil .....          | NCC .....                        | 655,871                   | TBD                           |
| Georgetown .....     | Chancery/Warehouse rehab .....   | 50,800                    | Oct-16                        |
| Guatemala City ..... | NEC .....                        | 499,500                   | Aug-21                        |
| Guayaquil .....      | MSGR .....                       | 30,600                    | May-17                        |
| Harare .....         | NEC .....                        | 293,485                   | Jun-18                        |
| Hong Kong .....      | Housing rehab .....              | 32,000                    | TBD                           |
| Hyderabad .....      | NCC .....                        | 364,896                   | Nov-20                        |
| Islamabad .....      | NEC .....                        | 1,088,840                 | Mar-18                        |
| Jakarta .....        | NEC .....                        | 497,800                   | Jun-18                        |
| Jeddah .....         | NCC .....                        | 287,600                   | Sep-16                        |
| Kabul .....          | Annex/Housing .....              | 967,900                   | Nov-17                        |
| Kampala .....        | Annex .....                      | 488,700                   | Oct-21                        |
| Karachi .....        | Housing .....                    | 67,100                    | May-17                        |
| London .....         | New Embassy .....                | 1,030,000                 | Dec-16                        |
| Manila .....         | Chancery rehab .....             | 173,366                   | Apr-20                        |
| Maputo .....         | NEC .....                        | 284,117                   | TBD                           |
| Matamoros .....      | NCC .....                        | 192,500                   | May-19                        |
| Mbabane .....        | NEC .....                        | 141,000                   | Apr-16                        |
| Mexico City .....    | NEC .....                        | 943,065                   | Oct-21                        |
| Montevideo .....     | Chancery renovation .....        | 112,800                   | Mar-20                        |
| Montreal .....       | COB .....                        | 44,343                    | Oct-16                        |
| Moscow .....         | Annex .....                      | 280,700                   | Aug-17                        |
| Moscow .....         | Compound rehab .....             | 231,676                   | Oct-21                        |
| Moscow .....         | Housing rehab .....              | 4,800                     | Sep-16                        |
| Moscow .....         | Compound housing rehab .....     | 76,255                    | Oct-21                        |
| Nairobi .....        | Annex (Phase I) .....            | 130,823                   | Nov-19                        |
| N'Djamena .....      | NEC .....                        | 230,032                   | Oct-16                        |
| New Delhi .....      | NEC .....                        | 841,000                   | 2024                          |
| Niamey .....         | NEC .....                        | 287,811                   | Apr-20                        |
| Nouakchott .....     | NEC .....                        | 213,892                   | Oct-16                        |
| Nuevo Laredo .....   | NCC .....                        | 156,000                   | Sep-17                        |
| Oslo .....           | NEC .....                        | 243,500                   | May-16                        |
| Paramaribo .....     | NEC .....                        | 165,900                   | Aug-16                        |
| Paris .....          | MSGQ/parking garage .....        | 59,042                    | Oct-19                        |
| Port au Prince ..... | Housing/support facilities ..... | 123,631                   | Apr-16                        |
| Port Moresby .....   | NEC .....                        | 212,300                   | TBD                           |



## Ongoing Embassy Construction Projects—Continued

| Post                | Type of Project                 | Total Budget<br>(1,000's) | Planned<br>Completion<br>Date |
|---------------------|---------------------------------|---------------------------|-------------------------------|
| Porto Allegre ..... | COB .....                       | 59,245                    | Sep-16                        |
| Pristina .....      | NEC .....                       | 261,500                   | Oct-17                        |
| Rangoon .....       | American Center rehab .....     | 26,277                    | Mar-17                        |
| Recife .....        | Consulate Office Building ..... | 52,513                    | Nov-18                        |
| Reykjavik .....     | NAB fitout .....                | 62,404                    | Jul-18                        |
| Sanaa .....         | Annex/housing .....             | 278,000                   | TBD                           |
| Sanaa .....         | DTFS .....                      | 86,900                    | TBD                           |
| Sarajevo .....      | Warehouse/shops .....           | 12,100                    | Aug-16                        |
| Shanghai .....      | Consular expansion .....        | 19,500                    | Dec-17                        |
| Shenyang .....      | COB .....                       | 17,421                    | Jan-18                        |
| Taipei .....        | NOB .....                       | 236,468                   | Dec-16                        |
| Tel Aviv .....      | Chancery rehab .....            | 55,100                    | Aug-18                        |
| The Hague .....     | NEC .....                       | 220,000                   | Jun-17                        |
| Tijuana .....       | MSGR .....                      | 19,000                    | Sep-17                        |
| Tokyo .....         | CMR rehab .....                 | 7,500                     | Feb-17                        |
| Tokyo .....         | Housing rehab .....             | 3,000                     | TBD                           |
| Vienna .....        | OSCE lease fitout .....         | 39,570                    | Mar-16                        |
| Vilnius .....       | Phase II .....                  | 42,200                    | Jul-16                        |
| Wellington .....    | Chancery rehab .....            | 65,750                    | Feb-17                        |
| Wellington .....    | CMR rehab .....                 | 4,500                     | Dec-17                        |
| Wuhan .....         | COB .....                       | 26,636                    | Nov-17                        |

It is not uncommon for contractors' bids to be less than the government estimate from which the project budget was based. Such "savings" on an individual project would not be enough to add a new project that was not in the annual spend plan, but an accumulation of several of those lower-than-expected bids, combined with savings from completed projects (final cost of a project was below the budget), may allow the Department to advance a project that was planned for a later year. Any such realignment of savings from one project to another requires Congressional notification.

