



STRENGTHENING THE DEPARTMENT OF STATE



**AMERICAN
ACADEMY OF
DIPLOMACY**

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STRENGTHENING THE DEPARTMENT OF STATE



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PROJECT DONOR

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ABOUT AMERICAN ACADEMY OF DIPLOMACY

The American Academy of Diplomacy (AAD) is an independent, nonprofit association of former senior U.S. ambassadors and high-level government officials. Its mission is to support and strengthen U.S. diplomacy and enhance public appreciation of its critical role in advancing the national interest. In pursuit of its goals, the Academy supports programs that help diplomats respond to a world undergoing change, highlights past achievements and future opportunities for U.S. diplomacy, advocates for the resources needed to conduct an effective foreign policy, and fosters constructive debate on the best use of U.S. diplomatic assets. AAD represents a unique wealth of talent and experience in the practice of American foreign policy, with more than 300 members.

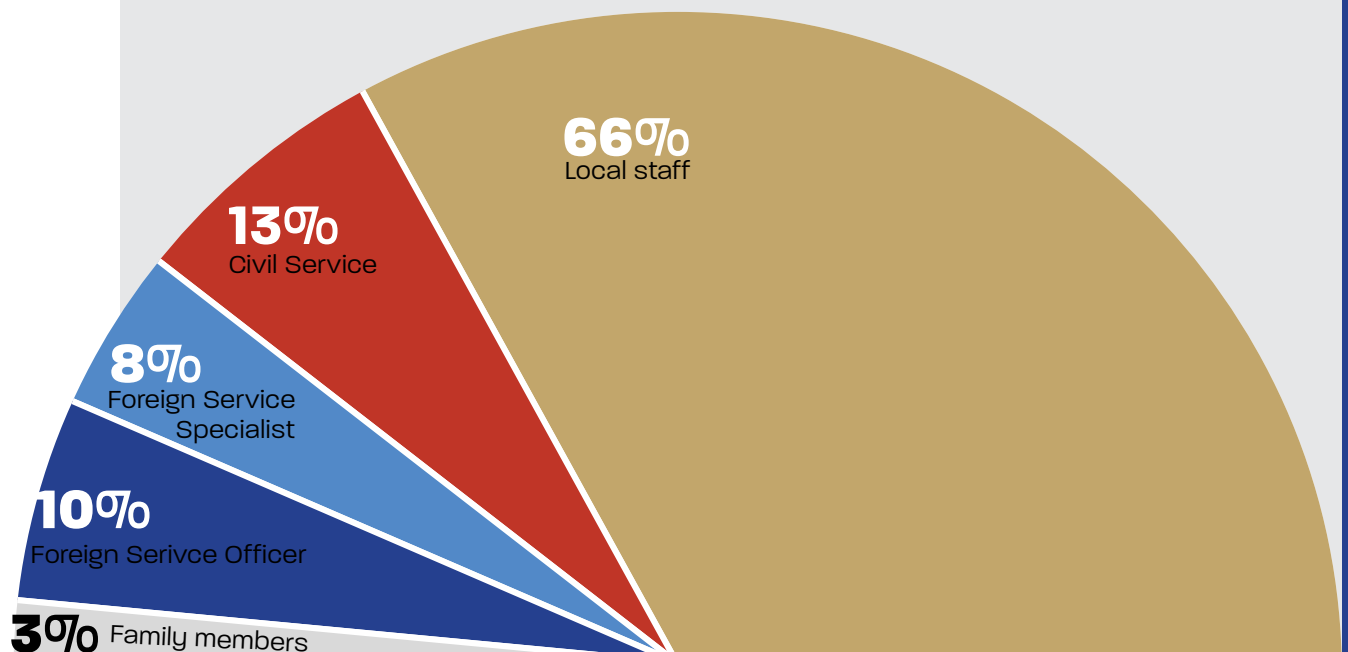
EXECUTIVE SUMMARY

Effective American diplomacy demands a strong State Department to execute it. Such a department must be based on a strong Foreign and Civil Service. The American Academy of Diplomacy's report focuses on a selected number of areas to provide such strengthening.

Secretary Pompeo has outlined his approach for the Department as "One Team, One Mission, One Future." The Academy believes our recommendations accord well with his objectives. Our proposed actions would better identify, recruit, train, support, equip, and protect State's people. They would improve the system's ability to get the right people with the right skills and preparation to the right jobs for the right duration. Coupled with the right support and protection, they would improve the achievement of U.S. national security, foreign policy, and diplomatic goals. These recommendations would develop a more agile, flexible, and mobile workforce. It would be one where employees believe they are valued, trusted, and empowered to carry out their responsibilities and have opportunities to grow professionally.

Diplomacy is primarily executed in the field, in dealings with foreigners. A decade ago many positions abroad were cut to staff new, wartime personnel requirements in Iraq and Afghanistan. This so called "Iraq tax" had never been repaid. The problem has worsened because of staff reductions. In previous reports, such as American Diplomacy at Risk (ADAR), the Academy has emphasized the need for increases in the Foreign Service. We continue to support those increases in positions,

FIGURE 1. Department of State as of December 31, 2018
Total Work Force 75,755



which relate directly to the traditional work of diplomats – policy recommendations, reporting and negotiation. This report expands horizons beyond the ADAR to focus on the special needs of the Civil Service at the State Department.

The State Department faces challenges in having two different personnel systems for its American workforce (a third deals with locally engaged staff). The Civil Service system is rigid, frustrating to managers and employees alike. In addressing these difficulties, the Academy collaborated with the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to making the federal government more effective. Together we recommend a pilot project to establish an excepted service, rank-in-person model for part of the Civil Service. This would be supplemented by robust rotation and development opportunities, a more meaningful evaluation process, and mandatory leadership training. A rank-in-person system should also incorporate “up or out” promotion criteria so that employees are both incentivized for higher positions and that there is upward flow of talent, not grade inflation. Civil Service personnel in the pilot would have an opportunity to broaden their experience and mobility. The new system would also reduce the loss of domestic Foreign Service positions when the need to meet rapidly a staffing priority leads to conversion of a Foreign Service position to Civil Service. The Academy called attention to this problem in ADAR. The new system might allow for the recuperation of some positions of special importance for training of junior Foreign Service officers. Our recommendations would better align State’s management with national security agency counterparts as State competes for Civil Service talent. Recognizing that Civil Service reform is ambitious and difficult, we recommend extensive consultation with employees and their representatives; and, as a pilot project, it could be discontinued or hopefully adjusted based on experience. It would, we believe, contribute to the ending of the growing use of Civil Service positions for the entrenchment of political appointees long term.

Rigorous professional education and training remains a serious challenge for strong American diplomacy. It has been repeatedly identified by us and by other commentators but with limited progress. The problem is cross cutting, affecting the Foreign Service and the Civil Service. This report recommends new attention to a career long devotion to continuing professional education. From the military to the law, every other endeavor with a claim to professionalism requires and provides for such education. It is time for the diplomatic profession to catch up. In particular, we recommend establishing a human capital account for the Foreign Service Institute within

the Department's Working Capital Fund for all Foreign and Civil Service employees a funding priority for all Foreign and Civil Service employees

Past Academy reports concentrated on the Foreign Service, most notably on Foreign Service Officers, where further reforms remain important and continue to attract attention from many quarters. This report, in addition to a major section on the Civil Service, focuses strongly on Foreign Service Specialists. These specialists, comprising some 20 different areas, are in many respects the backbone of the Foreign Service, particularly abroad. We chose to focus on three subsections of specialists, Office Managers, Information Technology, and Diplomatic Security that cover some 70 percent of the specialist ranks. Our recommendations would revamp and strengthen the Foreign Service Specialist system to attract and retain high-quality employees by adopting competitive compensation programs. Further, we recommend establishing additional senior positions in bureaus with large spans of control, oversight, and increasingly complex policy and operational responsibilities.

State rightly asserts that its strength lies in its people. Irrespective of budget, the Department can, and must, do better by and for its employees. Our proposals are designed to help employees and their professional development and to assist management fulfill its responsibilities to its people and to its national security mission. State is subject to falling behind other U.S. government agencies in the competition for talent at home just as the risks, challenges, and threats to U.S. global leadership intensify abroad. Bold, urgent action is necessary to inspire, shape, and support a workforce empowered, equipped, and prepared to conduct successful U.S. diplomacy.

CONTEXT

To meet U.S. national security and foreign policy goals, the Department of State can take two interrelated actions: develop employees' professional strengths and make the Foreign Service (FS) and Civil Service (CS) workforces more adaptable. Although State is the preeminent foreign policy and diplomacy agency for the U.S. government, it is also one of the smallest cabinet departments. With barely more than 1 percent of the federal civilian full-time permanent workforce, its employees are assigned to 277 overseas posts in more than 170 countries and in more than 40 domestic offices outside the Washington, D.C. metro area (Figure 2). The number of

FS and CS employees has decreased over the past four fiscal years.¹ Neither the FS nor the CS is optimized to achieve both foreign policy goals and internal efficiency, which frustrates both employees and managers (Figure 3).

Too often constrained by budgets, the Department has traditionally undervalued and underinvested in people, facilities and technology, excessively relying on employees' individual strengths and on-the-job training rather than on professional education and training programs that bolster individual and institutional capacity. Confronting an often-turbulent international environment,

¹ HR "Five Year Workforce and Leadership Succession Plan, Fiscal Years 2018-2022. <https://www.state.gov/documents/organization/262725.pdf>. GAO: March 2011, report 19-220, "DEPARTMENT OF STATE: Integrated Action Plan Could Enhance Efforts to Reduce Persistent Overseas Foreign Service Vacancies" provides details of the number and types of reported Foreign Service vacancies, especially at overseas posts in regions with security risks that could threaten U.S. foreign policy interests, <https://www.gao.gov/products/GAO-19-220>. The Department uses biennial Overseas and Domestic staffing (OSM and DSM) models to determine number of employees and positions. Though they are in rough equilibrium overall, State also acknowledges that there is a deficit of approximately 200 overseas positions in core diplomatic – political, economic, and front-office – positions. The Department may well want to review the methodologies in order to rigorously distinguish between gaps, deficits, and vacancies.

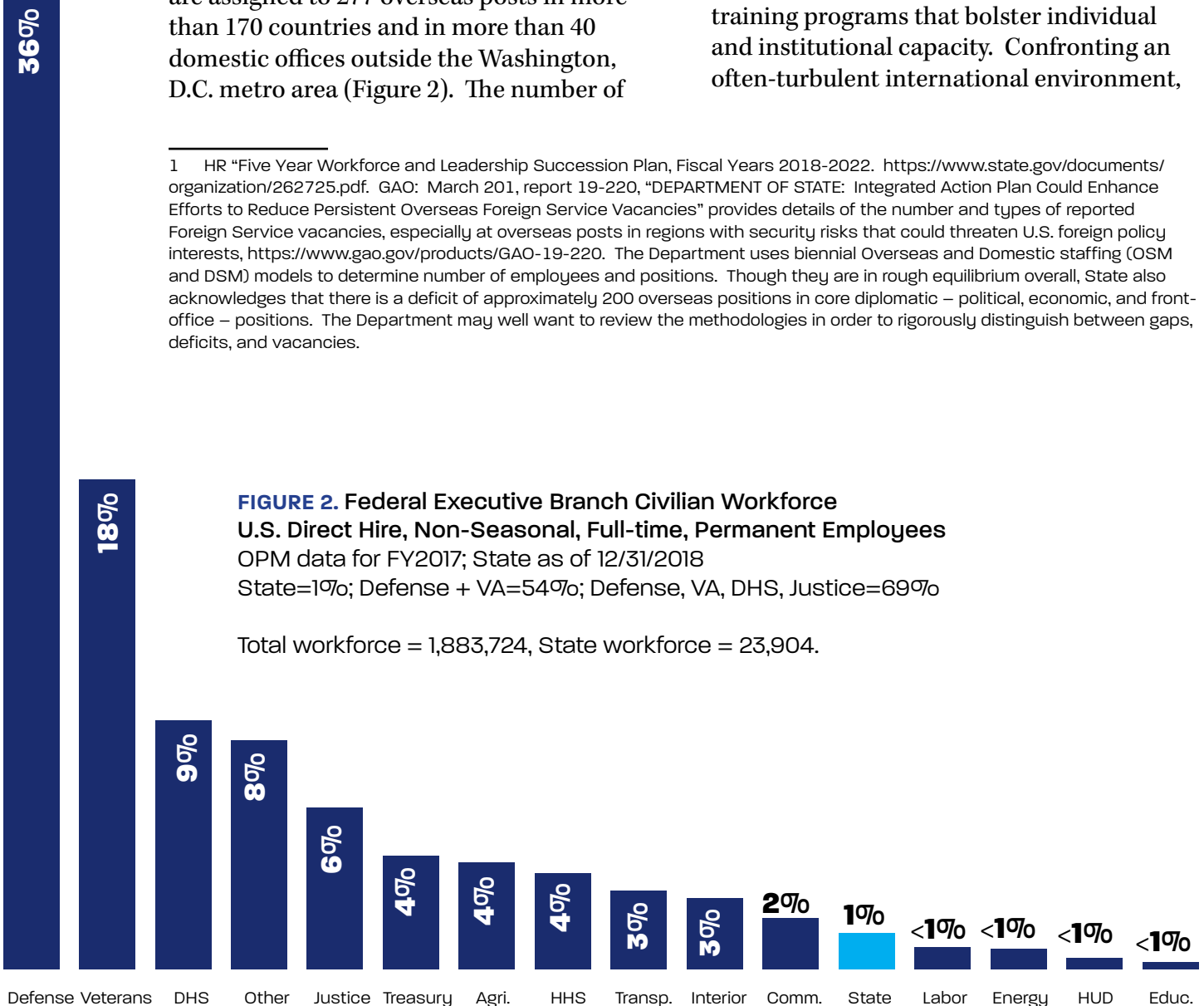
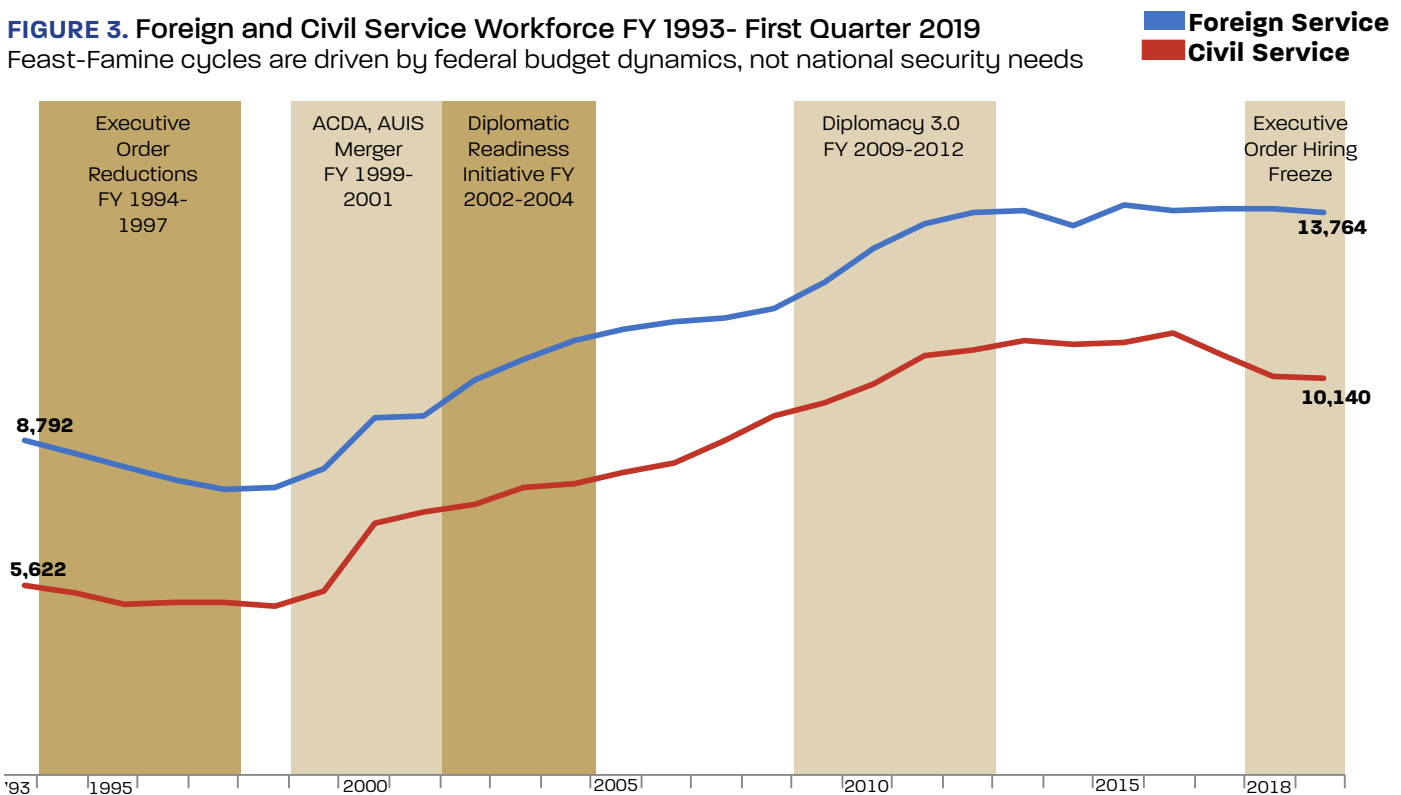


FIGURE 2. Federal Executive Branch Civilian Workforce
 U.S. Direct Hire, Non-Seasonal, Full-time, Permanent Employees
 OPM data for FY2017; State as of 12/31/2018
 State=1%; Defense + VA=54%; Defense, VA, DHS, Justice=69%

Total workforce = 1,883,724, State workforce = 23,904.

FIGURE 3. Foreign and Civil Service Workforce FY 1993- First Quarter 2019
 Feast-Famine cycles are driven by federal budget dynamics, not national security needs



the Department operates with numerous structural and operational misalignments, anomalies, rigidities, jurisdictional ambiguities, and a complex mix of internal centralized and decentralized authorities, many beyond its control, that constrain its effectiveness and efficiency in advancing U.S. national interests.