*Question 8.* What is the agency participation rate for the foreign assistance dashboard?

- What agencies lag behind in sharing their data, and what is the reason for the delay in sharing this information with U.S. taxpayers? What is the status of the State Department's own data on this site?

*Answer.* ForeignAssistance.gov contains data from 10 agencies representing 98 percent of the U.S. foreign assistance portfolio. These 10 agencies are the Department of State; USAID; the Millennium Challenge Corporation; the Departments of Agriculture, Defense, Health and Human Services, and the Treasury; the African Development Foundation; the Inter-American Foundation; and the Peace Corps.

The Department is engaged with non-reporting agencies and working to improve the quantity and quality of data reported by agencies. Progress is being made incrementally; however, there are a number of challenges to reporting including that agencies are often compiling and reconciling data from multiple systems that were not designed to collect or report on the detailed level of reporting currently requested.

The Department of State chartered a Foreign Assistance Data Review (FADR) working group to understand and document issues related to managing and tracking foreign assistance within the Department and recommend a path forward. The first phase of the FADR produced a report that examines the current foreign assistance data environment and recommends improvements. The full report is available online at <http://www.state.gov/documents/organization/250931.pdf>.

*Question .* I was disappointed that the State Department did not meet its international commitment to post its own foreign assistance data online by December 2015.

- Do you have a plan for the State Department to comply with this commitment? And would you please share it with the committee?

Answer. The Department of State has been reporting core data fields to the International Aid Transparency Initiative (IATI) standard since 2012. While we are not reporting every one of the IATI fields, the Department has made great progress in opening up and publishing its foreign assistance financial records, performance data, evaluations, and budget planning data over the last few years.

To improve its IATI data reporting, the Department chartered a Foreign Assistance Data Review (FADR) working group to understand and document issues related to managing and tracking foreign assistance within the Department and recommend a path forward. The Office of Management Policy, Rightsizing, and Innovation (M/PRI) and the Application and Data Coordination Working Group (ADCWG) established the FADR in partnership with the Office of U.S. Foreign Assistance Resources (F), Bureau of the Comptroller and Global Financial Services (CGFS), and Bureau of Information Resource Management (IRM), and my office, as well as functional and regional Bureaus and Offices. A representative from office participates in the ongoing review process, and I am receiving regular updates from F and M on progress.

The first phase of the FADR produced a report that examines the current foreign assistance data environment and recommends improvements. The full report is available online (<http://www.state.gov/documents/organization/250931.pdf>). The FADR group is continuing its work to carry out these recommendations.

*Question 10.* In the 2015 Quadrennial Diplomacy and Development Review (QDDR), the State Department pledged to enhance the use of data and diagnostics in decision-making. Can you tell us where these efforts stand, and what is included in the FY 2017 budget request to improve data collection and analysis?

Answer. The Department remains committed to enhancing its data and its data analytics capacity. We recognize the importance that data and its analysis should play in policy and decision-making as well as in operations, planning, monitoring, and evaluation. The Department has recently chartered a small group of qualified data science officers and researchers, led by a senior Foreign Service Officer (FSO) who has been assigned as the Director of Data Analytics. This group aims to serve as a hub for data analytics by creating a community of practice dashboard that connects analytical offices.

It is also performing limited data analytics functions for the Department and supporting other bureaus and offices that do not have analytical capability. Furthermore, per the 2015 QDDR, the Department continues to expand on the foundation of its Enterprise Data Quality Initiative and build a common data platform for Department use.

On a broader scale, over \$12 million was requested in the 2017 budget to further build the Department's broader data analytics capacity. This funding would support: 1) the Global Engagement Center's efforts to counter extremist groups' messaging; 2) the Department's focus on rightsizing overseas staffing; 3) ensuring data is accurate and up-to-date, particularly in Post Personnel, eCC, Active Directory, and the Real Property Application; 4) analyzing public diplomacy data to advance our US foreign policy priorities and American interests, and; 5) streamlining the budget and planning processes at the Department.

*Question 11.* The QDDR called for a broad discussion on physical risk with Congress and the American people, as well as adapting to a culture that supports programmatic risk to encourage innovation. Where do you believe we stand today in the discussion on these two sets of issues?

Answer. Secretary Kerry has raised the issue of the risks and dangers inherent in conducting diplomacy in many parts of the world today. The Secretary has highlighted this issue in remarks to public audiences—including his October 2015 speech at Indiana University—and in conversations with Congress. In line with the QDDR recommendation, we are currently planning to intensify our engagement with Congress, the private sector, NGOs partners and others about the realities of our work and the way we manage risk.

In March of last year, the Department published a formal Risk Management Policy, which emphasizes that advancing U.S. foreign policy objectives involves diverse types of risk and requires employees to engage in risk management for the decisions and activities within the scope of their duties. A central goal of the new risk management policy is to guide employees as they identify, manage, and mitigate risks in developing policy and implementing programs. Since the guidance was published, the Department has worked to institutionalize the new policy, and implement a standard approach for managing and mitigating risk across our work.

*Question 12.* Can you help me understand the drivers of the increase in the State and USAID budget from FY2006 to today? Are there areas where we could find some cost savings?

Answer. Increases in spending by the Department of State and USAID since 2008 are primarily due to a greater scale and amount of conflicts and natural disasters in the world. This has required increased investments in humanitarian aid, new large U.S. government interventions in countries where we previously did not have opportunities, and additional interventions to maintain the safety of our employees stationed overseas.

While in 2006 these increases were driven largely by opportunities for diplomacy and development in Afghanistan, Iraq and Pakistan, we have seen continued turmoil and change around the world, including the earthquake in Haiti; global food security crisis; the Arab Spring, including the tragic events of Benghazi; outbreaks of Ebola and Zika; the rise of Da'esh and other extremist groups. Many of these extraordinary needs have historically been addressed through supplemental appropriations.

The Department and USAID have expanded foreign assistance programs in recent years to address increasing global challenges, including addressing conflict and insecurity in Syria, Iraq, South Sudan, Central African Republic, Democratic Republic of the Congo, and elsewhere. As part of this effort, humanitarian assistance needs have greatly increased, and we have responded robustly. In recent years, we have also expanded resources to address global health needs, the underlying causes of the migration crisis in Central America and to invest in Asia, as part of the administration's Asia Rebalance effort.

The increase in the Diplomatic Engagement portion of the State Department budget from FY 2008 to the FY 2017 request is largely attributable to an increase in funding for security projects over this timeframe. Authority for non-security spending has remained essentially flat, while security related spending has more than doubled.

There are three major factors which have contributed to the increase in security related authority:

- The Department's priority on maintaining a presence in conflict areas has required funding to protect our persons and assets in those areas.
- The military draw-down in Iraq and Afghanistan has required that security of American persons and assets be provided by State resources.
- Internal reorganizations have moved security related spending to a handful of accounts, increasing these security accounts and reducing the administrative accounts from which the funds were moved.

*Question 13.* Are all agencies fulfilling their commitments under the CSCS program? Please provide details and discuss any obstacles that may exist to meeting the full \$2.2 billion CSCS level called for by the post-Benghazi Accountability Review Board. Has a failure of others to pay for this expense led to an increased cost to State for maintenance? What is being done to improve the effectiveness of this cost sharing mechanism?

Answer. While the vast majority of agencies are fulfilling their commitments under the Capital Security Cost Sharing (CSCS)/Maintenance Cost Sharing (MCS) programs, a few agencies are not.

Some agencies choose to fund improvements to their spaces in overseas facilities to meet their own unique requirements outside of the CSCS/MCS program. As spelled out in OBO's annual program guidance, these are treated as agency-specific projects, and do not qualify as credits to MCS. Yet one agency unilaterally claimed \$68M of unauthorized "maintenance credits" against its FY 2014 and FY 2015 CSCS/MCS bills for work they performed in their spaces in a number of State facilities.

In addition to the unauthorized maintenance credits, the same agency's FY2015 congressional budget request under-funded its FY 2015 contribution by \$62 million, and subsequent Congressional action reduced their FY 2015 funding by an additional \$25 million. This resulted in a combined FY15 deficit of \$87 million. Their FY 2016 appropriation reduced the request by \$50 million. As a result, that agency will have underfunded the program by \$205 million over FY 2014-2016.

A second agency had its appropriations for CSCS/MCS reduced by \$7.5 million in both FY 2015 and FY 2016, for a total of \$15 million over the two-year period.

The FY 2014 shortfall did result in State paying \$38 million more than its fair share of the costs for the MCS program. In FY 2015, the shortfall resulted in the deferral of a critical rehabilitation project in Manila, Philippines.

The Department believes that the cost sharing program is effective as currently structured, as long as agencies pay their fair share as required by legislation. Since its inception in FY 2005, the program has allowed the Department to fund more projects and relocate many more people to safe, secure, and functional facilities than would have been otherwise possible; as of March 2016, 35,322 people have been moved. In addition to delivering a robust funding source for embassy construction and maintenance, the cost sharing mechanism provides an incentive for agencies to rightsize their overseas presence.

Fully achieving the goals of the program is impeded by the failure of some agencies to pay their fair share—due either to internal decisions by the agency to pay less than the amount due, or to Congress failing to appropriate the amount requested by the agency to pay their bill. Congress has provided a remedy for such actions in Section 7004(a) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016 (Div. K, P.L. 114-113), which states that:

... a project to construct a diplomatic facility of the United States may not include office space or other accommodations for an employee of a Federal agency or department if the Secretary of State determines that such department or agency has not provided to the Department of State the full amount of funding required ...