Numerous reports by the U.S. Government Accountability Office (GAO), the Office of Inspector General (OIG) and various think tanks have identified problems and suggested corrective steps. To its credit, the Department has undertaken initiatives to address key areas, many antedating the change of Administration, and others sparked by Secretary Pompeo and the President's Management Agenda. It has set its goal as a more flexible, agile, and mobile workforce shaped for effectiveness, internal efficiency, and greater responsibility and accountability. It has adopted reforms aimed at recruitment, retention, sustainment, diversity

and engagement, and training. We believe additional reforms are necessary and that the Department must have resources for workforce levels that maximize operational and foreign policy effectiveness, are sufficient to sustain a genuine training complement, and that further strengthen core diplomatic capacity and readiness. Given the federal budget environment, our proposals are predicated on practical steps of recognizing existing budgets, reallocating resources, generating operational efficiencies, and developing an integrated action plan to address front-line diplomatic requirements overseas.

Our employee-centric approach is designed to enhance the unique strengths of both the FS and CS without blurring their distinctive roles. For these or other reforms to work, the Department must engage employees, affinity groups, and unions from the start. Clarity of purpose and commitments to employees are essential for success.

RECOMMENDATIONS

FORWARD PRESENCE AND FIELD EFFECTIVENESS

1. Align staffing, facilities, and security to achieve foreign policy priorities by adopting a “field forward” approach.
 - a. Reprogram to fill 300 FSO overseas positions with political, economic/commercial advocacy, and public diplomacy responsibilities.
 - b. Focus on the diplomatic return on investment: determine strategic policy effectiveness and diplomatic, consular, and foreign policy execution when considering overseas presence locations, staffing and support/protective configuration.
 - c. Ensure that the relative and comparative value of and risks to attaining policy goals compared to security risks and operational constraints are employed when formulating mission goals and deploying personnel overseas.
2. Plan and prepare for Foreign Service surges to the field; sustain and refine training programs for crisis reaction deployments.
 - a. Create trained cadres of employees in advance of contingencies to enhance field effectiveness and accelerate deployment timetables.
 - b. Establish specialized teams/units to operate in high-threat, high-risk, non-permissive environments where there is no effective central authority; deploy for strategic priorities only when they can successfully advance U.S. interests.
3. Strengthen Diplomatic Readiness and Capacity and backstop domestic positions when Foreign Service surges overseas.
 - a. Centralize a Department-wide list of non-full-time, non-permanent employees, including the Foreign Service Family Member Reserve Corps, to better hire and control assignments based on Department priorities and needs.

CIVIL SERVICE

1. Create an excepted service demonstration project for select portions of the State Department's Civil Service workforce that would streamline pay, classification, grading, performance management, promotion, and hiring.
 - a. Adopt a rank-in-person rather than rank-in-position system.
 - b. Streamline the classification process for jobs around broader bands of professional categories rather than narrow job series.
 - c. Establish a pay band (or pay bands, as necessary) to align salaries of employees closer to the market or other national security agencies.
 - d. Redesign the performance appraisal system to reward high performance and select out chronic under-performers.
2. Promote optional movement of Civil Service employees between bureaus and posts to meet personnel needs and provide development opportunities.
 - a. Establish a rotation system for the Senior Executive Service initially focusing on cross-functional rotations for executives who are not in highly specialized fields.
 - b. Pilot a programmatic Department-wide developmental rotation program across bureaus and in international posts that addresses employees' interests and the Department's needs.
3. Require that employees pursuing promotions to jobs with significant supervisory responsibilities promptly receive initial supervisory training and complete core leadership training at the appropriate level before promotion.
 - a. Make promotion of Civil Service employees into successively higher leadership jobs dependent on completion of leadership training at the appropriate level.

PROFESSIONAL EDUCATION AND TRAINING

1. Establish a human capital account for the Foreign Service Institute (FSI) within the Department's Working Capital Fund (WCF). Require bureaus with separate appropriations to contribute a per capita amount to FSI's WCF human capital account for their share of integrated, uniform, Department-wide training.
 - a. Make professional and leadership development a funding priority and provide long-term predictability for the FSI and the Bureau of Human Resources (HR) to recruit, train, and professionally develop an adaptive workforce.
2. Achieve and sustain a 100 percent rate of entry-level Foreign Service Officers (FSOs) serving in their cone within their first two tours, thereby providing experience and more complete information for tenure decisions.
3. Make professional education and training mandatory for promotion and assignment eligibility for all Foreign Service and Civil Service employees.
 - a. Extend initial orientation/training to expand skill sets and foster collaboration: 10 to 11 months for FSOs and six to eight months for Foreign Service Specialists (FSS) to build competencies.
 - b. Implement mandatory training for all first-time supervisors of untenured FSOs and FSSs, and mandatory training for all first-time Civil Service supervisors.
4. Create space and time for formal and informal professional education and training by updating tenure, promotion, and assignment protocols.
 - a. Refine tenure criteria to distinguish them from promotion criteria.
 - b. Revise the timetable for tenure consideration by holding reviews six months later than current standards (and reducing the total number from three to two reviews to account for and deepen initial training).
 - c. Require three years instead of two at grade for promotion eligibility to build additional experience and seasoning for both field and Washington assignments.
5. Update language policy
 - a. Shift away from adding "bump-up" points for foreign language knowledge in determining FSO candidate scores for placement on the hiring register (to better address the full set of dimensions for FSO qualification).
 - b. Incentivize language maintenance and usage, not merely acquisition; provide one-third of the language incentive bonus upon FSI pre-deployment testing and two-thirds when tested at the end of the tour.

FOREIGN SERVICE SPECIALISTS

1. Modify the “up-or-out” system for the Foreign Service Specialists so that it applies only to Time in Class and Time in Service criteria for promotion to the highest available rank for each specialty.
 2. Make Foreign Service Specialist pay scales competitive with other U.S. government agencies (a cost of labor model) keyed to the particular field (one size does not fit all groups).
 3. Extend the orientation/initial training cycle to six to eight months, and more frequently cross-fertilize with Foreign Service Officers so employees meet and know each other before field assignments.
- 4A. Value and cross-train Office Managers (OMs).
- a. Reflect private sector practice: Drop the redundant term “Specialists” and adopt the term “Office Managers.”
 - b. Set minimum entry level at FP-06 to increase recruitment and intake of more highly qualified candidates; pay for skills, not labels.
 - c. Update position descriptions/job analysis/need to regrade positions and gradually increase promotion opportunities in mid-ranks.
- 4B. IT: Align cyber and cloud responsibilities between the bureaus of Information Resource Management (IRM) and Diplomatic Security (DS) and improve IRM and DS collaboration on law enforcement and cybersecurity.
- a. Apply the Office of Inspector General (OIG) report recommendation to vest sufficient authority in the Chief Information Officer (CIO) to track and control IT investments and carry out the lead role as a senior accountable official in managing information security and information security risk.
 - b. Create Chief Risk Officer, Chief Technology Officer, and Chief Compliance Officer senior positions, in concert with IRM and DS.
 - c. Compete: Department of Homeland Security (DHS) offers 25 percent of salary hiring bonus for certain IT fields.
- 4C. Diplomatic Security (DS): Strengthen its core responsibilities and prevent overstretch.
- a. Improve DS-IRM collaboration, particularly on cybersecurity.
 - b. Gradually establish additional Senior Foreign Service (SFS) (notably at Minister Counselor level) and Senior Executive Service (SES) positions.
 - c. Provide additional leadership and professional training for both Foreign Service and Civil Service DS employees, including targeted training for domestic field offices and managerial/supervisory training for Regional Security Officers (RSOs) and Assistant Regional Security Officers (A/RSOs) given their responsibilities to oversee vast local workforces.

PART I

Strengthen Forward Presence and Field Effectiveness



Marines evacuate embassy in South Sudan, Robert L. Fisher III, identified by DVIDS. Disclaimer: The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement.

CHALLENGE

The State Department has “near universality” in on-the-ground, permanent presence in countries with which the U.S. has diplomatic relations, but has ill-defined metrics to assess (and determine trade-offs between) security costs/risks, strategic interests, and policy goals when determining and assessing deployments, support, protection and mission creep. Overseas contingencies require State periodically to surge personnel abroad, but it has no systematic means to manage deployment, training, and backfilling Foreign Service (FS) and Civil Service (CS) positions. Position gaps and deficits frequently result. The Department is developing a National Interest Global Presence tool and considering new post archetypes using multi-factor analysis to determine costs, staffing, and policy priorities.² In developing this tool, the Department can focus greater attention on assessing risk/reward. Security risks are inherent, often measurable, and can be subject to risk prevention and mitigation measures. The returns on diplomatic investment are often less quantifiable, less immediately apparent, and less tangible because they are usually contingent on long-term development of relationships and building and sustaining trust and confidence between allies, friends, and partners to advance broad U.S. policy goals.

The Department would be well served by addressing two distinct but interrelated challenges: optimum staffing and resources for permanent posts operating under ordinary or near-normal conditions; and addressing temporary contingencies, including those which have the potential for “mission creep” that can generate greater than anticipated personnel, resource, and security requirements. In that context, the Department can better account for intermittent crisis-related deployments that can create staffing gaps and deficits in other locations. This comes against a backdrop where over 40 percent of FS personnel overseas serve in posts with remuneration for hardship conditions.

As late as 2015, more than 1,000 employees served in locations too dangerous for family members to accompany. The type, number, location, footprint of posts, their regional distribution, and their purpose, staffing, and support requirements

² In its 2018 Congressional Budget Justification (CBJ) for FY2019, the Department stated it intended to: “develop a National Interest Global Presence tool consisting of a consolidated global database and models, including authoritative cost and personnel data by mission, as well as country-level data...[to] produce broad presence/interest valuations based on particular national interest and policy parameters...related to diplomatic deployment and specific policy and development interests...[and]...provide value-added quantitative input as one part of an overall decision-making process involving area expertise, policy judgment, and inter-agency consultation...The project will examine various overseas presence models, or “archetypes,” for deploying U.S. government resources overseas. Currently, State employs a limited number of archetypes (e.g. embassies, consulates, American Presence Posts) that are not always suited to addressing today’s challenges.” Naturally any new archetype would need to conform to the respective Vienna Conventions on Diplomatic and Consular Relations that provide the sole basis for the right to open a location of any kind with the necessary privileges and immunities.

require greater scrutiny in evaluating their effectiveness in advancing U.S. strategic priorities. Changes to the status quo of significant regional bureau autonomy would naturally encounter inertia and resistance, given their equities and inherent difficulties in determining metrics to assign relative value to posts regarding current and future national interests and staffing, while also accounting for security requirements. Yet, without an integrated, holistic, enterprise-wide approach, State is likely to be in a constant reactive mode that cannot best use employees' talents when and where they are most needed. At the same time, overseas presence by other agencies is growing and the cost sharing formula by which State provides administrative services (ICASS) may be difficult to renegotiate.

GOAL

Target resources to diplomatic and consular front-line employees and posts engaged in U.S. strategic priorities; configure overseas staffing to support policy goals; determine the number and types of posts most crucial to U.S. national security interests; conduct a rigorous, nuanced assessment of the risks and costs of policy failure and operational mediocrity when determining objectives, resources, and security protocols.

HEAVY LIFT, HIGH IMPACT

The Department will need to account for regional and functional bureau perspectives and budgets as well as Congressional and other stakeholder reaction as it refines a new decisional mechanism to deploy people, provide resources, fuel employee productivity and engagement, and strengthen its capacity to achieve strategic goals.

PROPOSALS

1

Align staffing, facilities, and security to achieve foreign policy priorities by adopting a “field forward” approach.³

- a. Establish the long-term goal to shift 300 FS domestic positions overseas in political, economic/commercial advocacy, and public diplomacy responsibilities by: establishing and enforcing limits on the number of Deputy Assistant Secretary (DAS) and domestic executive and staff assistant positions and reassigning redundant domestic positions overseas; pausing creation of new Department-generated special envoys and representatives until the Global Presence National Interests review is implemented; consolidating, regionalizing, centralizing, digitizing, and automating domestic and overseas support functions, and identifying funding,⁴ which is likely a multi-year effort.
- b. Focus on strategic policy effectiveness and diplomatic and foreign policy execution to determine overseas presence, optimal staff size, and support/protective configuration; revalidate State’s biennial Overseas and Domestic Staffing Models.
- c. Determine the relative and comparative value of and risks of attaining policy goals compared to security risks and operational constraints when formulating mission goals and deploying personnel overseas.
- d. Update the NSDD-38 process to better align staffing presence with strategic goals and to align national (not just agency) civilian personnel deployments to policy objectives and resources, using a forward-looking five-year model (moving away from short-term planning and reducing agency-level stove-piping).

Analysis: *State has more than 40 bureaus with Assistant Secretary or equivalent positions. Some have fewer than 60 employees, others have hundreds or even thousands of employees. All have Deputy Assistant Secretary (DAS)*

³ In its FY 2019 Congressional Budget Justification (CBJ) submission, State outlined its push to “Improve U.S. Government Global Presence Governance” under which the 30 U.S. government agencies with an overseas presence and the Department can: better evaluate policy goals, costs, risks and tradeoffs across all U.S. government agencies; improve coordination on overseas deployments; reduce unnecessary overlap and duplication; and provide agencies with better visibility on projected future staffing. It also stated that State and USAID would explore possible cross-agency details and rotations; and that State would develop a strategy for new career models and a talent framework with a goal of a strategic workforce plan and new civil service hiring pilot program for 2020. AAD’s recommendations are consistent with those initiatives.

⁴ The Department estimates that it costs approximately \$400,000 to support a position overseas (housing, allowances, transportation, differentials, local employee costs, etc.) on an amortized basis, though the marginal cost of additional personnel can be less. Shifting 300 slots overseas could thus cost in the \$100M-120M range. The number of 300 overseas positions was derived from examining the historical record of personnel repositioning under the “Iraq tax” and the Diplomatic Readiness Initiative and Diplomacy 3.0 initiatives, drawing from HR’s Overseas Staffing Model and Domestic Staffing Model; and determining order of magnitude personnel savings through rationalizing staffing requirements over time. Much of the funding for Iraq and Afghanistan came from the Overseas Contingency Operations budget, which is not included in the FY 2020 budget submission, so those resources would not now be available if that budget is approved.



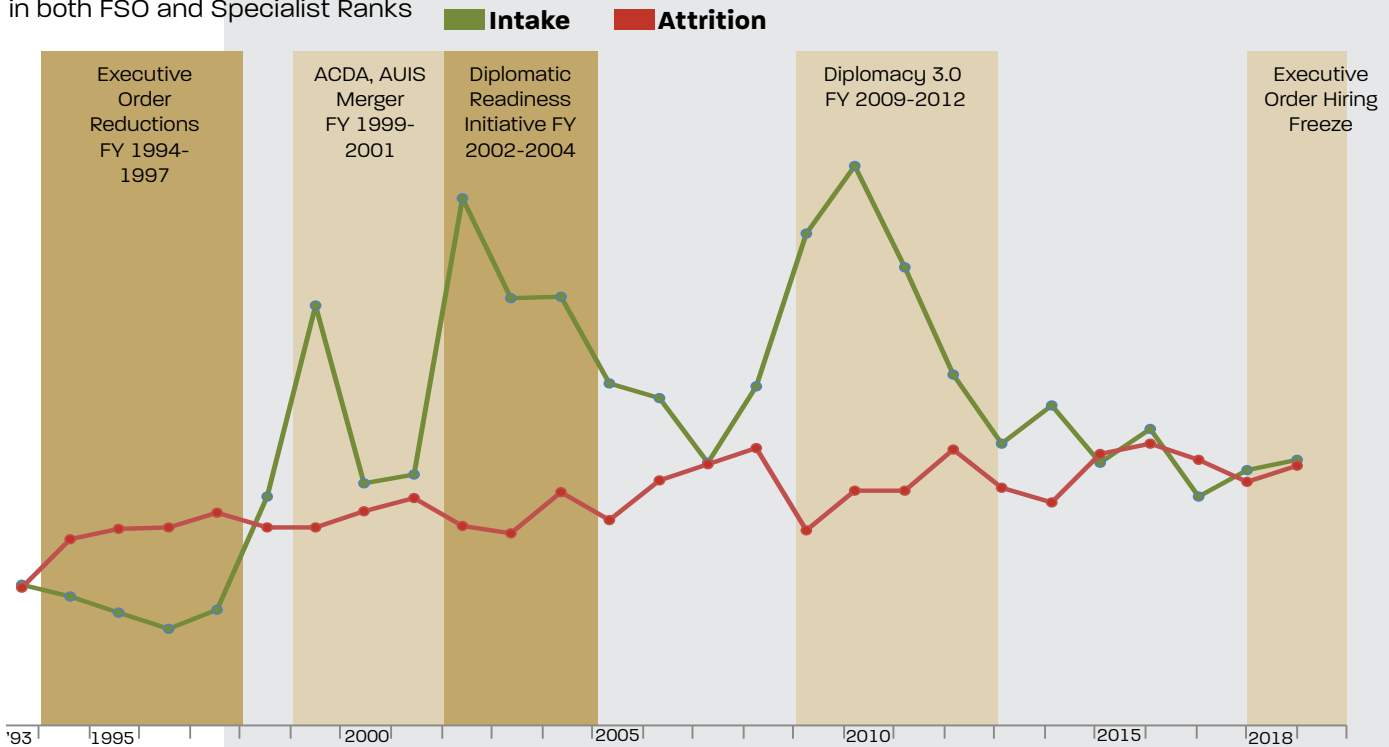
and executive and staff assistant positions. Individuals in DAS positions have essential interagency roles as no one below that rank can represent the Department at the National Security Council (NSC) or other key interagency meetings. Though understandable in some cases, some bureaus have a DAS overseeing only one office, thereby duplicating responsibilities with the Office Director, over-layering the hierarchy, and complicating succession management. Elsewhere, there has been a proliferation of special assistants, staff assistants, senior advisors or special advisors that collectively force more time for internal coordination rather than external goal delivery. Moreover, in many instances, domestic back-office functions can be automated, digitized, centralized, consolidated, and/or rationalized to provide better service and free slots for higher-value, higher-need positions. The Department recently completed a decennial jobs analysis review. It can usefully mine that information to determine and refresh job descriptions and classifications.

Staff and families of U.S. Embassy Lima speak with U.S. Secretary of State Michael R. Pompeo during his visit to Lima, Peru, April 13, 2019.

Department of State photo

FIGURE 4. Foreign Service Intake and Attrition: 1993-2018

DRI and D3.0 narrowed but did not fully eliminate prior deficits
Number of Employees in 2018 has Deficits
in both FSO and Specialist Ranks



Though 68 percent of the FS serve overseas at any given time, many posts have staffing deficits and gaps, as detailed both in HR’s and GAO’s analyses (Figure 4 and Figure 5), with some FS categories lagging behind growth in others (Figure 6 and Figure 7). In October 2018, more than 100 chambers of commerce and business associations wrote to Secretary Pompeo to underscore the importance of FSOs for trade, commercial, and business advocacy, urging for more such officers in overseas positions.⁵

Rationalizing staffing patterns to fill overseas positions will require an integrated action plan, as GAO recommended and to which the Department has concurred,⁶ likely a multi-year effort that must have a target goal to achieve lest it become only a planning exercise. The Department will also need to navigate budgetary issues, including on Overseas Contingency Operations (OCO) funding. This account made up nearly 30 percent of the total Department budget in FY 2018, partially reflecting the reality that it is actively engaged in conflict and post-conflict areas, often in close partnership with the U.S. military. The Department has borne extraordinary and unpredictable costs to establish, re-establish, or support its presence in areas of unrest that required temporary staffing surges, dedicated DS assets, aviation support, repairs/upgrades to existing facilities, or establishing secure interim facilities. In February 2019, as part

5 <https://www.afsa.org/sites/default/files/business-community-letter-to-the-honorable-michael-pompeo.pdf>

6 HR Five Year Workforce and Leader Succession Plan FY 018-22; GAO Report 19-220, p 27.

FIGURE 5. FS Employees Serving Domestically By Bureau, 12/31/2018

Bureau	Employees
Administration	47
African Affairs	112
Arms Control, Verification, and Compliance	10
Budget and Planning	2
Consular Affairs	209
Comptroller, Global Financial Services	22
Conflict and Stabilization Operations	24
Counterterrorism and Countering Violent Extremism	18
Democracy, Human Rights, Labor	28
Diplomatic Security	1,165
East Asian and Pacific Affairs	144
Economic and Business Affairs	88
Education and Cultural Affairs	54
Energy Resources	27
European and Eurasian Affairs	221
Foreign Service Institute, Staff	108
Foreign Service Institute, Students	350
Legislative Affairs	10
Human Resources	160
Human Resources, other employees temporarily assigned	386
International Boundary Commission	0
International Information Programs	130
International Joint Commission	0
International Narcotics and Law Enforcement	27
Intelligence and Research	64
International Organizations	72
Information Resource Management	141
International Security and Nonproliferation	17
Monitor and Combat Trafficking in Persons	6
Legal Affairs	1
Under Secretary for Management	12
Office of Foreign Missions	8
Medical Services	35
Near Eastern Affairs	52
Overseas Building Operations	75
Oceans and International Environmental and Scientific Affairs	49
Office of Inspector General	17
Public Affairs	24
Political Military Affairs	73
Population, Refugee, and Migration	28
Office of the Secretary	176
Office of Protocol	1
South and Central Asian Affairs	59
Western Hemisphere Affairs	148

FIGURE 6. Foreign Service Officers by Cone: 7,996 12/31/2018

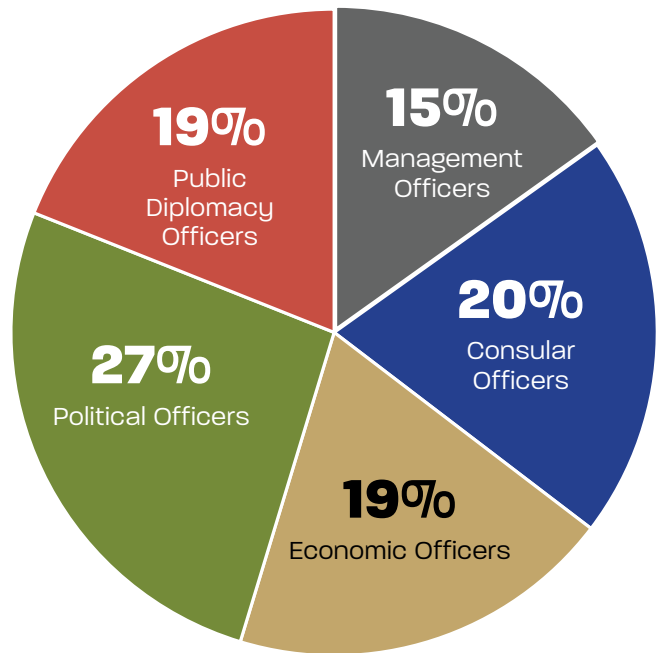
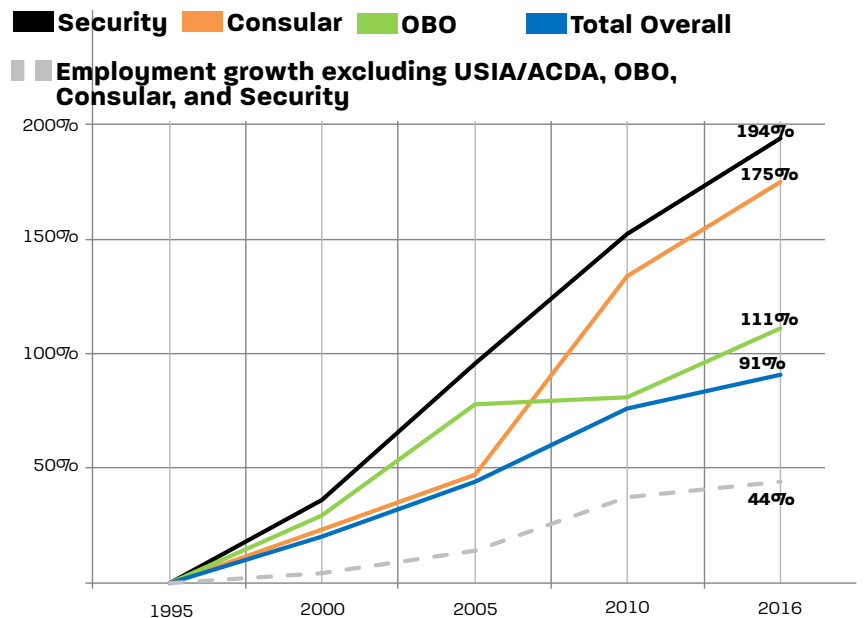


FIGURE 7. State Department Core FS and CS Staffing Percentage Changes 1995-2016



of the FY 2019 budget deal, Congress rejected proposed cuts to State's budget and approved \$56.1 billion for international affairs: \$48.1 billion in base and \$8 billion in OCO funding. Significantly, working within the limits of the 2018 Bipartisan Budget Act caps, Congress transferred \$4 billion from OCO into base funding and included \$84 million more than FY 2018 for "Overseas Programs," which funds the Department's regional bureaus and includes the cost of moving FSOs abroad into field positions. But the President's FY 2020 budget submission calls for a 23 percent cut for State and USAID (from \$56.4 billion in FY 2018 appropriated to \$42.8 billion requested) and State's FY 2020 Congressional Budget Justification did not request OCO funds.

Meanwhile, other agencies have added to their overseas presence, putting strains on the NSDD-38 process and the International Cooperative Administrative Support Services (ICASS) system through which State provides wide-ranging support services to multiple U.S. government agencies that operate from State's 275 platforms overseas.⁷ Both may need to be re-examined. The NSDD-38 criteria can better quantify what can be done only with a permanent on-the-ground presence that depends on daily interaction with host country officials that cannot be accomplished at less cost and comparable effectiveness with periodic TDY travel. And ICASS can better capture and the size and distribution of costs. The NSDD-38 process has at times become formulaic, with some agencies circumventing it politically to gain approval for establishing a permanent overseas presence that does not yield strategic results.⁸ An ICASS review can help ensure that staffing increases by agencies are accompanied by initial plus-up funding as well as the recurring annual reimbursements.

7 The 12/31/2018 HR Fact Sheet states that 30 U.S. government agencies have an overseas presence. According to its public websites, DHS has approximately 2,000 U.S. direct hire employees serving overseas (Customs and Border Control has about half of those) in 70 countries (with large contingents in Aruba, the Bahamas, Bermuda, Canada, and Ireland). The U.S. Secret Service has 24 overseas field offices. And the FBI has 250 Special Agents and other personnel in 63 Legal Attachés Offices and more than two dozen sub-offices. In approximately three dozen posts, the cumulative total of U.S. direct hire employees of other U.S. government agencies is greater than the number of U.S. direct hire State Department personnel.

8 State had made considerable progress since a July 2012 GAO report: GAO-12-799: "Overseas Rightsizing: State Has Improved the Consistency of Its Approach, but Does Not Follow Up on Its Recommendations." Still, much focus is placed on quantifying staffing costs rather than on policy impact: A key feature of State's NSDD-38 process states: "For each mission goal, identify the resources currently supporting that goal, and analyze the post's specific achievements in meeting the objectives." Harder quantitative measures may be useful: specifics on how additional personnel would directly, significantly, and substantially contribute to and advance the U.S. National Security Strategy, National Strategy for Counterterrorism, national economic priorities, and the Integrated Country Strategy and deliver measurable time-bound results. In addition, the resource formula can be tightened to incorporate specific analyses that determine the tipping point when TDY travel would exceed the cost of permanently stationing an employee overseas. For example, with an average first year cost of \$250,000 for a new overseas position (and about \$400,000 overall), agencies could be obliged to determine the comparative costs of TDYs and continuous presence and thereby assess what best delivers cost-effective results for U.S. national interests on an annual budget basis.

Plan and prepare for FS surges to the field; sustain and refine training programs for crisis reaction deployments.⁹

2

- a. Key training to post-specific contingencies, including type and degree of permissive, semi-permissive and non-permissive environment in which they would operate (e.g., team composition and leadership and supervisory skills can vary depending on the internal and external operational environments).
- b. Create trained cadres of employees in advance of contingencies to enhance field effectiveness and accelerate deployment timetables. This would build a reserve force of employees ready to deploy with minimal additional training.
- c. Establish specialized teams/units to operate in high-threat, high-risk non-permissive environments where there is no effective central authority; deploy for strategic priorities only when they can successfully advance U.S. interests.

Analysis: *State has faced the need for crisis-response deployments in every administration since Truman's and has regularly been unable to do so quickly and fully as budgetary and legislative factors have routinely impeded the creation of a ready stand-by force. Still, in preparing for responses to the wide array of possible contingencies (natural disasters, humanitarian and refugee crises, evacuations, ordered/authorized departures, conflict stabilization, mass casualties, political violence, to name just a sampling), the Department has taken notable steps. But much of the training is focused at an individual level, less so on forming and training ready-to-deploy teams where employees work together in advance of a crisis and then deploy as a unit.*

Such a proposed program — a ready reserve of rapid-response units — could provide stronger teamwork in the early stages of a crisis when and where deployment is necessary. By specifically focusing in advance on roles and responsibilities, and by preparing employees to work as a unified team, units can deploy in less time. In non-crisis situations, employees would be in normal assignments. Should crises demand immediate action, the team(s) would be deployed, perhaps after targeted supplemental/refresher training. Essentially beachhead teams, these units could then be supplemented or supplanted for longer duration assignments by new sets of employees. In a parallel initiative, the Department should plan for backstopping posts and/or bureaus to minimize disruptions in staffing, if necessary, during the initial deployment.¹⁰

⁹ See also section on Professional Education and Training.

¹⁰ The Department previously attempted something similar, but owing to bureau equities, administrative difficulties, and personnel authorities, it did not work well. It may be useful to have a working group of regional and functional bureaus plus HR to examine possible options.

3

Strengthen Diplomatic Readiness and Capacity and backstop domestic positions when FS surges overseas.

- a. Centralize a Department-wide list of FS Re-Employed Annuitants (REA/WEA), Presidential Management Fellows, Diplomacy Fellows, Civic Digital Fellows, Foreign Service Family Member Reserve Corps (FSFMRC), Pathways students, and other “fellows” programs where HR, in coordination with bureaus, hires and controls their assignments based on Department priorities and needs.
- b. Make the REA/WAE program centrally funded and administered by HR to streamline internal coordination when employees shift bureaus.

Analysis: *State has devised several options to staff short-term positions with people not in full-time, permanent status. For the most part, these positions are geared to domestic and not overseas operations. Creating a central register and centralized process would enhance the Department’s ability to match people to strategic needs and provide an overarching Department-wide perspective. It would also enable bureaus to see the entire available workforce. Under the current system, employees make themselves available to bureaus they select; should bureaus agree on a transfer of an employee, they must navigate complex rules. In essence, there are multiple small pools, not one general pool where the Department as a whole can tap as needed with the least onerous administrative process.¹¹*

Increase Representation funding.

- a. Reverse the cut from prior year levels. The FY 2019 Congressional Budget Justification (CBJ) request was for \$7 million, a 12 percent reduction from FY 2017 enacted levels, and more than a 24 percent decrease from 2010 enacted levels in constant dollars.

Analysis: *The requested amount is less than a quarter of what the Department requested for security for foreign missions and dignitaries in the U.S. Such a low level of representation funds puts the U.S. at a disadvantage in comparison to allies, rivals, competitors, and adversaries in building relations and influencing opinion shapers and decision-makers in foreign countries and institutions.*

¹¹ Under a centralized, transparent system, REAs would see all available job openings; bureaus would see all possible REAs and would, as is now the case, make the hiring decisions. Inter-bureau transfers would be streamlined. If the Department required to shift REAs between bureaus, for example to account for surges of career, full-time permanent staff to cover contingencies, HR and bureaus would collaboratively present options to the Under Secretary for Management in an action memorandum, enabling senior executives to determine optimal talent management options to meet urgent needs.

4

If more personnel are assigned overseas to conduct diplomacy, the Department must also make it a priority that they have funding to cultivate programmatically influential individuals and organizations. The competition for influence with China and others is growing.

5

Accelerate the internal-to-State security clearance and medical clearance process (especially for new hires, interns).

- a. Reduce the number of candidates who opt out because of protracted security clearance delays or lengthy reviews by the Office of Medical Services. DS has inaugurated a new cloud-based case management system to help reduce the wait time for all FS, CS, and FSMRC employees, but faces persistent FBI backlogs on National Agency Checks. Additional process improvements within State could further cut time once the Department receives inputs from external partners.
- b. Refine which skill codes/positions do not need TS-level clearances to accelerate onboarding for those positions.

Analysis: *A perennial, government-wide problem, with the overall federal backlog running into the hundreds of thousands with wait times that can approach two years, security clearances require cabinet-level attention. DS completes its investigations faster than its counterparts in other agencies, but because of sequential processing must await information from agencies that are the source of the bottleneck. The problem is particularly acute for new hires and interns, where wait times result in some candidates dropping out, restricting hiring pools in some critical fields and disrupting intake flows. DS is exploring ways to enhance interagency coordination and speed the process and should also examine additional internal process improvements as well. A simple step of determining which positions require employees with TS-level clearances (very few employees ever have access to TS materiel or information), could speed processing time for those employees.*

The Department would be well served by addressing optimum staffing and resources and addressing temporary contingencies.

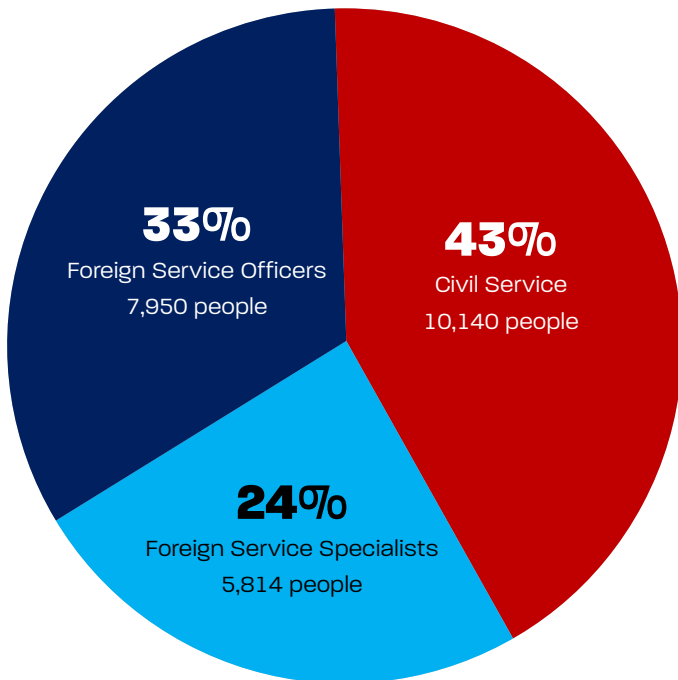
PART II
Strengthen
the Civil Service



THIS CHAPTER WRITTEN BY
**PARTNERSHIP FOR
PUBLIC SERVICE**

CHALLENGE

FIGURE 8. Department of State: 12/31/2018
U.S. Direct Hire, Full Time Permanent
Foreign and Civil Service: 23,904



The Civil Service (CS) and Foreign Service (FS) are both critical for an effective Department. Each service has undeniable strengths; each has room to grow. Strengthening both sides of the alliance is essential for the Department's future. The more than 10,000 CS employees¹² contribute fundamentally to the Department's mission, which is to advance America's security; bolster its competitive advantage for sustained economic growth and job creation; promote American leadership through balanced engagement; and ensure effectiveness and accountability for the American taxpayer.¹³ More than 40 percent of State's full-time, permanent U.S. citizen workforce and nearly 70 percent of its domestic employees are in the CS, which has been constrained both by underinvestment on the part of the Department as well as the restrictions of the Federal Government's outdated personnel system (Figure 8 and Figure 9).

On a wide range of important functions State struggles to keep up with other national security agencies and the private sector, from ensuring the Department can move quickly to hire the right

¹² DOS, Bureau of Human Resources, HR Fact Sheet, Workforce Statistics as of 09/30/2018

¹³ DOS FY19 budget justification



ABOUT PARTNERSHIP FOR PUBLIC SERVICE AUTHOR OF THIS SECTION

To develop recommendations for Strengthening the Civil Service, AAD relied on unique expertise of the Partnership for Public Service, a nonpartisan, nonprofit organization that works to revitalize the federal government by inspiring a new generation to serve and by transforming the way government works.