To date, the Department has not taken such action, as we have been working with the tenants to resolve their delinquent balances. However, the Department is strongly considering invoking Section 7004(a) this fiscal year should tenant agencies fail to provide their full share of the program.

*Question 14.* A June 2011 GAO Report on Overseas Comparability Pay found that allowances and differentials when FSOs are abroad result in higher compensation, on average, for overseas staff. In light of this finding, please explain the justification for providing additional compensation to overseas staff. Advocates of full OCP argue that its absence could affect diplomatic readiness by increased attrition and recruitment challenges, and that it is “critical for the Department’s Foreign Service competitiveness in the workplace.” What evidence can you provide to support this claim, particularly given that applications to the Foreign Service far exceed the number accepted each year?

Answer. As noted in the 2011 GAO report, overseas allowances and differentials are not intended to compensate for the lack of comparability pay for Foreign Service Officers serving overseas. However, the GAO report still makes this link, a characterization the Department has never agreed with. We raised our disagreement directly with the GAO multiple times, including in writing, when they were finalizing the 2011 report.

Excluding positions outside the continental United States from locality pay had several unintended consequences for the Foreign Service, essentially penalizing employees financially for service overseas. This pay disparity has been partially addressed with the implementation of the first two tranches of Overseas Comparability Pay (OCP). However, as we wrote to the GAO, their report did “not make any effort to discuss the grave reasons for the ‘range of allowances and differentials’ overseas. The uninformed reader may have no idea that we are not simply paying for the sake of pay.”

Members of the Foreign Service serving overseas are entitled to certain allowances and differentials that are calculated based on their base pay. Each of these allowances and differentials serve a distinct purpose established by Congress. One example is the cost of living allowance (COLA), which ensures that employees retain the same buying power they would have if they were assigned to Washington, DC.

The pay disparity for members of the Foreign Service serving overseas undermines the utility of the COLA. COLA is meant to normalize the ability of a member of the Foreign Service to buy a basket of consumer goods and services at his or her post of assignment compared to Washington, DC. The COLA does not compensate for the loss of locality pay overseas, in that it is fully consumed by the higher prices for consumer goods and services at that post. In addition, the COLA is calculated based on non-locality adjusted basic pay rates. Thus, a comparably situated member of the Foreign Service in Washington, DC, has more disposable income than his or her counterpart at a post abroad who receives a COLA.

In addition to retaining the employee’s buying power through the COLA, other allowances and differentials are used to reimburse employees for specific conditions and situations they encounter due to the particular nature of certain Foreign Service assignments. (e.g., poor access to quality medical care, exposure to illnesses and diseases, and severe climate).

If OCP were eliminated, employees serving overseas would immediately take a pay cut of just over 16 percent of their base pay and a similar amount on all allowances calculated on base pay. It is true that the Foreign Service attracts thousands of applicants yearly. However, we still compete with other U.S. agencies, international business and finance, international organizations, and non-government organizations for the same limited pool of highly qualified candidates interested in careers overseas who are willing to endure sometimes difficult and dangerous conditions as well as separation from family and friends.

That competition can be intense. Especially when non-USG entities, particularly international business and finance, can quickly adjust pay and benefits to attract and retain top talent. Some elements of DoD as well as other agencies' personnel have received full overseas comparability pay (currently 24 percent) since 2003, which raises issues of equity.

We are extremely proud of our current ability to recruit and retain a highly-qualified workforce at the Department of State. However, we have two recent surveys that indicate this picture would change if OCP were to be eliminated or not fully implemented:

The first, conducted in 2012 by the Department of State, indicated that:

- More than one-third of officers would consider employment outside the Foreign Service if the Department cannot deliver the final tranche of OCP.
- More than half of Foreign Service personnel would be less likely to bid on overseas assignments in the total absence of OCP.

*Question 15.* The growing dependence on OCO to fund America's development and diplomacy programs means that a broad range of programs and accounts that are designed to meet long-term commitments, and historically were funded in the base budget, now receive a significant share of their funding through a temporary funding mechanism. Given the strain on discretionary resources, this flexibility is important in the short-term but has led to a significant shift in funding from base to OCO for certain programs. For example, nearly 100 percent of U.S. assistance to Jordan is funded through the OCO account in this year's budget request. In another example, the line item for "Contributions for International Peacekeeping" went from being fully base-budget funded in FY15 to now 66 percent of the amount has been shifted to OCO in FY17. Could you expand on the administration's thinking behind these major shifts in funding for long-term programs specifically?

Answer. The OCO portion of the FY 2017 Request for the Department and USAID is \$14.9 billion, consistent with the Bipartisan Budget Act of 2015. The Department is also concerned about the shift in balance between base and OCO funding, particularly the substantial increase in OCO funds as compared to base. The Department looks forward to working with Congress to restoring enduring funding levels as we move toward the FY 2018 budget. The President's Budget actually anticipates this by planning for the restoration of \$8.7 billion to the International Affairs base budget in FY 2018.