The Partnership teams up with federal agencies and other stakeholders to make our government more effective and efficient. We pursue this goal by:

- Providing assistance to federal agencies to improve their management and operations, and to strengthen their leadership capacity.
- Conducting outreach to college campuses and job seekers to promote public service.
- Identifying and celebrating government's successes so they can be replicated across government.
- Advocating for needed legislative and regulatory reforms to strengthen the civil service.
- Generating research on, and effective responses to, the workforce challenges facing our federal government.
- Enhancing public understanding of the valuable work civil servants perform.

FIGURE 9. CS Employees Serving Domestically By Bureau, 12/31/2018: 10,133CA, A, DS, OBO,IRM: 49% of all CS Domestic Employees

Bureau	Employees
Administration	871
African Affairs	70
Arms Control, Verification, and Compliance	79
Budget and Planning	55
Consular Affairs	2,347
Comptroller, Global Financial Services	334
Conflict and Stabilization Operations	66
Counterterrorism and Countering Violent Extremism	72
Democracy, Human Rights, Labor	95
Diplomatic Security	814
East Asian and Pacific Affairs	52
Economic and Business Affairs	98
Education and Cultural Affairs	319
Energy Resources	29
European and Eurasian Affairs	130
Foreign Service Institute, Staff	485
Foreign Service Institute, Students	0
Legislative Affairs	41
Human Resources	388
Human Resources, other employees temporarily assigned	13
International Boundary Commission	8
International Information Programs	144
International Joint Commission	11
International Narcotics and Law Enforcement	213
Intelligence and Research	252
International Organizations	139
Information Resource Management	437
International Security and Nonproliferation	179
Monitor and Combat Trafficking in Persons	46
Legal Affairs	252
Under Secretary for Management	43
Office of Foreign Missions	54
Medical Services	80
Near Eastern Affairs	128
Overseas Building Operations	471
Oceans and International Environmental and Scientific Affairs	128
Office of Inspector General	254
Public Affairs	177
Political Military Affairs	141
Population, Refugee, and Migration	90
Office of the Secretary	347
Office of Protocol	57
South and Central Asian Affairs	50
Western Hemisphere Affairs	76

people for the right jobs, to recognizing high performers and providing supervisors and managers with the tools they need to lead. A profile of the Department’s CS workforce provides additional urgency for modernization: only 6 percent of full-time employees are under the age of 30, and 30 percent will be eligible to retire within the next five years.¹⁴ Furthermore, State estimates that 70 percent of the CS employees who leave during that time will do so for non-retirement reasons.¹⁵

Transforming State’s CS into a more agile, flexible, and mobile workforce will require addressing three interconnected challenges: rigid personnel rules that hinder the agility of the Department’s workforce; a tendency to focus on policy at the expense of long-term institutional health; and chronic underinvestment in professional development that decreases CS employees’ engagement and retention. Addressing these challenges is urgent, and this report recommends several measures to improve the effectiveness of the Department’s civilian workforce. Modernizing how CS employees are recruited, led, managed, and rewarded will ensure the State Department CS workforce is better engaged and empowered to more effectively advance America’s interests abroad. Working with employees would speed and smooth the process.

¹⁴ OPM FedScope data for full-time, permanent, non-seasonal employees on board at DOS at the beginning of FY 2018

¹⁵ DOS, Bureau of Human Resources, Five Year Workforce and Leadership Succession Plan FY 2018-2022, 38

GOAL

A more flexible, agile, and mobile personnel system to support the CS workforce, one that would boost morale and, in turn, productivity. Under current personnel rules, the Department cannot sufficiently recruit qualified candidates for occupations such as information technology and scientific fields. A new approach to personnel management for these occupations would streamline the hiring process and bring in needed talent more quickly by increasing pay for critical skills and occupations, building a more effective, modern performance management system, and better aligning employees' talents with mission needs. State would combine these improvements with a well-designed program for rotating CS talent across the organization. The Department would also emphasize training and professional development to provide employees with the tools, resources, experience, and support necessary to successfully execute State's mission.

HIGH LIFT, HIGH IMPACT

As previous attempts at personnel reform over the decades demonstrate, significant reforms at the Department are never easy to implement. State must ensure that employees of all levels, unions, Congress, and other stakeholders understand the proposed changes, believe they are constructive and well-intentioned, and buy into their success. Leaders must also facilitate two-way communication with employees and their representative unions and treat reform as the significant culture change that it is. In a time of fiscal constraints and widespread vacancies in Senate-confirmed positions, managing change effectively will undoubtedly require significant effort from a workforce that is already carrying a heavy workload. The current environment also presents unique opportunities to align critical stakeholders behind reasonable reforms that will yield long-term benefits for the State Department, its employees, and its important mission.

PROPOSALS

THREE CORE RECOMMENDATIONS, IN ORDER OF PRIORITY

1. Work with the Office of Personnel Management (OPM) to create an excepted service demonstration project for mission-critical segments of the CS workforce that would pilot new workforce strategies to hire and retain CS employees in mission-critical fields and place the Department on par with other national security agencies competing for the same talent.
2. Implement robust rotation programs for career members of the Senior Executive Service (SES) and others in the CS to provide additional opportunities for mobility and career development. Improving the availability and management of CS rotation opportunities can help to address employee concerns about lack of opportunities for professional growth and promote a better understanding of the work done by other bureaus.
3. Make leadership training more widely available to CS employees and make such training mandatory for advancement into positions of greater supervisory authority. Taking this step would help enhance the skills of current supervisors and better prepare future supervisors to communicate, manage, and appraise employee performance—both long-standing challenges for State's CS.

THE IMPORTANCE OF LEADERSHIP COMMITMENT

Strong leaders are essential for healthy organizations, but leadership requires investment—of time, attention, and resources—that executives often are hard-pressed to make given their daily demands. The State Department slipped to the bottom quartile among large agencies in overall employee engagement, according to the 2018 Best Places to Work in the Federal Government® rankings produced by the Partnership for Public Service and Boston Consulting Group.¹⁶ Employee satisfaction with senior leadership ranks lower than State’s overall engagement score and is the lowest-rated of the 10 workplace categories measured by the rankings.¹⁷ Low engagement has real impacts. According to interviews, it leads to decreased morale, lower employee productivity, higher absenteeism, and reduced retention. Furthermore, employee satisfaction plays a critical role in State’s readiness and capacity to execute its mission goals.

To reverse these declines, State must first reinforce the unity of purpose among the Civil and Foreign Services and highlight the unique and vital contributions each makes to advance America’s national security and diplomatic interests. It also requires senior leaders to engage CS employees more fully in the Department’s decision-making and policymaking processes, acknowledging both CS and FS contributions in public remarks and soliciting CS input on policy issues. Though such actions may seem like common sense, the message bears reinforcing given that, of the 10 bureaus with the highest number of CS employees, just one (Director General of the Foreign Service and HR Bureau) exceeds the State Department’s overall 2018 employee engagement score.¹⁸ Closing the perceived cultural divide between the two workforces and ensuring that the contributions of CS employees are not overlooked can fuel greater collaboration and organizational effectiveness.

To boost coordination between bureaus and break down policy management silos, State should build a more cohesive team among the sixth and seventh floors and encourage senior leaders to work as a unit.¹⁹ Building the leadership team could begin with robust, mandatory onboarding and orientation for all incoming State political appointees, non-career SES, and key Schedule C employees within their first three months on the job.

16 https://bestplacestowork.org/rankings/detail/ST00#tab_category_tbl

17 Ibid.

18 <https://bestplacestowork.org/rankings/detail/ST00> and analysis of DOS workforce data

19 Former Under Secretary of State William Macomber’s efforts to create a “Senior Management Group,” which pushed senior leaders to work as a unit and linked management and policy concerns, showed that these challenges were recognized as far back as the 1970s (Diplomacy for the 70s: An Afterview and Appraisal, William I. Bacchus, June 1974); the proposed reforms failed to achieve traction, demonstrating the difficulty of cultural shifts.

Onboarding might include bringing together career and non-career executives, providing information on how to work effectively with the Department's career employees, drive change in the federal context, and collaborate within the agency and across government.

As is the case for career members, non-career leaders would be held responsible through annual performance evaluations that assess three to five measurable goals. Non-career leaders would share their performance plans with agency employees and report quarterly to the Secretary on outcomes. Appointees would focus their goals on advancing the Administration's policy objectives as well as activities promoting institutional health. These goals could include improving Federal Employee Viewpoint Survey scores, increasing diversity in the workforce, reducing time-to-hire, and encouraging employee development. Improved communications with rank-and-file staff would build productivity and morale. The 2018 survey data suggests this is an area rich with opportunity for the Department: a little less than half of the Department's employees report that they are satisfied with the information they receive from management about what is going on in the organization. Only 40.3 percent of employees report they are satisfied with the policies and practices of senior leaders. The potential benefits of greater cohesion and intentional communication provide an important incentive for leaders to invest in this area.²⁰

The recommendations below offer strategies to address faltering morale and strengthen the engagement and effectiveness of the CS workforce. Realizing these changes is an enterprise-wide exercise that requires sustained commitment by senior leaders.

²⁰ 2018 FEVS State Department Dashboard.

1

PROPOSED ACTIONS

Create an excepted service demonstration project for select portions of the State Department’s CS workforce that aligns the Department’s personnel authorities with those of other national security agencies. The system would streamline pay, classification, grading, performance management, promotion, and hiring, and would serve as a pilot that, if successful, could eventually cover State’s entire CS workforce. Working with CS employees, affinity groups, unions, and bureau-level leaders, the Department could determine which occupations or offices would be offered the opportunity to participate, based on internal data on hiring outcomes, attrition, employee engagement, and, especially, CS employee input. State should ensure that it uses the demonstration project to hire for hard-to-fill positions and increase flexibility for existing employees, rather than to expand existing excepted service authorities for political appointees. Key potential aspects of the system are described below.

- a. Working with OPM,²¹ create a demonstration project for State’s CS workforce in which classification is determined by employees’ “unique skills and abilities”²² (i.e., a rank-in-person system) rather than their position. This will make assignments and promotions more flexible and enable employees to pursue stretch roles and projects to prove themselves. A rank-in-person system should also incorporate “up or out” promotion criteria so that employees are both incentivized for higher positions and that there is upward flow of talent, not grade inflation. For internal promotions and transfers, State would use promotion panels to protect employees against favoritism and ensure job fit.

21 While the Administration has proposed moving the policymaking function of OPM to the Executive Office of the President as part of its 2018 reform and reorganization plan, the demonstration project authority managed by the agency is established in law at Section 4703 of Title 5, United States Code and in regulation at 5 CFR Part 470.

22 GAO 14-677

Analysis: State has a strong case for requesting demonstration project authority from OPM. The Department faces fresh challenges to attract the best and brightest employees as it competes with other national security agencies for talent. Highly skilled and promising CS employees often leave because they feel as though there is not enough room or opportunity to advance, according to interviews. Under the rank-in-position system defined by Federal classification rules, employees' roles are largely defined by the occupational classification of their job and their time spent in the position.²³ This inflexible classification process inhibits the ability to combine the work of multiple occupations and reduces State's overall adaptability to changes in the nature of work.²⁴ Rank-in-position also tends to reward longevity at the expense of performance, particularly if a strong performance management system is lacking.

Limitations on advancement are the starkest for mid-career employees, since many higher-level positions in the Department are held by Foreign Service or political appointees – effectively resulting in promotion caps. Under the rank-in-person system, employees would have more mobility to move laterally or into stretch assignments that might not otherwise be available. Promotion panels would take the promotion decision out of the hands of individual managers and provide more objective evaluations of employee performance; with the ability to reward excellence and identify low performers. A demonstration project would be an effective way to test a rank-in-person system in the State Department's unique environment because it could be implemented without legislation and would offer more procedural safeguards than an executive order.

- b. Streamline the process for classifying jobs under the demonstration project around broader bands of professional categories (e.g., entry-level or journeyman) rather than strict grades (e.g., GS-7 or GS-9) to allow for more flexibility in defining and compensating jobs; differentiate between managers and technical experts at the more senior levels, with authority vested in the Department to define these levels; and reduce the number of grades to broaden salary ranges and reduce the rigidity of the current compensation system.

Analysis: Some State CS employees report feeling pigeonholed within their occupational series and grade, with few options for pursuing opportunities that may fall nominally outside their job.

FIGURE 10. Civil Service by Grade: 3/31/2017*
(*latest publicly available data)

Grade	Employees
AD	4
SES	169
GS-15	1,012
GS-14	1,927
GS-13	2,989
GS-12	1,508
GS-11	1,403
GS-10	11
GS-09	602
GS-08	149
GS-07	406
GS-06	29
GS-05	90
GS-04	12
GS-03	3
GS-02	1
WG	31

23 Ibid. 16

24 Ibid. 16

Interviewees noted that, to reach higher grades, CS employees sometimes had to leave the Department and return in a more senior role, as there are relatively few jobs that allow them to rise to the GS-14 or GS-15 grades (Figure 10). Other employees noted that extraordinary efforts were sometimes necessary to move into new jobs, or that similar jobs graded higher or with higher promotion potential at other agencies drew them away from State. Barely half (50.7 percent) of State's employees agreed the Department provided them the tools to pursue a clear career path, and a similar number (50.2 percent) agreed with the statement, "I believe I can reach my professional potential working in the Department of State."²⁵

At a systemic level, classification and grading is a complex and difficult-to-administer activity, and a lack of resources and widespread classification expertise within HR offices across the Department makes it harder to conduct the sort of job analyses needed to modernize the current system. The result is difficulty in differentiating jobs based on position, pay, and labor market demand, with roughly 86 percent of the CS workforce falling within the GS-11 and GS-15 grades. Streamlining classification and grading for employees would allow more flexibility and mobility within and across jobs, while still allowing the Department to issue more detailed classification standards as necessary.

Separate tracks for managers and technical experts, which already exist at the executive level, would create career paths for both aspiring managers and those who wish to advance without having to manage others. These tracks would also allow the Department to target leadership training resources to those employees who are most interested in a management career path while allowing technical experts to advance in their careers without having to take on supervisory responsibilities.

- c. Establish a pay band (or pay bands, as necessary) to align salaries of employees in the demonstration project closer to the market or other national security agencies with similar pay authorities and grant more flexibility in assigning entry-level salaries and salary increases.

Analysis: *State is no longer the only employer, or even the prime employer, for Americans who want to pursue government careers abroad, and the General Schedule system that governs pay for CS employees makes it even more difficult for the Department to attract and retain talent in critical fields such as information technology. The State Department's IT workforce deserves particular attention, as more than four-fifths of the Department's U.S.-based, full-time, permanent IT employees stated they were dissatisfied with their compensation; roughly half of CS IT staff are eligible to retire; and more than one-fifth of domestic IT jobs were vacant as of the end of fiscal 2017.²⁶*

Though State already has access to direct hire authority for IT talent, a streamlined hiring process does not necessarily mitigate compensation issues.

²⁵ State FEVS dashboard

²⁶ LMI DOS Domestic IT report

It is more important than ever that the State Department's compensation system be competitive with the private sector and with other national security agencies that have unique compensation flexibilities. The alternatives are perpetuation of long-term talent shortages and further dependence on the contract workforce, which as of September 2016 was already nearly as large as the entire CS workforce.²⁷ Pay bands are already widely used within the Intelligence Community and at other national security agencies such as the Transportation Security Administration and National Nuclear Security Administration. Pay bands would be an especially helpful tool for attracting younger talent by potentially raising entry-level salaries for mission-critical occupations and allowing the Department more flexibility in responding to job market changes. Combined with new authorities to hire students and recent graduates more quickly, which were enacted as part of the John S. McCain National Defense Authorization Act for Fiscal Year 2019,²⁸ they would be even more powerful. Pay bands are a significant lift and, while they would help solve critical hiring challenges, they are not essential for conducting a demonstration project.

- d. Move toward a more flexible model for veterans' preference by considering modern approaches to recruit people who have served, and better aligning veterans' skills with the jobs in which they are most likely to succeed, and for which retention and job commitment have been strongest. The Department could make these changes while maintaining or even increasing the hiring of veterans but should report to OPM and Congress on the impact of the changes to ensure transparency and protection of the principle of veterans' preference.

There are multiple potential models from which the State Department could choose. For example, State could choose to adjudicate a candidate's preference at the end of the hiring process, once candidates' qualifications have been established, rather than at the initial stages. The Department could also consider replacing the current preference adjudication process with a direct hire authority similar to Veterans Recruitment Appointment (VRA).²⁹ Unlike the VRA, however, this authority would not have a maximum grade limitation, barriers to entry into the competitive service, or limitations on qualifying military service. A third option could be to establish a percentage floor for annual veterans' hiring beyond which managers may hire without specific regard to preference.

Analysis: *As is the case in many federal agencies, the process for adjudicating preference is complex and difficult to understand for both hiring managers and veterans. Former Assistant Secretary of Labor Michael Michaud, testifying*

²⁷ U.S. DOS Bureau of Human Resources, Five Year Workforce and Leadership Succession Plan FY 2016-2020, 22. American contractors constitute 11 percent of the total State workforce, while government CS employees make up 12 percent of the total.

²⁸ H.R. 5515, John S. McCain National Defense Authorization Act for Fiscal Year 2019, Section 1108

²⁹ Per the Office of Personnel Management, Veterans Recruitment Appointment (VRA) is an excepted authority that allows an agency to non-competitively appoint an eligible veteran at any grade level up to and including a GS-11 or equivalent. Upon satisfactory completion of two years of substantially continuous service, eligible veterans can be converted to the competitive service. Agencies may also use VRA to fill temporary (not to exceed one year) or term (more than one year but not to exceed four years) positions.

before Congress in 2016, stated it is “very difficult to understand whether it [the preference law] is on the hiring managers’ side or the veteran themselves as far as how the law applies to them.”³⁰ The Merit System Protection Board noted, “The more complicated the laws, the more opportunities there are for agencies to make mistakes, veterans to misunderstand their rights, and observers to assume that something improper has occurred.”³¹ One of the reasons the State Department is such a prodigious user of the Presidential Management Fellows (PMF) and other Pathways programs is that these programs adjudicate individuals’ preference before they come to the Department, allowing hiring managers to evaluate and select candidates more quickly following their fellowships. Reforming the way State grants preference could also help improve diversity hiring outcomes.³² The options described above do not circumvent preference, nor are they the only potential ways to address the complexity of the current preference adjudication process. Instead, they offer ways to redesign the process that enable the Department to hire more quickly while also meeting its obligations to veterans.

- e. In partnership with OPM, redesign the performance appraisal system for CS employees in the demonstration project so that it better differentiates between levels of performance and incorporates current private sector best practices on performance management. The system should use diverse panels to evaluate employees for promotion through comparison to their peers across the agency; move from numerical rating systems that have proved ineffective toward more descriptive ratings; and hold managers accountable for certifying that new employees and supervisors performed at an acceptable level during their probationary periods.

Analysis: Performance management is one of the most consistent trouble spots in personnel management at the State Department. Less than one in five State Department employees agreed that pay raises “depend on how well employees perform their jobs”, according to the 2018 Federal Employee Viewpoint Survey. Responses to the question, “In my work unit, steps are taken to deal with a poor performer who cannot or will not improve” were similarly negative (35.6 percent to 37.5 percent).³³ The Civil and Foreign Service employees we interviewed also shared a sense that the appraisal system does not sufficiently recognize high performers or hold accountable employees who cannot or will not improve. Managers in the CS are less likely than their counterparts in the Foreign Service to consider performance appraisals when making promotion decisions. Taken together, these performance challenges hurt the morale of the CS and contribute to rates of attrition that were higher for mid-career State Department employees than they were for government-wide employees in 2017.³⁴

30 House Committee on Veterans Affairs, Veterans Preference in Federal Hiring hearing, April 20, 2016

31 MSPB report, Veteran Hiring in the Civil Service, August 2014, pg. 51

32 Gregory B. Lewis, The Impact of Veterans’ Preference on the Composition and Quality of the Federal Civil Service, 2013

33 2018 FEVS State Department dashboard

34 Partnership analysis of OPM EHRI data

ENSURING EMPLOYEE BUY-IN FOR THE DEMONSTRATION PROJECT

A demonstration project is a pilot to test and refine a concept. Employee support for the demonstration project will be essential to its success. Garnering this support requires robust and thoughtful steps before, during, and after project implementation to gather employee input, measure the project's successes and shortfalls, and evaluate its impact. The Office of Personnel Management already requires agencies developing demonstration projects to show that employees who will be involved in the project have been notified and provided with information about the proposal.¹ *The Department should engage in substantive consultations and information-sharing beyond the basic requirements in regulation to give employees, affinity groups, and unions the opportunity to provide input on the project.*

Consultations with employees should include a detailed timetable for implementation and a change management strategy that addresses employee concerns and fears. Additionally, the project should include mechanisms for incorporating employee feedback and feedback from post-implementation surveys to inform decisions as to whether the project should be made permanent. Current demonstration projects in other agencies, such as the DoD Acquisition Workforce Demonstration project (AcqDemo), provide potential models. The AcqDemo project requires offices interested in joining the demonstration project to "assess the acceptance level of the workforce with participation, views of stakeholders...and [to] consider any other climate and/or operational issues that would impact effective implementation of the project."²

1 5 CFR 470.307

2 <https://www.federalregister.gov/documents/2017/07/11/2017-14251/civilian-acquisition-workforce-personnel-demonstration-acqdemo-project-department-of-defense-dod>

Promote optional movement of CS employees between bureaus and posts to meet personnel needs and provide development opportunities.

- a. Establish a rotation system for the Senior Executive Service initially focusing on cross-functional rotations for executives who are not in highly specialized fields to move across bureaus and expand to the full suite of Under Secretary Families.

Analysis: *The career SES of the State Department provides crucial leadership and continuity at the most senior levels of the organization, and the value of these senior managers could be further enhanced through rotations that expand their networks and strengthen their leadership skills. Such opportunities are especially crucial given the perception that many of the Department's GS-13 through GS-15 employees have minimal opportunities to take advantage of leadership positions in different offices or bureaus and advance in narrow career paths mainly due to their technical skills. State could incentivize participation in the rotation system by offering performance awards for taking part and building mobility into selection criteria for higher-level jobs.*

- b. Pilot a Department-wide developmental rotation program across bureaus and in international posts based on employees' interests and the Department's needs.

2

Analysis: *CS employees at the mid-career and senior levels have few opportunities to experience different aspects of the Department's work or demonstrate leadership skills in new situations. The tendency of the Department to pigeon-hole employees as technical experts contributes to frustration and reduced engagement. An important part of becoming a leader is practicing leadership, and the lack of opportunities to rotate within the Department impacts not only employee development and future career opportunities, but also the Department's mission. A limited number of rotations to positions abroad for CS employees would give them a better understanding of the needs of the Foreign Service and make them more effective upon their return to Washington. Streamlining the numerous complicated programs in which CS employees can work abroad would create better developmental opportunities, increase transparency and objectivity in such assignments, reduce administrative hassle, and enable the Department to place CS employees in such a way that their skills and interests match the post's needs.³⁵ Interviews with leaders across the Department have indicated that employees in the Foreign Affairs series tend to feel the most stuck and leave in high numbers, so the pilot could begin with that and other select job series. The text box at the end of this section provides more information on how a rotation program could be structured.*

3

Require that employees pursuing promotions to jobs with significant supervisory responsibilities promptly receive initial supervisory training and complete core leadership training at the appropriate level before promotion.

- a. Require supervisors to complete initial supervisory training within their first one to three months in a supervisory position, or before taking the position if possible, to ensure they have the tools and resources necessary to succeed in their role.³⁶

Analysis: *Under 5 CFR 412.202(b), first-time CS supervisors are required to complete training within one year of promotion, but this remains far too much time for new supervisors to wait. Across bureaus, the gap leaves new supervisors ill-equipped to manage personnel, and the HR offices within State's bureaus sometimes lack the capacity to support them. Unlike the Foreign Service, the CS does not rotate every two to three years, so an ineffective supervisor may have a more lasting effect. By completing the Foreign Service Institute's (FSI) Fundamentals of Supervision class within one to three months of promotion,*

³⁵ Both the CS and FS are well below prior employment levels; owing to rigidities in both systems, tapping into available talent to cover deficits and gaps or to offer developmental opportunities is so difficult and cumbersome that it is essentially unavailable, to the detriment of both employees and the Department.

³⁶ This parallels the requirement for FS personnel who are first-time supervisors to have mandatory supervisory training.

and before promotion to the extent feasible, the Department's managers will be better prepared to lead.

- b. Make promotion of CS employees into successively higher leadership jobs dependent on completion of leadership training at the appropriate level.

Analysis: *The State Department requires FSI's leadership skills courses for the GS-13 through GS-15 levels, but CS employees do not have to complete the courses prior to promotion—unlike their counterparts in the Foreign Service.³⁷ Because these courses are not a requirement for promotion, many CS employees do not take them. In some cases, Foreign Service or political appointee supervisors who are on relatively short rotations through Washington even discourage CS employees from taking leadership courses because their short tenures make them less patient with long-term investments such as training. Making training necessary for promotion would address this barrier. Already possessing policy acumen and technical expertise, CS employees would further benefit from additional investment in developing management skills such as conflict and crisis management, resiliency, and communication. Additionally, greater participation in these courses would allow CS employees to create connections across bureaus and bridge critical skill gaps.*

- c. Supplement FSI-hosted and other offsite training by requiring each bureau to devote time each month to professional development.

Analysis: *Knowledge and relationships are State's greatest assets, so it is crucial that State increase professional development opportunities across bureaus. Designating a certain amount of time per month for training and professional development is an effective way to boost bureau cohesion while prioritizing employee growth. Setting aside time for training provides an opportunity for building skills and demonstrates to employees that their leaders care about their development. There are several models for providing these development opportunities, including the Bureau of Consular Affairs' ICA program. Ensuring follow-through on the part of bureaus will be critical; one lesson from ICA is that the long-term success of the initiative resulted more from leadership commitment than resources. To ensure bureaus use this time effectively, leaders should be asked to report on how they spend bureau development time.*

³⁷ While training needs exist in both the Foreign and Civil Service, we focus exclusively on the Civil Service in this section.

SPOTLIGHT ON CIVIL SERVICE ROTATION PROGRAM

Rotation programs are inherently difficult to design. Past attempts to do so for Civil Service rotations have frequently floundered on how best to determine the numbers, types, and frequency of rotations without creating vacancies. Such challenges are particularly acute in job series that are highly specialized or have small numbers of positions. It may therefore be most suitable to explore a rotation program for job series (e.g., management, budget, human resources, foreign affairs) in which employees serve in multiple regional and functional bureaus. Even with a limited rotation program, State will want to provide new challenging and rewarding opportunities for employees.¹

The Foreign Service uses an assignment system that enables constant worldwide movement of employees among different positions. This model could, upon rigorous review for applicability, be adapted for a rotation program in which CS employees rotate into other CS positions. Using this model, State could pilot a project for selected job series in which CS employees serve in and across regional and multiple functional bureaus. It could establish either a numerical or percentage basis for the number of positions (not the entire population within a job series) that would be open for rotations, and set a fixed rotation cycle such as four or five years. Employees and offices would both have predictability; employees would have opportunities but not requirements for internal movement, and bureaus would have assurance that positions would not become vacant. Employees could broaden their experience, subject matter and technical expertise, and, ideally, enhance their competitiveness for higher-graded leadership positions by demonstrating skills and competencies across a range of positions.

For a rotation program involving both FS and CS employees in domestic assignments, the Department could also draw on and modify existing HR arrangements and programs.² One is “blue-sheeting,” used to recharacterize Foreign Service or Civil Service domestic positions, enabling Foreign Service or Civil Service employees to occupy an unfilled position that is not originally in their respective systems without changing their Civil Service or Foreign Service status. Once an incumbent departs the position, it reverts to its original position type. Done infrequently, it is typically used when a position cannot be filled as designated. Most employees do not realize this option exists and many bureau HR offices do not offer it to managers. By improving and regularizing this

practice, the Department could create a discrete and limited number of “flex” domestic positions, perhaps by identifying positions that are below authorized ceilings and not filled, that either Civil Service or Foreign Service employees could rotate into for two-year assignments. Moreover, in contingencies where Foreign Service employees were surged abroad, thereby creating temporary gaps in domestic positions, CS employees could be eligible to temporarily fill those slots, with the position maintaining its FS status for FS employees to fill again routinely.

The Department could also consider a related program for CS employees who would be eligible to volunteer for a single (once in a career) overseas tour to supplement (not substitute for) FS staffing. This would be a voluntary program for CS employees, designed to match short-term post needs with employee skills and enable CS employees to gain field experience and enhance their professional development. It would supplant and replace existing mechanisms (such as the Overseas Development Program, Hard to Fill program and excursion tours) which have not met Department needs but have generated friction between CS and FS employees as to their respective overseas roles.³ For CS employees, it would offer the availability (but not requirement) of an overseas tour. A variant is to “pair” assignments, where CS employees would request assignments to overseas positions; if selected, their domestic slot could be available for FS personnel, thereby addressing the backfill issue. At the end of the overseas tour, the CS employee would return to the original domestic CS position. If each regional bureau had two overseas slots, for example, and there were a mix of one, two, and three-year assignment opportunities, no more than 36 Civil Service employees could serve overseas at any one time, which is less than 1 percent of total FS personnel deployed abroad. The distinct features and attributes of the CS and FS systems would both be protected.⁴

By adopting a strategic outlook and consolidating, rationalizing, and replacing existing programs for CS overseas assignments, the Department could shape a CS developmental rotation program that enhances both Civil Service and Foreign Service agility and provides greater transparency, equity, and regularity. The Department would need to discuss such a concept with employees (and respective unions) and seek their input to develop guidelines, processes, eligibility criteria, and communication plans.

1 HR: “Five Year Workforce and Leadership Succession Plan, Fiscal Years 2018-2022” published February 2019. The FSO vacancy rate was 10 percent; FSS was 15 percent, and CS was 14 percent. As noted earlier, vacancy rate methodology needs to be revalidated.

2 This would have to be negotiated with AFSA and Civil Service unions.

3 HR’s study, “Five Year Workforce and Leadership Succession Plan, Fiscal Years 2018-2022” published February 2019 puts the total number of CS employees serving overseas as seven in CS positions and 98 in FS Limited Non-Career Appointment (LNAs with another 24 in training. That represents 1.2 percent of the entire CS or 1.3 percent of all employees (FS and CS) serving overseas, and less than one percent of all FS employees. If each regional bureau had five overseas slots, that would mean 90 employees at any given time. Any rotation program would want to avoid adding to existing, large domestic CS and FS gaps or deficits that affect many bureaus and to also preclude taking away overseas opportunities for FS personnel, who must serve abroad as a condition of employment. Lateral entry into the FS is neither warranted nor wise. Natural, organic growth of the FS and CS workforces geared to their respective FS and CS responsibilities is and will continue to be the best course of action given the unique value that each service brings to the Department.

4 Whichever rotation system is considered, it would not obviate using temporary duty assignments (TDY) by CS or FS personnel to fill temporary short, summer gaps and gain field experience without a full assignment.

PART III

Strengthen Diplomatic Capacity and Readiness



**ENHANCED PROFESSIONAL
EDUCATION AND TRAINING**

CHALLENGE

The Department of State has a talented workforce. More than 60 percent of Foreign Service Officers (FSOs) have advanced degrees (Masters or higher). Foreign Service Specialists (FSSs), CS employees, and Foreign Service Family Member Reserve Corps members (FSFMRC) also bring to their positions significant educational and professional experience. With the Foreign Service Institute (FSI), the Department has a unique educational and training organization. However, there is often tension between the need for additional education and training, at all stages of an employee's career, and the operational needs of the State Department both overseas and domestically. In addition, the needs of the Foreign Service (FS) frequently mean that many FSOs do not have adequate opportunity to demonstrate competence in their primary fields (cones) prior to tenure because they are required to serve multiple early tours in consular assignments.

Lacking a true training complement, State concentrates most formal FSI training for FSOs on language acquisition and for FSSs on adding to their technical skills. Informal on-the-job training often takes precedence over sustained programs that tie leadership and professional development to practical field tradecraft. Overall, the Department lags behind the uniformed military and many foreign diplomatic services in this respect. Aware of the problem, FSI contends with staff and resource constraints; supervisors who fail to encourage employees to take training; and employees who often view training as non-career-enhancing, "box-checking" exercises.

GOAL

Produce more qualified and capable employees through mandatory, career-long professional education and training for all FSOs and FSSs. (The section on the Civil Service has specifics for those employees.)

MODERATE LIFT, HIGH IMPACT

Requires dedicated investment and recognition of the importance of additional professional education and training for all employees.

PROPOSALS

Establish a human capital account for the Foreign Service Institute (FSI) within the Department's Working Capital Fund (WCF). Establish a centralized process that aligns long-term budget planning with strategic talent development; require bureaus with separate appropriations to contribute a per capita amount to FSI's WCF human capital account for their share of integrated, uniform, Department-wide training.³⁸

- a. Make professional and leadership development a funding priority and provide long-term predictability for FSI and the Bureau of Human Resources (HR) to recruit, train, and professionally develop an adaptive workforce.

***Analysis:** In FSI, also known as the National Foreign Affairs Training Center, the Department has a premier training institution. Its campus buildings cannot now accommodate all the facilities it needs to train employees; some language classes are in commercially leased space elsewhere in Arlington; and a planned new building lacks funding, delaying its construction. Space utilization and allocation face major challenges in existing facilities because of space shortfalls. Poor computer interface with HR means information and data retention and retrieval systems often require manual re-entry, increasing the risks of error and longer processing times. A WCF account for human capital funded by fees paid by other agencies, per capita funding from bureau with separate appropriations, and base State Department appropriations would provide predictability and prominence to FSI, enabling it to better use resources to provide equal training for all Department employees. In addition, individual bureau training programs should be coordinated by FSI, avoiding duplications, gaps, or overlaps that detract from enterprise-level effectiveness.³⁹*

Achieve and sustain a 100 percent rate of entry-level FSOs serving in their cone within their first two tours, thereby providing experience and more complete information for tenure decisions.

³⁸ Some bureaus with independent funding streams have internal training programs; this can create disparities among bureaus and access for employees to training opportunities. These programs can be better integrated with FSI to yield enterprise-wide effectiveness and equity.

³⁹ See also: Foreign Service Institute "Functional Bureau Strategy", August 2018; for an earlier examination of FSI, OIG ISP-I-13-22, "Inspection of the Foreign Service Institute", March 2013.

1

2

Analysis: *The Department has faced and will continue to face entry-level gaps for consular adjudication positions; filling those positions solely with entry-level FSOs from non-consular cones/tracks would create mid-level bulges in future years that would in turn affect promotion rates and assignment opportunities. To address this challenge, the Department initiated a Consular Fellows Program (CFP) (limited non-career, five-year appointments), a more flexible and adaptable system that can be adjusted for visa demand fluctuations. The Department has made remarkable progress over the past several years and should work to sustain CFP and FSO intake levels where all entry-level FSOs serve in both a consular tour and in their primary field within the first five years. This would provide greater breadth and depth of information to Tenure Boards across a broader range of employee performance, foreclose mid-level FSO bulges, and provide sufficient numbers of language-qualified personnel to meet entry-level consular needs.*

3

Make professional education and training mandatory for promotion and assignment eligibility for all Foreign Service and Civil Service employees. Use short, intensive case-study oriented training modules to target and tie leadership and professional development to practical on-the-job realities.

- a. Extend initial orientation/training to expand skill sets and foster collaboration: 10 to 11 months for FSOs and six to eight for FSSs to build competencies across all initial assignments and as a basis for a career-long learning continuum. Initial training to include orientation, U.S. diplomatic history, leadership, management, area studies, cone/skill-code specific tradecraft, negotiating skills, public diplomacy, the Foreign Affairs Counter-Threat Course (FACT) and, as required, a foreign language and/or the Consular Basic Course plus time in a regional or functional bureau. Adapt courses as appropriate for the CS.
- b. Implement mandatory training for all first-time supervisors of untenured FSOs and FSSs, and mandatory training for all first-time CS supervisors.
- c. Use modular courses to better account for FS rotation patterns, minimize work disruptions, and enable more employees to participate in training.
- d. Career-Long Commitment: Institute a core diplomatic curriculum of mandatory modules as employees rise through the ranks, focused on leadership, management, supervision, professional development and diplomatic tradecraft. The curriculum should include:
 - Diplomatic Stewardship: strategies and elements of national security, including U.S. interests, goals and objectives; instruments of influence; and tools and processes.