*Question 16a.* How does the current allocation of foreign assistance, both regionally and by sector, reflect larger U.S. foreign policy priorities?

Answer 16a. The President's FY 2017 Request for the Department and USAID includes \$34.0 billion for foreign assistance programs. This request supports key national security, foreign policy, and development mission objectives. Regionally, the request includes \$4.0 billion to counter Da'esh, respond to the crisis in Syria, and support humanitarian needs in the region. It requests \$750.6 million to bolster the U.S. Strategy for Engagement in Central America and \$873.0 million to support economic development and security efforts as part of the Asia Rebalance effort. It also requests \$7.1 billion to support our goals in Africa, including advancing democracy, health, education, economic growth and security throughout the region.

As part of these regional efforts, the Department and USAID are also requesting funds to support important investments in critical sectors across the globe. The request includes \$2.7 billion for democracy, human rights and governance programming, one of the core strategic goals of this administration. It also includes \$983.9 million to support the Global Climate Change Initiative and \$561.8 million for basic education. These are just examples of the important cross-cutting programs requested as part of the FY 2017 Request. All of these investments, plus many others, are critical to ensuring the success of our broader foreign policy and development goals.

*Question 16b.* How could aid, as a tool for foreign policy, be allocated to more effectively address strategic priorities?

Answer 16b. The Department of State and USAID always work to ensure the funds are allocated to address strategic priorities. The development of the President's annual budget request for the Department of State and USAID begins at embassies and USAID missions around the world. These requests are based on country-specific priorities and strategies and are organized by mission objectives when they are submitted to the Department of State and USAID in Washington, DC. Department and USAID leadership then review the submissions from the embassies and missions overseas, and make tough decisions to ensure the request supports the most critical regional and global strategic priorities. In coordination with the Office of Management and Budget this results in a final budget request that advances the U.S. government's most important foreign policy, national security, and development objectives. The President's request reflects these priorities when it is submitted to Congress each year.

Once an appropriation bill is passed, the allocation of funds must abide by funding directives included in the bill as well as the Statement of Managers, as required. Within these guidelines, the Department and USAID work to ensure the best allocation of resources in support of strategic foreign policy priorities.

Along with other outcomes, the Foreign Assistance Data Review (FADR), currently underway, will allow the Department and its constituent offices to respond to demands for more and better data to manage activities, coordinate more effectively with others, make data-driven decisions, and meet transparency commitments.

*Question 16c.* How will you manage foreign assistance programs differently, if at all, in the absence of congressional directives?

Answer 16c. The Department of State and USAID have many shared priorities with Congress. While many congressional funding directives support these shared goals, including advancing democracy or education across the globe, we must be able to respond to changing circumstances and adapt as needed. Often times the world looks different from the time we submit our request until the time we receive our final appropriation. We need to remain nimble.

In the absence of congressional directives, we would allocate funding according to the President's request, which sustains projects, programs, and activities supported by Congress, taking into account changing circumstances, prior year funding availability, and any new needs that have emerged since the request was submitted. This would reduce our dependence on transfer authorities, which, while incredible valuable, can be time consuming to execute and thus hinder our ability to move funds and respond quickly.

*Question 17.* Roughly 10 percent, or \$310 million, of State's Development Assistance program budget is going to support the Global Climate Change initiative (GCCII). With all of the development challenges in the world today, do you think it is appropriate to be spending 10 percent of the overall on climate change?

Answer. Climate change represents a substantial threat to U.S. national security interests and development objectives. The 2014 Quadrennial Defense Review (QDR) completed by the Department of Defense states that:

Climate change poses another significant challenge for the United States and the world at large. As greenhouse gas emissions increase, sea levels are rising, average global temperatures are increasing, and severe weather patterns are accelerating. These changes, coupled with other global dynamics, including growing, urbanizing, more affluent populations, and substantial economic growth in India, China, Brazil, and other nations, will devastate homes, land, and infrastructure. Climate change may exacerbate water scarcity and lead to sharp increases in food costs. The pressures caused by climate change will influence resource competition while placing additional burdens on economies, societies, and governance institutions around the world. These effects are threat multipliers that will aggravate stressors abroad such as poverty, environmental degradation, political instability, and social tensions—conditions that can enable terrorist activity and other forms of violence.

In late 2015, CIA Director John Brennan said the following while addressing the Center for Strategic and International Studies' Global Security Forum:

Mankind's relationship with the natural world is aggravating these problems and is a potential source of crisis itself. Last year was the warmest on record, and this year is on track to be even warmer. Extreme weather, along with public policies affecting food and water supplies, can worsen or create humanitarian crises. Of the most immediate concern, sharply reduced crop yields in multiple places simultaneously could trigger a shock in food prices with devastating effect, especially in already-fragile regions such as Africa, the Middle East and South Asia. Compromised

access to food and water greatly increases the prospect for famine and deadly epidemics.