An Assistant Regional Security Officer, left, escorts a U.S. Embassy Muscat public affairs officer, right, during a simulated evacuation operation in Muscat, Oman, in September 2016.

U.S. Department of State photo

- Current and Projected Geopolitical Environment: drivers of change and strategic surprise, including demographics; competition in economics, trade, and finance; global issues; and conflict prevention/management.
 - Essential Diplomatic Tradecraft: mission, goals, and objectives aligned with strategy, tactics, operations, and effective budgeting; and negotiation and conflict resolution.
- e. Area Studies: Reincorporate area studies into corresponding language study modules and add two weeks of targeted area studies focused on historical, current, and projected political, economic and social developments. Retain but revise the existing one-week academically oriented course to focus more directly on depth of country/regional knowledge, not analytic methodology.
- f. Increase the frequency of joint sessions where FSOs and FSSs interact to break down barriers, increase knowledge of respective roles and responsibilities, and boost collaboration before employees deploy.

Analysis: *Until the last decade or so, the Department concentrated more on building technical proficiencies than on developing cadres of future leaders, managers, and supervisors. This is now being corrected and deserves further support. FSI's Leadership and Management School (LMS) has undertaken*

major reforms of its curriculum and methodology,⁴⁰ as have the schools of Professional and Area Studies (SPAS), Applied Information Technology (SAIT), and Language Studies. To its credit, FSI has initiated joint orientation sessions for FSOs, FSSs and Civil Service employees. On security, the Foreign Affairs Security Training Center, under construction at Blackstone, Virginia, will consolidate hard skills training courses such as Foreign Affairs Counter-Threat (FACT) training as well as Advanced Tactics, Leadership, and Skills for Diplomatic Security (DS) special agents. The Bureau of Medical Services is focused on enhancing training in special clinical areas (e.g. immediate trauma care, infectious diseases such as Ebola and Zika, health effects of air pollution, and post-traumatic stress) that represent unique risks to overseas personnel.

FSI and HR can deepen collaboration on leadership development. Expert studies conclusively show that though both technical skills and leadership competencies must grow over time, leadership is by far more consequential and difficult to accomplish. Private sector and academic studies point out that enterprise-wide leaders, even in executive positions, are comparatively rare in organizations (around 15 percent) and that high-performing, high-potential employees represent only 8 to 15 percent of the workforce. Though the Department has many exceptional employees, they could be molded into a higher-performing team via a more rigorous system of individual learning, formal training, and practical experience to build capacity to assume greater responsibilities. Currently, more time is devoted to dealing with underperforming employees than to helping second and third quintiles of employees build strengths that would help all employees. Adjusting the training regimen and the performance management system would be major positive steps. It would also help set and manage employee expectations about tenure and promotion by stressing professional development, not speed.

HR has performed admirably in improving what had been a clunky <https://careers.state.gov/> website, which poorly interfaces with the USAJobs.gov portal. Further refinements can help make it stand out from other national security agencies in the competition for talent. HR and FSI could also look to enhance the experience for candidates. It could, for example, provide a digital reference resource to FS candidates who are on the hiring register and awaiting security and medical clearances and use e-documents, podcasts and/or on-demand recorded presentations that candidates can access to better understand Departmental and U.S. national security and foreign policy.⁴¹ Previous efforts along these lines did not achieve much traction, but this may be highly attractive to candidates interested in jump-starting their knowledge and career acclimatization.

40 Leadership Development: An Imperative for the U.S. Department of State (June 30, 2017). FSI report.

41 As individuals in candidate status cannot be obliged to work and cannot volunteer to provide services, this program would provide access to unclassified material to which candidates could avail themselves. Because a college degree is not necessary for FSOs, and even though a majority have advanced degrees, the range of knowledge on U.S. diplomatic history and international relations widely varies. Providing a reference bank can help both FSO and FSS candidates prepare for their careers as U.S. diplomatic representatives and build on their technical proficiency and expertise.

To enhance collaboration and teamwork, it is important that FSOs and FSSs have joint sessions to better understand roles, responsibilities, and their colleagues. The current system serves to hasten individual employees to post and sharpen technical skill sets, rather than build leadership capacity. Moreover, given the range of overseas emergencies and crises to which the Department may need to respond, it could also be useful to identify individuals to form units and train them as teams that deploy together, where each member understands roles and responsibilities in advance on a more systematic basis than is now the case. This would require enhanced collaboration among multiple bureaus (HR, FSI, DS, OBO, MED, CSO PRM, CA, and regional bureaus, for example), be flexible enough to scale up or down as needs change, and coordinate with USAID, the U.S. military, and other agencies as required. And, it would have to be kept relatively simple and straightforward; an earlier attempt to identify and prepare for every type of emergency, develop legal authorities, and develop staffing options collapsed under its own weight of complexity. It would be better to build skill sets across many employees so the Department has deep pools from which it can draw.

Other diplomatic services have far different criteria than State for entry and training requirements.⁴² State can learn from them without adopting any specific features. More immediately, additional FSI and National Defense University (NDU) information-sharing on best practices and curriculum design and delivery can help both institutions.

Create space and time for formal and informal professional education and training by updating tenure, promotion, and assignment protocols.⁴³

- a. Refine tenure criteria to distinguish them from promotion criteria. Tenure is granted individually and based on projected satisfactory individual performance over a normal 20- to 25-year career. In contrast, promotions are drawn from a competitive pool and are based on an individual's readiness for greater responsibilities using a ranked-order system.
- b. Revise the timetable for tenure consideration: add six months to tenure reviews (3.5 years versus 3 years and 4.5 years versus 4 years for FSO candidates; and 2.5 versus 2 and 3.5 versus 3 for FSS candidates, with two rather than the current three tenure reviews. This would reduce “tenure stress” for employees as they would have more time to demonstrate depth, consistency, and growth across all skills/competencies; provide Tenure Boards with greater information (more input from additional raters and reviewers); and ensure that non-consular FSOs demonstrate proficiency in

⁴² Developing Diplomats: Comparing Form and Culture Across Diplomatic Services. Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin, Policy Research Project Report, Number 194.

⁴³ Would require negotiation with AFSA.





*U.S. Department
of State photo*

their field (cone).⁴⁴ It would also better account for — and enable — training time without disadvantaging candidates.

- c. Require three years instead of two at grade for promotion eligibility to build additional experience and seasoning for field and Washington assignments, create space for training, and help manage promotion expectations.⁴⁵
- d. Enhance information-sharing, collaboration, and liaison between FSI and the National Defense University (NDU).
- e. Fully participate in NDU’s Capstone and Pinnacle programs. Current State participation is well below ceilings; NDU has questioned State’s commitment.

44 HR has previously modeled such a reform; overall tenure rates did not change, but the risk of false positives and false negatives dropped. And, on average, employees were tenured three months later than under the current system with no long-term career impact. The Department hires new employees on the basis of 12 dimensions. Tenure and promotion are assessed on six competencies (grouped into informational, operational, and relational effectiveness areas). But the tenure decision asks raters, reviewers, and Tenure Boards to make a career-long judgment. One way to refine the process is to ask raters and reviewers what would they do rather than what they think: would they recruit and hire this person again; want to, and encourage others to want to work this person; commit to spending \$5 million over the course of a 25-year career (salary; pensions; health and life insurance contributions; Social Security and Medicare contributions; differentials; allowances; housing, transportation, etc.) as a means to examine long-term consequences.

45 HR also modeled this reform. The number of promotions would not change; the number of employees eligible for promotion would decrease, the promotion rate would be higher, and time in grade for those promoted would hardly change from current practice.

- f. **Channel Existing Details:** Assign employees to rotations outside the Department to other government agencies, universities, and private sector organizations that strategically benefit the Department and build long-term institutional ties (e.g., economic officers to organizations and associations such as the Chamber of Commerce, American Manufacturers Association, Business Software Alliance, U.S. Agricultural Export Council rather than individual firms, to master sectoral policy and reduce possible conflicts of interest).

Analysis: *Modification of the tenure and promotion systems would generate multiple benefits. Currently, approximately 96 percent of FSOs are tenured after three reviews; FSS rates are just slightly below but still well above 90 percent. Under the proposed new system, those overall numbers would not change. Tenure Boards would have additional information from more raters and reviewers, in many cases from employees with more years of service, upon which to make their assessments, thereby making sounder decisions. Under the current system, some front-line supervisors of untenured employees may have considerably fewer than 10 years of service. That imposes considerable responsibilities on supervisors for tenure recommendation (a successful 20- to 25-year career) who themselves lack that experience. On promotions, the data indicate that after FS-04 to FS-03 for FSOs (and similar rates for FSS), very few are promoted in their first year of eligibility, with the average being at year five or higher. The number of promotions would not change, but Selection Boards would have stronger candidates to assess and fewer files to review, enabling faster release of decisions.*

Update language policy

- a. Shift away from adding “bump-up” points for language skills in determining FSO candidate scores for placement on the register (to better address the full set of dimensions for FSO qualifications). This practice values language knowledge over broader criteria, and the tested language may not be used where the candidate may want to or can serve owing to security clearance or other issues.⁴⁶
- b. Incentivize language maintenance and usage, not merely acquisition; provide one-third of the language incentive bonus upon FSI pre-deployment testing and two-thirds when tested at the end of the tour.

⁴⁶ Employees who enter with one or more foreign language save the Department language-training funds; they can also save employees from spending 24-48 months in language training for hard and super-hard languages. But “bump-up” points can also boost candidates with language facility/knowledge over those who might otherwise have scored higher on the full set of qualifications. The current system can also have adverse impact on different demographic groups. In addition, some native speakers of languages who still have relatives in those countries often do not obtain security clearances to serve there, obviating the direct value of “bump-up” points.

- c. Update the number and distribution of language-designated positions based on recommendations from the Language Policy Group and place greater emphasis on Chinese, Arabic, Russian, Korean and other languages⁴⁷ where the U.S. faces urgent security and economic challenges.⁴⁸
- d. Ensure that FS partners and spouses have access to and are eligible for language instruction to facilitate their professional and social adaptation and thus improve productivity and morale in the workplace.

Analysis: *Language training takes at least 40 percent, at times approaching 50 percent, of FSI's budget; Spanish language represents 40 percent of that portion (primarily to fill entry level visa adjudication needs). Overall, there are approximately seven times as many Spanish speakers as Spanish-language designated positions; the total number of Spanish speakers is twice as large as the next group (French); there as many Albanian as Hindi speakers; and fewer than 500 each of Chinese Mandarin and Arabic speakers but more than 700 Portuguese speakers. The Department's Strategic Workforce Planning Group (SWPG), which focuses primarily on Officer and Specialist intake, can better collaborate with the Language Policy Working Group and Triennial Language Review Board to address such systemic issues. The last review increased the number of world language-designated positions and decreased the number of hard and super hard language-designated positions, which may reflect short-term, not long-term, needs and works against at the rationale for "bump-up" points for critical needs languages.*

47 Department of State, Bureau of Human Resources: Five Year Workforce and Leadership Succession Plan FY 2016 to FY 2020 provides data on the number of language speakers by language group. Security clearances for native speakers of such language who have family members in those countries can be an issue, suggesting the Department should broaden the base of hard and super-hard language employees.

48 OIG "Inspection of the Foreign Service Institute" Report ISP-I-13-22, March 2013 provides calculations for the cost of language training: \$105,000 for a 24-week course and more than \$350,000 for an 88-week course, not including the employee's salary. This reinforces the importance of both selecting which employees receive training and the fiscal benefits of repeat tours by language-qualified employees.

PART IV

Strengthen Foreign Service Specialists



CHALLENGE

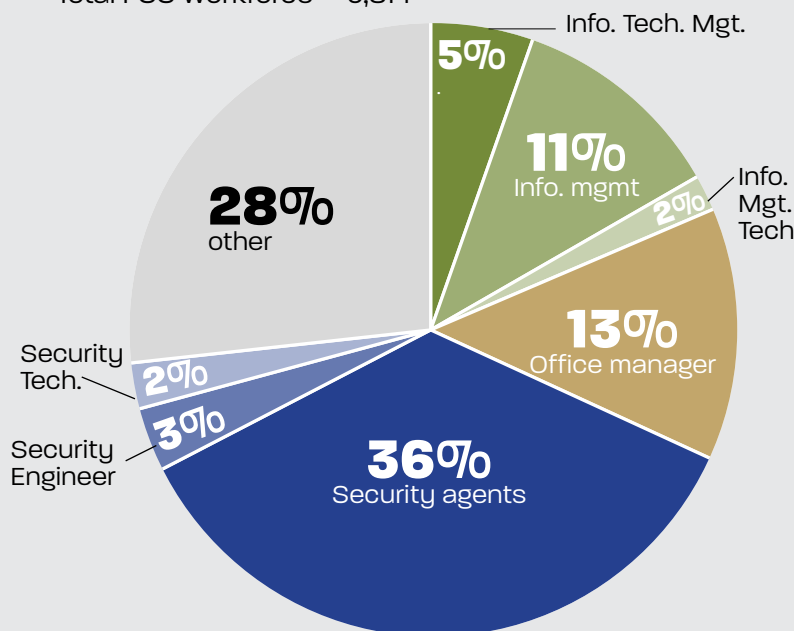
FSS employees constitute 42 percent of the entire Foreign Service; most FSS cohorts are small, with Diplomatic Security (DS), Information Technology (IT), and Office Managers (OMs) comprising 74 percent of all FSS employees, or 31 percent of the entire Foreign Service (Figure 11). The FSO model (assignments, promotions, pay) is ill-suited where specialized technical expertise is often in higher demand and greater value than supervisory skills and where compensation levels lag behind other government agencies and the private sector. Growth in FSS ranks has been highly uneven, with DS security agents outpacing other large Specialist cadres and FSO cones (Figure 12). In addition, bureaus with large FSS cohorts (IT and DS) have comparatively low numbers of senior positions given the far-reaching responsibilities span of control, range of requirements, and complexity of operations they must run.⁴⁹ FSS overall have higher dissatisfaction and attrition rates than FSOs including higher resignation. FSS ranks have low female and minority representation. Some fields are less attractive to candidate talent pools given equal or better career options in other U.S. government agencies or the private sector. Each FSS cadre has unique needs and requirements, which the system designed for FSOs is ill-equipped to adequately address. Because of the complicated nature of the FSS system, the recommendations are not in an overall rank order but sequenced to address systemic issues, followed by specific consideration of four groups.

FIGURE 11. Foreign Service Specialists: 12/31/2018

DS (blue, 41%), Office Managers (in tan, 13%),

IT (in green, 18%) = 72%

Total FSS workforce = 5,814



⁴⁹ In some cases, personnel whose rank is lower than the appropriate senior grade do serve in an “acting” capacity, but this is a sub-optimal leadership and management condition; some thrive, but others fail as they are not immediately ready for those increased responsibilities.

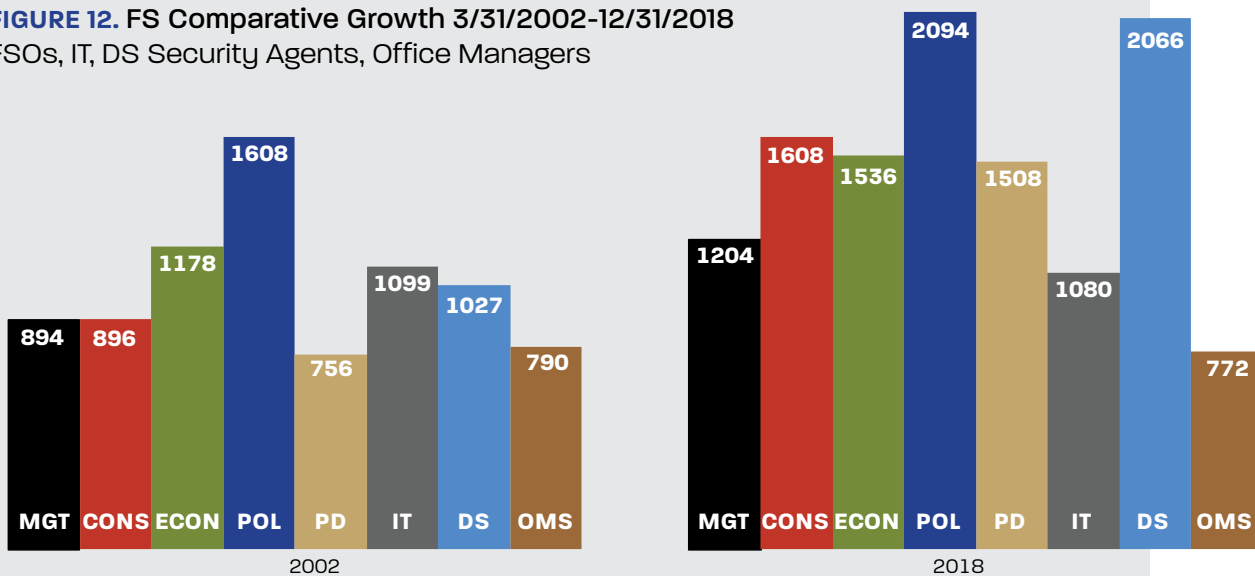
GOAL

Implement processes and systems specific to FSS cohorts (which may not necessarily align with the FSO system) in order to lower attrition rates, enhance flexibility, and enhance workforce development and succession management in those fields.

HIGH LIFT, SUBSTANTIAL IMPACT

Requires considerable HR work and legal review, though some is already underway; addresses long-needed FSS-specific requirements regarding pay, deployment, and promotion to boost recruitment, retention, and sustainment.

FIGURE 12. FS Comparative Growth 3/31/2002-12/31/2018
FSOs, IT, DS Security Agents, Office Managers



PROPOSALS

1

Modify the “up-or-out” system for the FSS so that it applies only to Time in Class and Time in Service criteria for promotion to the highest available rank for each specialty.⁵⁰

2

Make FSS pay scales competitive with other U.S. government agencies (a cost of labor model) keyed to the particular field (one size does not fit all groups).⁵¹

***Analysis:** The Foreign Service Act of 1980, as amended (FSA), has more than 270 sections; the term “Foreign Service Specialist” never appears, and only three sentences deal specifically with that category of employee. The selection process for FSSs is broadly analogous to that for FSO; a significant exception is that instead of a written examination,⁵² candidates apply to Vacancy Announcements issued through USAJobs.gov, a clunky, hard-to-navigate site, rather than directly to the Department as is the case for FSOs (USAJobs.gov is also used for Civil Service personnel). Whereas FSOs are grouped into five cones (Consular, Economic, Management, Political, and Public Diplomacy), there are more than 20 FSS skill codes, some with more than 2,000 employees (DS Special Agents) and others with just a handful. Overall, FSSs have a higher attrition rate (in some cases resignations rival retirements or selection out rates⁵³) and in general are less diverse than the FSO corps, though that is changing as younger cadres enter the Foreign Service.*

⁵⁰ May require negotiation with AFSA. Employees would still be reviewed for selection out based on poor performance and/or conduct/suitability. Very few employees are selected out overall for time-in-class or time-in-service limits other than the senior threshold. The Department may also wish to consider specific programs attuned to FSP cohorts on leadership and supervisory roles. Entry and mid-level FSP employees often have managerial and/or supervisory responsibilities over American or local staff and/or contractors, but have comparatively more training on building technical and subject matter expertise than on enhancing leadership/management and supervisory skills.

⁵¹ State is not competitive with private sector or other excepted government agencies in IT, cyber, medical, facilities management and other fields either in salary or incentive systems.

⁵² Both FSO and FSP candidates are evaluated on 12 dimensions. FSOs are assessed through three stages (the written Foreign Service Officer Test (FSOT), Qualification Evaluation Panel, and a full-day Oral Assessment, which collectively evaluate candidates on general knowledge, skills and experience, and collaboration/writing/negotiation whereas FSPs are assessed more directly on fulfilling the specific criteria in vacancy announcements regarding technical proficiencies, degree/certificate-based expertise, and subject matter skill sets).

⁵³ Attrition is slightly higher for FSS employees than FSOs but still around 4 percent, with DS security agents and Office Managers accounting for 40 percent of overall FSS attrition. And much of that is non-retirement, i.e., resigning to pursue other opportunities.

Overall many fewer candidates apply for FSS than for FSO positions. Each of the Specialist professions has unique properties. HR's Office of Resource and Management Analysis has conducted multiple analyses for each Specialist skill group, ranging from Time-in-Class/Time-in-Service (TIC/TIS) studies regarding promotion, to Professional Development Plans, and to proposals for changes to HR policies such as grade on entry, promotion eligibility criteria, position grade changes, and administrative promotion. In comparison to FSOs, virtually all Specialist cadres have longer times in grade for promotion, smaller (or no) Senior Foreign Service (SFS) opportunities (as of December 31, 2018, a total of 26 were Minister Counselors, of whom 15 were physicians and psychiatrists), and often fewer assignment options given the distribution and grade of positions. Some fields (e.g., construction engineers, facilities managers, IT) have more lucrative employment options in the private sector and the Department is at risk of losing qualified people.

Given limited promotion opportunities, FSS employees have high risk for stalling in mid-grades, which affects career-long recognition, reward, and salary levels and hence employee satisfaction. Valuing their technical proficiency, some are unenthusiastic about competing for managerial or executive responsibilities except that salary boosts (above annual step increases) are tied to promotion. The Department and FS employees would be better served by having systems and programs designed for the specific needs and responsibilities of the different FSO and FSS cadres while still adhering to strict merit-based principles. Highly-skilled, high-demand FSSs require commensurate compensation levels.⁵⁴ Physicians and psychiatrists, for example, enter at the FS-01 level and IT personnel have recruitment and retention bonus programs, which often add to complexity or are imperfectly understood by employees. Drawing on existing HR studies (notably for IT, DS, Office Management, and Medical categories),⁵⁵ the Department can devise a systematic, programmatic approach that meets unique FSS needs and requirements rather than squeezing them into programs not ideally suited for them. That would help provide greater clarity, transparency, and equity and boost engagement scores and productivity.

Extend the orientation/initial training cycle to six to eight months, and more frequently cross-fertilize with FSOs so employees meet and know each other before field assignments.

- a. Address the issues of roles, responsibilities, and respect in the FSO and FSS orientation by helping entrants understand and appreciate what each

⁵⁴ GAO: "Federal Pay: Opportunities Exist to Enhance use of Strategic Payments" GAO 18-91, December 2017.

⁵⁵ For example: Department of State Domestic IT Competency Study, March 2018 (LMI, in conjunction with HR) and Department of State Foreign Service IT Competency Study, LMI Report DS662TI, November 2016.

cohort does, can do, and cannot do to fuel collaboration and improve performance. An extended cycle would include a short language course and rotations in the Department before the initial overseas assignments so that employees gain a better understanding of Department/bureau operations and are better prepared for the field.

Analysis: *FSSs are hired and on-boarded on a quarterly basis, paralleling the FSO intake system, but the orientation and initial training periods are considerably shorter for Specialists who are hired on the basis of specific job requirements requiring technical skills and expertise. Initial training (other than for DS agents) is condensed; employees report that they often have limited sense of larger strategic and tactical priorities and how they fit into the overall mission as they feel stove-piped, under-appreciated, and undervalued.*

Restructure selected specialist cadres.

- a. Increase intake of Management-track FSOs and simultaneously decrease the intake of, and gradually phase out, the General Services (GSO) specialty. Strengthening the Management track can improve the overall quality of services and rationalize assignments.

Analysis: *As of December 31, 2018, there were 1,204 Management Officers (the smallest of the five cones) and 211 General Service personnel. Gradually merging GSOs into management would rationalize the system. There are too few GSOs to deploy to all overseas posts, and Management-coned (or other) FSOs must fill many positions, including at entry level. The Department has more than 30 Class V missions (the largest and most important embassies) but many fewer GSOs at the senior and FS-01 level (a total of 20 as of December 31, 2018) that can be assigned to those and the many more Class IV missions. Management Officers are also assigned to GSO positions as part of their training and development. Moreover, some GSO Professionals bid on and compete for Management-coned jobs, and the two fields are permeable for assignment purposes. In short, whatever its original purpose, the GSO function seems less salient and valuable under current and projected circumstances. Recruiting and hiring more Management Officers would bring that cone in greater symmetry with the other cones/tracks in terms of numbers and boost overall managerial capacity. Such a program can be phased in by modifying the intake numbers of Management Officers (upward) and GSO Professional candidates (downward) and eventually end GSO Professionals as a separate Functional Specialization Program (FSP) category. This may require both an emphasis in recruitment (focusing on veterans, especially those with operational or logistics expertise, and outreach in business and management schools) and re-examining the cone distribution of FSO candidates in the hiring register.*

4



*Department
of State photo*

Further down the list is to shift mail and pouch responsibilities at overseas posts from IT sections to Management as these are logistics and supply management functions at posts, which meet certain staffing criteria for covering both IT and pouch responsibilities. Currently, IT sections in overseas posts are responsible for classified and unclassified pouch services. Whether this makes the best sense in the environment where IT responsibilities shift to more technical requirements is worthy of review. Pouch responsibilities are more properly seen as logistics management than information management. Local employees in management sections do the customs and shipping work; cleared Americans (couriers and post personnel) must accompany and control classified pouches, none of which is unique or specific to IT. The Bureau of Diplomatic Security sets standards for shipment, control, storage, and retrieval of sensitive and classified material (often secured in IT sections at posts because of controlled access and space availability). Storage areas, access, and control need not change but logistics management would shift, enabling IT personnel to do IT work and management personnel to do logistics. At small posts with few IT and management personnel, this shift may not be feasible.

Value and cross-train Office Managers (OMs).

- a. Reflect private sector practice: drop the redundant term “Specialists” and adopt the term “Office Managers.”
- b. Set minimum entry level at FP-06 to increase recruitment and intake of more highly qualified candidates; pay for skills, not labels.
- c. Update position descriptions/job analysis/need to regrade positions and gradually increase promotion opportunities in mid-ranks.



- d. Provide deeper training, including distance training through IT, plus cross-training that addresses practical and higher-level skills, not just mechanical and clerical needs to build skills sets: logistics/supply management to support and backstop mail/pouch; HR work for post-level flexibility; project management, including certification; additional training in budgeting and acquisition (travel, representation, Official Residence Expenses, ICASS) and IT, to better support management and backfill across sections.
- e. Address roles, responsibilities, respect of OMs in training for all incoming classes: neither OMs nor FSOs have clear understanding of how best to use their talents and too many are confined to clerical tasks, under-utilizing their skills, knowledge, and aptitude.
- f. Provide additional mentoring, skill-building, and professional development opportunities to better serve across offices.
- g. Require greater Service discipline (controlling the number of up-stretches, down-stretches; many OMs do not serve at their grade level now) combined with greater transparency on bidding and assignments.⁵⁶

Analysis: *These employees can only rise to the FS-02 level (in very limited numbers), and do not have time-in-class (TIC) rules for separation at that level. Few, if any, OMs are attracted to entry-level FS-07 jobs when the starting salary even with Washington locality pay can be as low as \$46,000, or less than \$23/hour before taxes and other withholding, and the upward career path is pretty steep. OMs face limited opportunities for professional development, promotion prospects, and salary increases. Though their primary responsibilities at lower and mid-ranks are centered on administrative and clerical roles, many (especially, but not exclusively, new hires) want to be challenged, stretch their knowledge and abilities, and acquire new skills and competencies. Cross-training would enable them to contribute more effectively and efficiently to operations, especially in small posts where employees are multi-tasked and back-ups are rare. Given the rapidly evolving nature of work, and comparatively little interaction between FSOs and OMs in orientation and initial assignments, OMs are an under-appreciated and under-used talent pool. This is all the more notable given the demographic composition (mostly female) of this employee cohort whereas other FSS ranks are predominantly male. Because assignment and promotion opportunities are limited, OMs to a greater extent than other cohorts look to up-stretch or down-stretch; while understandable for personal reasons, this can lead to mismatches between the talent level of the employee and the position requirements, leading to sub-optimal professional development.*

⁵⁶ As do all employees, OMs rightly look for interesting work, specific locations, and avoiding bad bosses or poor work/life circumstances, but spikes in up/down-stretches work against professional development opportunities.

IT: Align cyber and cloud responsibilities between the bureaus of Information Resource Management (IRM) and Diplomatic Security (DS) and improve IRM and DS collaboration on law enforcement and cybersecurity.

- a. Apply the Office of Inspector General (OIG) report recommendation to vest sufficient authority in the CIO to track and control IT investments and carry out the lead role as a senior accountable official in managing information security and information security risk.⁵⁷
- b. Create Chief Risk Officer, Chief Technology Officer, and Chief Compliance Officer senior positions, in concert with DS.
- c. Gradually establish additional SES and SFS positions given the span of control, range of responsibilities, and complexity in IT policy and operations.
- d. Significantly expand recruitment for employees who handle cyber, cloud, and mobility technology responsibilities.
- e. Compete: DHS offers 25 percent salary hiring bonus for certain IT fields.
- f. Create incentives for FSS and CS IT employees that are position related, not just certificate gathering (i.e., pay for applying, not just learning, skills).
- g. Establish technical and supervisory tracks for FSS and CS IT personnel (including enabling telephone and radio technicians to opt out of promotion consideration) for highly technical skilled personnel who do not want, or are ill-suited to be in leadership, supervisory, or management positions.
- h. Prepare for turnover: Millennials and younger cohorts have short horizons for working within any one organization.
- i. Develop a succession management plan and prepare for attrition (more than 40 percent of CS personnel in IRM will be retirement eligible within five years).
- j. Update, clarify, and restructure the FSS Information Technical Management, Information Management, and Information Management Technician sub-fields to have smoother promotion prospects and better align employees to domestic and overseas position needs.

⁵⁷ "FISCAL YEAR 2018; OIG-EX-19-01. Inspector General Statement on the Department of State's Major Management and Performance Challenges." <https://www.stateoig.gov/system/files/oig-ex-19-01.pdf>. This report is consistent with FITARA (Federal IT Acquisition Reform Act of 2014), and Presidential Executive Order 13800, "Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure," and OMB Memorandum M-17-25, Reporting Guidance for Executive Order on Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure".

Analysis: *The nature and scope of IT work is rapidly changing, with cyber, cloud, and mobility technology leading an IT revolution.⁵⁸ Though the Department will continue to need radio and telephone technicians, it will also need to place greater emphasis on new technology fields. The Department conducts cybersecurity at overseas posts through its Information Systems Security Officer (ISSO) positions; many employees would like to specialize in this field but there are too few positions dedicated to it. And given the degree of expertise that will be continually required to keep current with this technology, it is sensible to re-think the current FSP categories of Information Management (FS-03s and below), Information Management Technicians (FS-03s and below) and Information Technical Management (FS-02 and above). More important, OIG recommendations make clear that cyber responsibilities now suffer from too much decentralized authority between the Bureaus of IRM and DS and calls for consolidation under the CIO in IRM. DS naturally has a critical role in information and cybersecurity. Resolving jurisdictional ambiguities between IRM and DS would improve systems design and architecture, acquisition, operations, maintenance, and security. To meet evolving needs and standards, IRM will require additional senior-level FS positions for which employees can compete; promotions will still be competitive, based on FS needs, and demonstrating readiness and capacity to perform at higher levels of responsibility.*

DS: Strengthen its core responsibilities and prevent overstretch.

- a. Gradually establish additional SFS (notably at Minister-Counselor (MC) level) and SES positions.
- b. Improve DS-IRM collaboration, particularly on cybersecurity.
- c. Provide additional leadership and professional training for both FS and CS DS employees, including targeted training for domestic field offices and managerial/supervisory training for Regional Security Officers (RSOs) and Assistant Regional Security Officers (A/RSOs) given their responsibilities to oversee vast local workforces.⁵⁹
- d. Validate whether additional opportunities for details to NDU and exchanges with other U.S. government security services would further enhance DS leadership capacity and interagency relationships.
- e. Revalidate local guard and investigator contractor positions and costs to achieve better value.

⁵⁸ Department of State Domestic IT Competency Study, March 2018 (LMI, in conjunction with HR) and Department of State Foreign Service IT Competency Study, LMI Report DS662TI, November 2016.

⁵⁹ DS FS employees have healthy opportunities for details but assignments are sometimes seen as idiosyncratic rather than objective decisions.

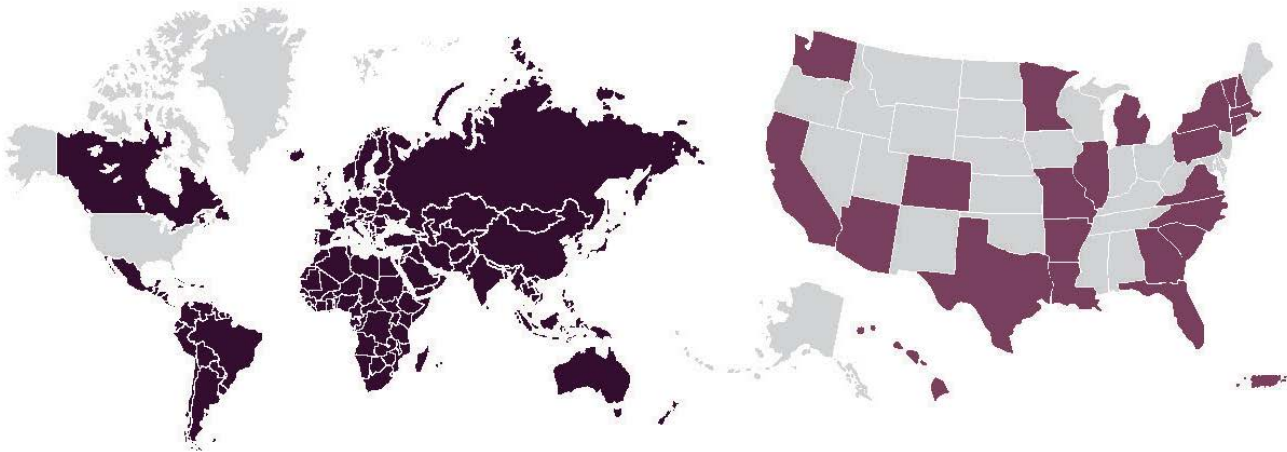


FIGURE 13. Spotlight On DS From DS WebSite

BY THE NUMBERS

270+ U.S. DIPLOMATIC POST OVERSEAS

30 DSS OFFICES IN U.S. CITIES



2,000+
SPECIAL AGENTS

2,000+
U.S. MARINE SECURITY GUARDS

200+
SECURITY ENGINEERING OFFICERS

2,000+
DOMESTIC CIVILIAN CONTRACTORS

1,000+
UNIFORMED PROTECTIVE OFFICERS/GUARDS

800+
CIVIL SERVANTS

1,000+
CONTRACT INVESTIGATORS

150
SECURITY TECHNICAL SPECIALISTS

30
SECURITY PROTECTIVE SPECIALISTS

40,000+
LOCAL GUARD FORCE AND SURVEILLANCE DETECTION PERSONNEL

100+
DIPLOMATIC COURIERS

100+
U.S. NAVY SEABEES

Analysis: *DS is by far the largest specialist group, with an impressive array of responsibilities (overseas operations, domestic operations, protective operations, training operations and protecting critical information) and an equally large number of employees worldwide that dwarfs all other bureaus (Figure 13). Its responsibilities and workforce are sub-optimally aligned, placing undue stress on DS's capacity to fulfill its many missions. Although HR has conducted staffing and job analyses (and DS has conducted internal reviews), many recommendations have yet to be accepted or implemented. DS has fewer than 300 domestic CS employees with an investigative job series classification, and more than 2,000 FS Special Agents. Unlike the rest of the FS, Special Agents are initially assigned domestically; more than one-half serve domestically at any given time, whereas the FS as a whole is 68 percent overseas (71 percent when DS Special Agents are excluded) (Figure 14). More than one-half of agents also qualify for Law Enforcement Availability Pay (LEAP), which amounts to a 25 percent salary bonus. If/once promoted across the senior threshold, LEAP is*

CYBERSECURITY FUNCTIONS

U.S. government agencies and private sector organizations alike have struggled to align cybersecurity functions within their structures given bureaucratic, staffing, resource, and technology challenges. The State Department is not immune from this issue and has been bedeviled in determining the optimal allocation and distribution of authorities, responsibilities, staff, and resources between the Bureau of Information Resource Management (IRM) and Diplomatic Security (DS). In addition to governance issues, State faces staffing constraints. In 2018, IRM had 1,076 FS employees in IT functions, fewer than it had in 2002, and many are overseas. Approximately 800 CS employees are in IT functions, scattered through multiple bureaus, as are additional hundreds of IT contractors. Overall, comparatively few IT personnel are in cybersecurity, whether in IRM or DS; and State is hard pressed to compete in the war for top talent.