U.S. leadership is essential to addressing these broad and wide-reaching challenges. The Global Climate Change Initiative (GCCCI) is the principal U.S. tool for providing technical assistance to developing countries confronting those challenges, and it serves a compelling U.S. national security interest. GCCCI programs not only benefit our efforts to protect our climate system, they promote our broader development objectives. Virtually all GCCCI programs have important benefits for food security, health, sustainability, economic development, poverty reduction, and regional stability, all of which benefit the U.S. and global economy.

*Question 18.* Do you intend to come to Congress for a specific authorization of the Green Climate Fund? Do you believe it is appropriate for Congress to have oversight over U.S. participation in the Green Climate Fund?

Answer. The Green Climate Fund (GCF) has been established as a multilateral trust fund—much like other multilateral funds, such as the Climate Investment Funds—and has approved its first round of projects. The Department issued a grant to support the GCF from resources provided in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016 (Div. K, P.L. 114-113) (SFOAA). Specifically, in the SFOAA, Congress provided \$4.3 billion in funding for the Economic Support Fund (ESF), an account that is used to fund environmental programs and many other foreign assistance programs.

The ESF account is a primary account through which the administration requested funding to support the Green Climate Fund (GCF) in the President's FY 2016 budget request. While over one-half of the account is earmarked for specific programs or activities, the remainder is available for other programs to carry out the ESF authority in the Foreign Assistance Act.

The administration is using a portion of those unallocated funds for the GCF under the ESF authority and section 7060(c) of the SFOAA. While the SFOAA did not earmark funds specifically for the GCF, it also did not contain any restrictions on the use of FY 2016 funds for the GCF. Provision of ESF for environmental programs, including through grants to multilateral trust funds, is consistent with long standing practice.

This administration takes its GCF oversight role seriously and we are working hard to ensure that GCF funding is used responsibly through our role on the GCF Board and our participation on two committees which oversee matters pertaining to oversight, the Ethics and Audit Committee and the Accreditation Committee. To that end, the GCF requires fiduciary standards and social and environmental safeguards that are among the strongest of all multilateral funds today. The Fund will have independent evaluation and integrity units, and Board proceedings and documents are among the most transparent of any multilateral mechanism.

We would be pleased to brief your staff on transparency and good governance efforts at the GCF.

*Question 19.* I understand that USAID is often tasked with on-the-ground implementation of certain State Department plans and initiatives, and in order for USAID to carry out these implementation efforts, State grants USAID a portion of its programmatic funding.

- However, these specific proportions transferred from State to USAID are not reflected in State's Congressional Budget Justification. As a matter of fact, in preparing for this hearing, I had to rely on "guess-timates" from the Congressional Research Service on how much funding State transfers to USAID for different line items in the budget. In the interest of broader monitoring and evaluation, as well as public transparency, why are these funds not clearly delineated in either State or USAID's budget? Would it be feasible for State and USAID to begin disclosing these amounts?

Answer. The joint Department of State (State) and USAID budget includes the resources needed by both agencies to advance national security priorities related to diplomacy and development. State and USAID work closely both in developing budget requests, and in implementing programs in the year of appropriation. Decisions about implementing mechanisms and implementing partners are made in the year of appropriation, based on assessed needs on the ground, evolving circumstances (which USAID and State monitor), priorities, implementation capacity, and available implementation mechanisms. There are times in the field where State Department often relies on USAID to program and assist in planning the programming of resources, so the distinction of ownership over funding can play a relatively small role in how projects are designed and implemented.

While there can be differences from year to year, historically USAID generally administers all of the Development Assistance, Global Health Programs-USAID, Food for Peace Title II, International Disaster Assistance, and Transition Initiatives accounts. In most years, USAID has fully administered funding in the Complex Crisis fund account as well.

In addition, USAID fully implements the USAID Administrative Expense accounts: USAID Capital Investment Fund, USAID Development Credit Authority Admin Expenses, USAID Inspector General Operating Expenses, and USAID Operating Expenses accounts. USAID has historically administered 93 percent of the Economic Support Fund, 70 percent of Assistance for Europe, Eurasia, Central America, and 60 percent of the Global Health Program-State accounts.

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RESPONSES TO QUESTIONS FOR THE RECORD SUBMITTED TO DEPUTY  
SECRETARY OF STATE HEATHER HIGGINBOTTOM BY SENATOR JOHN BARRASSO

*Question 1.* Is the administration committed to eliminating duplication and redundancies within the Department of State?

Answer. The Department has launched efforts to streamline several internal operational processes—everything from service requests to travel. We expect these efforts to save staff time and result in cost-savings. For example, last year, the Department embarked on an ambitious initiative to develop and deploy a cloud-based solution to deliver an integrated service management platform to maximize employee productivity and increase service efficiency. This consolidated system will replace over 400 stand-alone servers and numerous homegrown, one-off solutions to more efficiently deliver, track, and measure enterprise services for over 150,000 State Department and other government agency employees at embassies and consulates worldwide. We are expanding the success of this approach overseas to our domestic operations to have a single, unified system worldwide.