On a national scale, the National Institute of Standards and Technology (NIST) and the Department of Homeland Security (DHS) have developed frameworks for cybersecurity. NIST framework consists of the following components: identify, protect, detect, respond, recover. On the other hand, DHS framework involves risk identification; vulnerability reduction; threat reduction; consequence mitigation; and enabling cybersecurity outcomes. Ahead of the curve, in 2013, DS opened the Foreign Affairs Cybersecurity Center, which maintains a 24/7 watch.

It detects, reacts, and responds to global cyber threats. By further automating the processing of threat and vulnerability indicators, it has accelerated the identification and mitigation of malicious network activity; and by strengthening its data-analytics capabilities, it better collects and correlates security data feeds to spot, understand, counter, and prevent incidents.

FITARA (the Federal IT Acquisition Reform Act, passed in December 2014) puts federal agency CIOs in control of IT investments. OMB M-15-14: Management and Oversight of Federal Information Technology <https://management.cio.gov/implementation/#OMB-Memorandum-M-15-14> calls for “establishment of a common baseline for the roles, responsibilities, and authorities of the agency CIO and the roles and responsibilities of other applicable Senior Agency Officials in managing IT as a strategic resource.” In a 2018 report (<https://www.stateoig.gov/system/files/oig-ex-19-01.pdf>), State’s Office of Inspector General repeated its 2017 recommendation that called on State to “elevate and realign the organizational placement of the CIO in order to carry out the CIO’s lead role as a senior accountable official in managing information security and information security risk management processes for the Department.” If applied, it would require DS cybersecurity personnel to report to the CIO and IRM and DS to work out new arrangements on risk management, including reducing the dispersal of authority and providing greater clarity on joint, shared, and overlapping responsibilities. They would also need to factor in the Omnibus Diplomatic Security Act (Inman Act) that vests certain responsibilities in DS. This is no small undertaking given IRM and DS equities as they seek to determine the optimum degree of centralization regarding risk and consequence management.

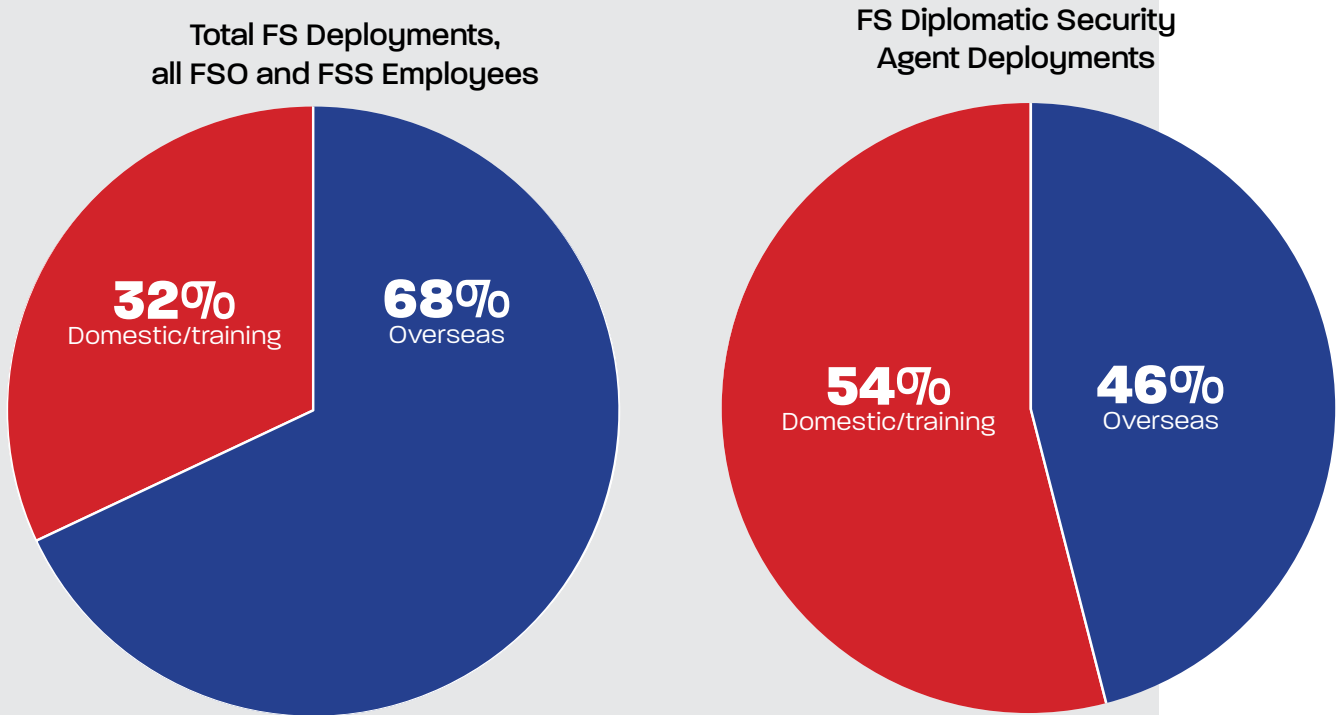
The Department would be well served by an operational model based on a collaborative, enterprise-wide approach between DS, IRM, the chief information officer (CIO), the chief information security officer (CISO), the chief risk officer (CRO), chief compliance officer (CPO), and chief technology officer (CTO). A true partnership and more comprehensive approach would be better position State in the cyber domain.

eliminated, resulting in a de facto salary cut. Even if this is not an overt disincentive to agents, it is anomalous and goes against the grain of compensating senior executives commensurate with their responsibilities. For agents in high differential, danger pay posts who also qualify for LEAP, the incentives for repeat tours can be high, restricting the opportunities for others to gain that experience. This can lead to some employees having difficulty adjusting to assignments to non-high-stress posts and responsibilities.

Given the range of responsibilities, span of control, and number of employees DS oversees, it has comparatively too few MC-graded positions and too few executives at the MC level. By its own count as represented on its public-facing webpage, DS has more than 40,000 local employees overseas (many as contractors), more than 2,000 domestic contractors, more than 1,000 domestic contract investigators, more than 2,000 Marine Security Guards, more than 800 CS employees, more than 1,000 uniformed guards, and more than 400 security engineers, couriers, and Seabees. To oversee those people and carry out all security responsibilities, as of September 2018, DS had two MCs, 57 Counselors (OCs), and fewer than five SES.

FIGURE 14. Foreign Service Overseas Deployments

*Derived from HR/RMA public data



As impressive as DS personnel may be, that is asking a lot from them for global operations. Part of the issue is the number of senior-graded positions; another part is that eligible FS employees have not met the criteria for promotion into and within the SFS; and a third part is SFS attrition in DS. As a result, some employees not at grade are stretched into acting positions without adequate experience and preparation. All three issues must be addressed. Increasing the number of promotion opportunities for FS-02 or FS-01 grades without having additional MC slots would likely result in employees forced out at the FS-01 level or stalled at the OC level as the SFS pipeline would still be narrow.

All FS personnel benefit from domestic tours. At any given time, slightly more than half of DS special agents serve domestically, as opposed to overseas (a 1.1:1 ratio). The overall rate for the Foreign Service is two-thirds serve overseas (1:2 ratio). DS believes its current staffing and assignment patterns best fit its needs as it trains and deploys special agents to be fully ready and capable of handling their security and law enforcement responsibilities. DS may nevertheless find it useful to conduct a future-looking study to determine if that will remain an optimal allocation over time. Domestic law enforcement, law enforcement liaison, investigations, and other duties may require more continuity than a two-year FS assignment can consistently provide. Overseas, DS agents must work with host authorities, often in security, legal, and cultural conditions far different than those that prevail in the U.S. More foreign field experience may better prepare them to oversee complex foreign operations and supervise the more than 40,000 local employees, according to DS's own website.



Appendices

APPENDIX A: ADDITIONAL ACTIONS

This is a summary of additional actions, which were identified and discussed in the course of the main analysis in this report. They are narrower in scope and are designed to supplement and reinforce the key recommendations offered at the beginning of this report. The implementation of these additional actions would further strengthen the Department's ability to empower its personnel and accomplish its mission.

FIELD FORWARD

- a. Key training to post-specific contingencies, including type and degree of permissive, semi-permissive and non-permissive environment in which they would operate.
- b. Make the Re-employed Annuitant/When Actually Employed (REA/WAE) program centrally funded and administered by HR to streamline internal coordination when employees shift bureaus.
- c. Representation Funding: Reverse the cut from prior year levels. The FY 2019 CBJ request was for \$7 million, a 12 percent reduction from FY 2017 enacted levels, and more than a 24 percent decrease from 2010 enacted levels in constant dollars. The FY 2020 CBJ request is for \$7.212 million, a three percent increase from FY 2019, but still well less than FY 2017.
- d. Accelerate the internal-to-State security clearance and medical clearance process (especially for new hires, interns) by improving the sequencing and handoff between DS and the Office of Medical Services to achieve a 5 percent process improvement timeline.
- e. Reduce the number of candidates who opt out because of protracted security clearance delays or lengthy medical and/or security reviews.
- f. Refine which skill codes/positions do not need TS-level clearances to accelerate onboarding for those positions.

CIVIL SERVICE

- a. Move toward a more flexible model for veterans' preference.
- b. Require supervisors to complete initial supervisory training within their first one to three months in a supervisory position, or before taking the position if possible, to ensure they have the tools and resources necessary to succeed in their role.
- c. Supplement FSI-hosted and other offsite training by requiring bureaus to devote time each month to work with employees on applying leadership, supervisory, and tradecraft skills.

PROFESSIONAL EDUCATION AND TRAINING

- a. Use modular courses to better account for FS rotation patterns, minimize work disruptions, and enable more employees to participate in training.
- b. Institute a core diplomatic curriculum of mandatory modules as employees rise through the ranks, focused on leadership, management, supervision, professional development and diplomatic tradecraft.
- c. Increase the frequency of joint orientation sessions where FSOs, FSS, and CS interact in order to break down barriers, increase knowledge of respective roles and responsibilities, and boost collaboration before employees deploy (FSI has already begun such sessions).
- d. Enhance information-sharing, collaboration, and liaison between FSI and the National Defense University (NDU).
- e. Fully participate in NDU's Capstone and Pinnacle programs.

- f. Assign employees for revalidated rotations outside the Department to other government agencies, universities, and private sector organizations that strategically benefit the Department and build long-term institutional ties.
- g. Update the number and distribution of language-designated positions based on recommendations from the Language Policy Group that also places greater emphasis on Chinese, Arabic, Russian, Korean and other languages where the U.S. faces urgent security and economic challenges.
- h. Ensure that FSS and spouses have access to and are eligible for language instruction to facilitate both their professional and social adaptation and thus improve both productivity and morale in the workplace.
- g. IT: Gradually establish additional SES and SFS positions given the span of control, range of responsibilities, and complexity in IT policy, operations
- h. IT: Shift recruitment to attract candidates for cyber, cloud, and mobility technology responsibilities; create a new Specialist sub-field.
- i. IT: Create incentives for FSS and CS IT employees that are position related, not just certificate gathering (i.e., pay for applying, not just learning, skills).
- j. IT: Establish technical and supervisory tracks for FSS and CS IT personnel (including enabling telephone and radio technicians to opt out of promotion consideration) for highly technical skilled personnel who do not want, or are ill-suited to be in leadership, supervisory, or management positions.

FOREIGN SERVICE SPECIALISTS

- a. Improve FSO-FSS understanding of respective roles and responsibilities.
- b. Increase intake of Management-track FSOs and simultaneously decrease the intake of, and gradually phase out, the General Services (GSO) specialty.
- c. OMs: Provide deeper training, including distance training through IT, plus cross-training that addresses practical and higher-level responsibilities.
- d. OMs: Address roles, responsibilities, respect of OMs in training for all incoming classes.
- e. OMs: Provide additional OM mentoring, skill-building, and professional development opportunities to better serve across offices.
- f. OMs: Require greater Service discipline for OMs (controlling the number of up-stretches, down-stretches; many OMs do not serve at their grade level now) combined with greater transparency on bidding and assignments.
- k. IT: Prepare for FSS turnover: Millennials and younger cohorts have short horizons for working with any one organization.
- l. IT: Develop a succession management plan and prepare for attrition (more than 40 percent of CS personnel in IRM will be retirement eligible within five years).
- m. IT: Update, clarify, and restructure the FSS Information Technical Management, Information Management, and Information Management Technician sub-fields to have smoother promotion prospects and better align employees to domestic and overseas position needs.
- n. DS: Validate whether additional opportunities for details to NDU and exchanges with other U.S. government security services would further enhance DS leadership capacity and interagency relationships.
- o. DS: Revalidate local guard and investigator contractor positions and costs to achieve better value.

APPENDIX B: NOTE ON DATA AND METHODOLOGY

AAD and the Partnership conducted several scores of interviews with current and former employees across a range of Foreign Service (FS) and Civil Service (CS) grades and categories; mined several years of Federal Employee Viewpoint surveys; reviewed publicly available reports by the Office of Inspector General, the Government Accountability Office (GAO), and Congressional Research Service (CRS); OMB and OPM guidance and regulations; and drew from: The Volcker Alliance, *The True Size of Government: Tracking Washington's Blended Workforce, 1984-2015*, September 29, 2017, Paul Light, New York University; *Developing Diplomats: Comparing Form and Culture Across Diplomatic Services*, Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin, Policy Research Project Report Number 194, May 2017; U.S. Department of State, Bureau of Human Resources, *Five Year Workforce and Leadership Succession Plan, Fiscal Years 2016-2020*, and *Five Year Workforce and Leadership Succession Plan, Fiscal Years 2018-2022*, Joint Strategic Plan, FY 2018 – 2022, U.S. Department of State and U.S. Agency for International Development, February 2018; and U.S. Department of State, *Congressional Budget Justification (CBJ), Fiscal Year 2019*, (February 2018) and *CBJ, Fiscal Year 2020*, (March 2019).

Data charts were prepared using publicly releasable, publicly available information from OPM and the Department's Bureau of Human Resources (DGHR). OPM data runs only through the end of 2017; most, but not all, DGHR data runs through 2018, but portions are current only through 2016 or 2017. This results in charts that have different end dates for different data sets (e.g., FS and CS numbers are current through September 30, 2018, but others are current only through 2016 or 2017). Even with changes in 2017 personnel numbers as a result of the hiring freeze, the order of magnitude between different employee categories is not substantial. What is clear is that growth in personnel numbers in security, consular, and support functions is far greater than that for core diplomatic responsibilities. Hiring to or below attrition or barely above attrition will further compromise diplomatic readiness and capacity.

Under the past several Directors General of the Foreign Service and Bureau of Human Resources, the FSI and the Under Secretary for Management (M), the Department initiated a number of reforms. To cite just a few examples: FS performance management system and exploring new state-of-the-art systems; FS Professional Development Program; new system for FS assignments (TalentMap, still under development); programs for meritorious service and quality step increases for the FS and CS respectively; pilot CS rotation; mentorship programs, FSI leadership development; Professional Development and incentive/retention plans for FSS cadres; establishment of a Consular Fellows Program/Limited Non-

Career Appointment to meet non-immigrant visa adjudication needs; the Foreign Service Family Member Reserve Corps (FSFMR) for Eligible Family Member (EFM) employment; merit-based compensation of locally engaged staff; and mentorship programs. The Department was exploring other reforms for 2018-2019 implementation even though in 2017 and 2018 much of its human capital attention was focused on a hiring freeze and responding to OMB directives.

This AAD-Partnership project acknowledges but does not analyze those actions. It does not take a stand on structural changes such as creating or abolishing bureaus or opening or closing overseas posts, but does suggest the Department develop and enforce better metrics by which it makes decisions. In offering recommendations, we provide a thumbnail sketch of what we consider the degree of lift (not just effort but forward and upward movement to meet a goal) and the degree of impact a successfully executed reform would accomplish. Any organization would face substantial challenges were it to undertake significant internal changes as well as developing leadership and succession management programs for future career leaders while simultaneously running current operations. Doing so would require the Department to have sustained commitment by executive leadership; an enterprise-wide approach; a well-staffed, well-led change management team; and input and support from employees energized by future prospects designed with and for them. As a national security agency charged with protecting and advancing U.S. global interests, the Department must move quickly and strongly to do just that.

APPENDIX C: LIST OF U.S. DEPARTMENT OF STATE BUREAUS

A	Administration
AF	African Affairs
AVC	Arms Control, Verification, and Compliance
BP	Budget and Planning
CA	Consular Affairs
CGFS	Comptroller, Global Financial Services
CSO	Conflict and Stabilization Operations
CT	Counterterrorism and Countering Violent Extremism
DRL	Democracy, Human Rights, Labor
DS	Diplomatic Security
EAP	East Asian and Pacific Affairs
EB	Economic and Business Affairs
ECA	Education and Cultural Affairs
ENR	Energy Resources
EUR	European and Eurasian Affairs
FSI Staff	Foreign Service Institute, Staff
FSI Students	Foreign Service Institute, Students
H	Legislative Affairs
HR	Human Resources
HR Other	Human Resources, other employees temporarily assigned
IBC	International Boundary Commission
IIP	International Information Programs
IJC	International Joint Commission
INL	International Narcotics and Law Enforcement
INR	Intelligence and Research

IO	International Organizations
IRM	Information Resource Management
ISN	International Security and Nonproliferation
JTIP	Monitor and Combat Trafficking in Persons
L	Legal Affairs
M	Under Secretary for Management
OFM	Office of Foreign Missions
M	Medical Services
NEA	Near Eastern Affairs
OBO	Overseas Building Operations
OES	Oceans and International Environmental and Scientific Affairs
OIG	Office of Inspector General
PA	Public Affairs
PM	Political Military Affairs
PRM	Population, Refugee, and Migration
S	Office of the Secretary (encompasses Executive Secretariat, Special Envoys and Representatives, Office of Civil Rights, and others)
S/CPR	Office of Protocol
SCA	South and Central Asian Affairs
WHA	Western Hemisphere Affairs

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