Throughout this administration, the Department of State has been committed to eliminating duplication and redundancies between the Department and other U.S. government departments and agencies. In this budget-constrained environment, the Department has continued strategic efforts to eliminate redundant services and operations at diplomatic facilities abroad with other U.S. government agencies.

In order to reduce overall costs to the federal government, State and USAID jointly worked to consolidate administrative support services overseas carried out under the single administrative platform of the International Cooperative Administrative Support Services (ICASS) system. We first consolidated 15 administrative services to include services under General Services, Financial Management, and Human Resources. By selecting the most obvious redundant services and those most feasible to consolidate, we have successfully consolidated 97 percent of these services. More recently, we have added other services to the list of those to be consolidated, including furniture, furnishings, appliances and equipment; travel management centers; administrative and travel voucher processing; and some aspects of human resource management of locally employed staff.

To further illustrate the Department's commitment, in fiscal year 2015 we continued to work with the interagency partners to calibrate consistent service standards for the provision of administrative services for all agencies at diplomatic facilities. Several service areas were assessed for efficiency and quality: Motor pool, HR Inquiries, Property Pick-up/Deliver, Printing, Travel Request, IT Helpdesk, IT/Telephone Devices, and Visitor Access Request.

In addition, on September 21, 2015, the Government Accountability Office (GAO) acknowledged the Department's long standing and worldwide efforts to streamline administrative services worldwide by closing "as implemented" the third and final recommendation for Executive Action in GAO-12-317—Embassy Management: State Department and Other Agencies Should Further Explore Opportunities to Save Administrative Costs Overseas.

*Question 2.* Does your budget eliminate any program? Please provide a complete list of programs eliminated in the administration's FY 2017 budget for State and USAID.

Answer. The Department does not propose the elimination of any Diplomatic Engagement programs in the FY 2017 Request.

In the five-year period between FY 2012 and FY 2016 the non-OCO portion of the non-security D&CP operations account has been reduced by 19 percent. The Department's FY 2017 Request includes a recommendation to increase funding in this ac-



count for the first time in five years. This request would still remain 11 percent below the FY 2012 level.

The D&CP account is the primary source of funding for all of the administrative functions, excluding buildings and security, performed by State. The Department considers all of these functions to be essential to the security and diplomatic presence of the United States. At the same time the Department looks for every opportunity to reduce the cost to the taxpayer through rightsizing, identifying greater operational efficiencies, and having no tolerance for waste.

*Question 3.* What are your recommendations to create efficiencies and streamline operations in the current organizational structure of the U.S. Department of State?

Answer. We continue to look for opportunities to create efficiencies and streamline operations.

The Department of State needs to build on the gains that have been made under the International Cooperative Administrative Support Services (ICASS) platform. Redundancies in 15 administrative services overseas through the ICASS system have been consolidated. These include General Services, Financial Management, and Human Resources. We have successfully consolidated 97 percent of services. The ICASS platform is the principal means by which the U.S. government provides and shares the cost of common administrative support services at overseas posts and by which we can build a strong, streamlined platform that supports our increasingly complex and financially constrained missions.

The Department of State can create efficiencies and streamline operations by exploring additional potential alignments of other areas, such as Human Resources, Real Property, and the Foreign Affairs Technology Network, which will allow U.S. government personnel to collaborate effectively as we meet our foreign policy goals.

Streamlined Human Resource operations for Locally Employed (LE) staff would promote more standardized personnel management across U.S. government agencies at our overseas missions. LE Staff human resource services that could be reviewed for alignment include position classification, pay grade assignment, recruitment, and performance evaluations.

Aligning the ownership and management of real property overseas could eliminate duplicate systems, standardize the management of U.S. government assets worldwide, and increase the return-on-investment made for the infrastructure that is supporting the needs of the U.S. government overseas.

Advances in technology allow for the possible alignment and coordination of email, and other IT services on the Department of State Foreign Affairs Network.

*Question 4.* Please provide a comprehensive list of bureaus and offices at the U.S. Department of State that have not been authorized by Congress and the current number of personnel on staff in each of those bureaus and offices.

Answer. As a general matter, the Secretary of State has the authority to direct and manage the Department of State in a manner conducive to carrying out the functions of the Secretary of State and the Department of State. Although Congress has on occasion established by statute certain positions within the Department, the majority of bureaus and other offices of the Department are not statutorily mandated, but are established by the Secretary and organized in a manner to promote the efficiency of the Department. Statutory mandates concerning the organization of the Department can raise practical difficulties in organizing the Department to effectively respond to evolving foreign affairs and national security challenges.

*Question 5.* Please provide a comprehensive list of Special Envoys, Representatives and Coordinators at the U.S. Department of State and identify those positions created under Congressional authorization.

Answer. Approximately twice a year, the website which lists Special Envoys, Special Representatives, Ambassadors at Large, Coordinators, Special Advisors, and other Senior Officials, <http://www.state.gov/r/pa/ei/rls/dos/1718.htm>, is examined comprehensively for completeness and accuracy.

Currently, the Department of State has the following listing of Special Envoys, Special Representatives, Ambassadors at Large, Coordinators, Special Advisors, and Other Senior Officials:

*Special Envoys*

- Special Presidential Envoy for the Global Coalition to Counter ISIL
- Special Presidential Envoy for Hostage Affairs
- Special Envoy and Coordinator for International Energy Affairs
- Special Envoy for Climate Change
- Special Envoy for Closure of the Guantanamo Detention Facility

- Special Envoy for Global Food Security
- Special Envoy for the Great Lakes Region of Africa and the Democratic Republic of Congo
- Special Envoy for Holocaust Issues
- Special Envoy for the Human Rights of LGBT Persons
- Special Envoy for Israeli-Palestinian Negotiations
- Special Envoy for Libya
- Special Envoy to Monitor and Combat Anti-Semitism
- Special Envoy to the Organization of Islamic Cooperation
- Special Envoy for North Korean Human Rights Issues
- Special Envoy for Six-Party Talks U.S.
- Special Envoy to Sudan and South Sudan U.S. Special Envoy for Syria

*Special Representatives*

- Special Representative of the President for Nuclear Nonproliferation
- Special Representative and Policy Coordinator for Burma
- Special Representative for Afghanistan and Pakistan
- Special Representative for the Arctic Region
- Special Representative for Biological and Toxin Weapons Convention Issues
- Special Representative for Commercial and Business Affairs
- Special Representative for Global Health Diplomacy
- Special Representative for Global Partnerships
- Special Representative for International Labor Affairs
- Special Representative to Muslim Communities
- Special Representative of North Korea Policy
- Special Representative to the Organization for Security and Cooperation in Europe (OSCE)
- U.S. Special Representative for the Central African Republic
- U.S. Special Representative to the Organization of Eastern Caribbean States (OECS)
- U.S. Special Representative for Religion and Global Affairs
- U.S. Special Representative to Somalia

*Ambassadors at Large*

- Ambassador at Large and Coordinator for Counterterrorism
- Ambassador at Large and Coordinator of United States Government Activities to Combat HIV/AIDS Globally
- Ambassador at Large for Global Criminal Justice
- Ambassador at Large for Global Women's Issues
- Ambassador at Large for International Religious Freedom
- Ambassador at Large to Monitor and Combat Trafficking in Persons

*Coordinators*

- U.S. Coordinator for International Communications and Information Policy, with the rank of Ambassador
- Lead Coordinator for Iran Nuclear Implementation
- Coordinator and Special Envoy for the Center for Strategic Counterterrorism Communications
- Coordinator for Cyber Issues
- Coordinator for Sanctions Policy
- Coordinator for Threat Reduction Programs
- Coordinator for U.S. Assistance to Europe, Eurasia, and Central Asia
- Fissile Material Negotiator and Senior Cutoff Coordinator
- International Information Programs Coordinator
- Israel and the Palestinian Authority, U.S. Security Coordinator
- Senior Coordinator for International Information Technology Diplomacy
- Senior Coordinator for Knowledge Management

- Special Coordinator for Tibetan Issues Transparency Coordinator

*Special Advisors*

- Science and Technology Adviser
- Special Adviser for Global Youth Issues
- Special Adviser for Holocaust Issues
- Special Adviser for International Disabilities Rights
- Special Adviser for Nonproliferation and Arms Control
- Special Adviser for Religious Minorities in the Near East and South/Central Asia
- Special Adviser for Secretary Initiatives

*Senior Advisor*

- Senior Advisor

*Senior Official*

- U.S. Senior Official to the Asia-Pacific Economic Cooperation (APEC)

*Personal Representative*

- Personal Representative for Northern Ireland Issues
- Senior Representative
- Senior Representative to Minsk

*Question 6.* How could aid, as a tool for foreign policy, be allocated to more effectively address strategic priorities?

Answer. The Department of State and USAID always work to ensure the funds are allocated to address strategic priorities. The development of the President's annual Budget Request for the Department of State and USAID begins at embassies and USAID missions around the world. These requests are based on country-specific priorities and strategies and are organized by mission objectives when they are submitted to the Department of State and USAID in Washington, DC. Department and USAID leadership then review the submissions from the embassies and missions overseas, and make tough decisions to ensure the request supports the most critical regional and global strategic priorities. In coordination with the Office of Management and Budget this results in a final budget request that advances the U.S. government's most important foreign policy, national security, and development objectives. The President's request reflects these priorities when it is submitted to Congress each year.

Once an appropriation bill is passed, the allocation of funds must abide by funding directives included in the bill as well as the Statement of Managers, as required. Within these guidelines, the Department and USAID work to ensure the best allocation of resources in support of strategic foreign policy priorities.

Along with other outcomes, the Foreign Assistance Data Review (FADR), currently underway, will allow the Department and its constituent offices to respond to demands for more and better data to manage activities, coordinate more effectively with others, make data-driven decisions, and meet transparency commitments.